The Economist

JANUARY 2, 1965

Through the Fog 13
The Blackballing of Dr Beeching 15
The African War 16
University Grants 18

COMMENTARY 19
Italy; Common Market; Conservatives; British Diplomacy; United Nations; Pay Agreements; Nigeria; Russia.

THE WORLD
INTERNATIONAL REPORT
Twenty-First Time Lucky . . 22
Germany; Israel; United Arab Republic—I; Sudan; United Arab Republic—II; Pakistan, Kashmir; Zanzibar, Canada, Kuwait, Norway.

AMERICAN SURVEY
Democrats' Lop-sided Congress 31
Little Hope for Vietnam; Will Steel Spoil It?; Rights of Management; Winter Wasteland; High Seas Again; Monster into the Blue, Fission in the Arts.

BRITAIN
Mrs Castle's Edifice 35
Worshipful and Charitable.

BOOKS
Sick Man's Surgeon 43

LETTERS 5

BUSINESS
Will Currencies Topple the Boom? 47
Can Europe Keep its Poise? 48
The Economies: Figuring out the Figuring 49
Commodities: Off the Boil? 50

BRITAIN 51
Less Prosperous New Year; Steel; Shipbuilding Motors; Construction; Textiles; Engineering, Chemicals; The Way Things Went; Retailing, Snow on the Roads; Whisky, Hire Purchase, Television.

INTERNATIONAL 57
United States, Russia, France; Germany, Italy, Benelux; South Africa, Scandinavia, Oil

INVESTMENT 64
Wall Street, London, Mergers and Take-overs in 1964

Annual Postal Subscription by ordinary mail UK £6, overseas £6 10s.; by air see page 69
VOLUME CCXIV · NUMBER 6332

Through the Fog

DESPITE the fall of Mr Khrushchev and the explosion of China's first nuclear device, 1964 has not been a very spectacular year. It cannot compare with 1963 which, by any standard, was a watershed in world affairs. In that year, three great events introduced a new network of ideas into international politics. The veto on British entry into the European common market accredited the thought that the West might not, after all, be a political civilisation seeking to fulfil its sense of unity, but just one more relatively limited coalition of states. The Sino-Soviet split, opening the door, after years of splutterings *in camera*, on national self-assertion in the East, cast similar doubts on communist community of purpose. A little later, the Moscow test ban treaty, seeming to herald, however faintly, the ultimate end of cold war, transmuted these discords into a vision of battle-camps breaking up at the first hint of peace. It seemed as if a new era, not necessarily better, but certainly different, was beginning. Instead, 1964, dominated by these new themes without fulfilling them, has shown that events move more slowly than ideas.

Yet, as the old year crosses over into the new, there are signs that it may, in its subdued way, have been more decisive than it looks. The confusion of events has obscured shifts, particularly in the West, which may be vital, especially for Britain in its troubled search for a new vocation in a changing world. Perhaps no contrast has been more symbolic of the country's conflict of heart and head than Labour's championship of the Commonwealth during the election campaign, followed by the party's reticence on the subject once it came to power. Instead, the new government has been plunged into the realities of a balance of payments crisis and an Atlantic nuclear reform, both of which involve it, much nearer home, in its relations with America and, above all, Europe. Though the import surcharge was designed to spare the Commonwealth from the rigours of the trade restrictions clamped on protesting Europeans, it is clear enough that Britain's competitors in the hard business of earning one's living abroad are not the primary producers and that it is not they who can offer the credits to tide London over any financial difficulties. The balance of payments crisis, by confirming Britain's image, to others and itself, as the sick man of Europe, has confirmed the feeling that the essential problem is economic reform and renewal. And if, as many people, like *The Economist*, believe, this problem is rooted in a widespread dislike of change which cannot be swept away by exhortation, it reinforces the belief that a keen draught of competition in the common market is more than ever necessary for Britain.

Similarly, the project for an Atlantic nuclear force, though designed to honour Labour's electoral pledge to bargain away the "independent" deterrent, has turned into an attempt to retrieve Britain's fallen fortunes in the western alliance. The aim may be to restore Whitehall's influence in Washington; but in this case, as in so many others, the means determine the end. Britain cannot get back into the magic circle of western politics unless it comes to terms with the Germans, which means not just controlling them but accepting them as equals. It is exactly the problem M. Robert Schuman had to face, as French foreign minister, when he launched the European Coal and Steel Community in 1950. If Mr Harold Wilson has not been quite as radical as M. Schuman was then, nevertheless he has been changing his priorities. When he told the Polish foreign minister, Mr Rapacki, on December 23rd, that negotiation on

Atlantic nuclear reform must take precedence over any agreement between East and West, he was, probably despite himself, reversing a Labour assumption that is at least as old as the cold war. He was in fact accepting two abiding realities; that there is little chance of a firm agreement with Russia, and that if there is one, Britain is in no position to pioneer it because Germany, not Britain, is the heart of Europe's problem. But this puts him in much the position of Mr Macmillan after his abortive visit to Moscow in 1959. Mr Wilson will not like the analogy, but Mr Macmillan's interest in joining Europe began to develop from that time onwards.

It is at this point in the argument that the new year may reveal how the old produced a major change in the West. Perhaps the most substantial single event of the autumn, though obviously not the most spectacular, has been the agreement of the Six to sink their main differences on agriculture and fix uniform grain prices. It confirmed the extraordinary cohesion and strength of the common market countries at a time when the Atlantic alliance was at sixes and sevens on nuclear reform. The contrast was not fortuitous. General de Gaulle's threat to undermine the common market promptly moved the Germans to lower their high grain prices. His threatening posture (without specific threats) now seems to have drained their interest in Atlantic nuclear reform. If it is true that the Germans hope, henceforward, to forget the issue, the difference with Britain over Labour's proposals are a heaven-sent opportunity to see that the whole scheme never actually dies but, like the old soldier, only fades away—in polite procrastination. This is possible only because President Johnson has apparently decided to turn off the heat from Washington. If he changed his mind and pressed the Germans to choose between the United States and France, they would no doubt choose the United States. But, if he does not, then it will become evident that between the concrete reality of the common market and the aspiration to Atlantic partnership, and between the intransigence of President de Gaulle and the readiness for accommodation of President Johnson, Germany will prefer to go ahead with a European union and leave the Atlantic alliance in its present state.

This state is powerfully based on the American commitment to defend western Europe, and the Germans might still hope to strengthen their bilateral links with Washington. But the margin of growth of the alliance would have been cut, and there would be no prospect of enlarging western co-operation *pari passu* with European union. President de Gaulle would have won his point. One would even, on this analysis, expect the Six to underline it, sometime in the coming year, by agreeing on European political co-operation. So that, without 1965 actually producing any world shaking decisions, it may profoundly change the future, not least for Britain.

For, whether the Atlantic nuclear proposal succeeds or fails, it will increase the importance of Europe to Britain. If it succeeds, Britain will be better placed than it has ever been to join a uniting Europe when President de Gaulle's interdict is lifted. In this sense it is Britain's third attempt to come to terms with integration, after the free trade area and the bid to enter the common market. If it fails and Nato is unreformed, the economic union of the Six will be much the most powerful political fact on Britain's doorstep. To be left with an independent deterrent one does not want, and without a policy one would like to have, would be a nasty new treatment in the harsh cure of realism to which Britain has recently and inevitably been subjected. But it does not change, but rather confirms, the need to prepare the country to seize any chance to enter Europe. Because this chance seems remote, there may be a temptation to look elsewhere. But Britain simply no longer has the power to maintain special relationships with America or the Commonwealth. And no form of "neutrality" could be positive enough for a country that instinctively wants to spread its values (with its interests) in the world.

In the 1950s this instinctive confidence had lost touch with reality. The fundamental British assumption, born of two centuries of greatness, was that the world ought to conform to British standards, set by Westminster, the civil service, the welfare state, the Commonwealth, the liberal tradition, and even British eating habits, plumbing and cold bedrooms. Part of the hankering after a new role as link-man between white and coloured, rich and poor, is rooted in the continuing feeling that Britain has something unique to offer the world and deserves to be accepted as some sort of leader on that account. But every major event in which Britain has been involved in the past decade has shown that ordinary powers cannot, by themselves, be choosers. Slowly, and with great

The Economist

DECEMBER 31, 1864

THE POLITICAL MIND OF THE PAPACY

The political mind of the Papacy is under the present Pope simply zero,—nay, not even zero, what the mathematicians call a negative quantity. The anti-political mind of the Papacy is at present at its maximum, and has never been more significantly expressed than in the encyclical letter and annexed list of condemned propositions which issued from the Holy See "on the tenth anniversary of the definition of the dogma of the Immaculate Conception of the Virgin Mary the mother of God." . . . His politics consist in defying politics, in proclaiming it an evil that political ties, and political desires, and political constitutions as such, should have any existence at all; in decreeing their destruction in so far as and wherever they ask for any independent existence othan than that which the Church of Rome accords them. . . In a word, there is no one subject on which the Pope does not assert the absolute right of the Church to ignore when she must, to overthrow when she can, political facts that impede her action. Even if a man believes what is heresy, he is not to be free to profess it: the Church may always exercise its power without the toleration or assent of the civil Government; the Church takes precedence of all civil and secular rights whatever; the Church has the power to prescribe the conditions of all education: and no education is right that has not her sanction; the State has no right to present Bishops without the sanction of the Pope, the Church alone can regulate marriage; the limits of science are to be determined by the Church;—these, and a number of other propositions equally monstrous, are all founded on the notion, that after the Church has had absolute power granted her to rule life as she pleases, and availed herself as much of the secular arm to assist her arrangements as she wishes,—then, and then only, the residue of civil power which she does not care to use may be handed over to the civil Government. . . . The Pope's encyclical letter is one of the weakest and silliest productions that the most fallible of all Powers ever issued. But it is a new link in a great chain of events tending to strengthen free governments and popular rights all over Europe, and to bring into discredit the advocates of absolutisms, whether conscientious like the Pope's, or unscrupulous like the Emperor of Russia's.

pain, Britain is discovering that if it wants to modernise, the first thing to be modern in is the willingness to adjust itself to the facts of foreign life. The risk here is a loss of self-confidence declining into self-pity or erupting into irrational political movements. But mercantile communities are better equipped than most to recognise the inevitable when they must. The Labour Government's present attempt to come to terms with today's western alliance shows a sense of this. Imperfect though it may be, the world cannot just be an imperfect copy of the ideals that shine through the London fog. If 1965 promotes a greater understanding of this, even its ill winds may blow more than a little good.

The Blackballing of Dr Beeching

The latter-day Luddites in the Labour government have shown they have more power than is good for either Mr Wilson's administration or his reputation

THE cabinet meeting just before Christmas that blackballed the appointment of Dr Beeching as transport rapporteur did more than break an agreement to which the Prime Minister himself had previously set his hand. It cracked in one thoughtless blow the carefully-created Wilson diorama of an administration fired with a zealot's belief in technology and the technologist. Here was the arch technologist himself, the scientist-manager, the very type of man we are told Britain needs ; and a noisy section of the cabinet would not have him at any price. The mystery is why Mr Wilson did not call this unruly element in his pack to heel. Unless he enforces his discipline now over the cabinet in little issues like this, he is going to find it difficult to exercise when the big decisions come up.

It is a minor matter whether Dr Beeching got the job or not, or even whether it gets done at all. But the sight of the government denying it to him in deference to sectional and frankly selfish pressures (not all of them Labour ones) jolts one's confidence both in how deeply the government does believe in technical progress, and in Mr Wilson's personal ability to stand his ground when the dogs are loosed. It is not as if this were the first occasion in the two and a half months it has been in office that the government has been "persuaded" to change its mind ; it had previously reversed its decision to cancel the supersonic Concord airliner in face of the combined opposition of the French and British aircraft industries—and not because it thinks any better of the aircraft now than it did in October. Even the most charitably disposed are tempted to ask how often this is going to happen.

The Beeching affair has its roots in Labour's election pledge to prepare a co-ordinated road, rail and air transport policy, which some enthusiastic supporters interpreted as a pledge to stop further closures of uneconomic railway lines. The Minister of Transport, to his credit, did not read it this way at all ; he was willing to concede that the railways are in much better shape now than they were when Dr Beeching took them over three years ago, and will be in better shape still when the whole of the Beeching railway plan has been put into effect. He, and the Prime Minister, even admired the good doctor's rational, uncommitted approach—to the extent of asking him to conduct a transport survey which would provide the same kind of ground work for political decisions about a co-ordinated transport policy as his original railway survey provided for political decisions about the future of the railways.

It could be only a survey for two reasons, the immediate practical one being that Dr Beeching intended to return not later than this summer to industry—i.e. to the board, and perhaps ultimately the chairmanship, of Imperial Chemical Industries. But for the election, and the political overtones his resignation then would have had, he might have announced his decision to leave much sooner, with the feeling that his contribution to the railways' change of gauge had been made. In the interests of his own career, he could not stay away from ICI very much longer. The second reason why he could be a transport rapporteur only, not an overlord, is that the job of co-ordinating transport involves political questions of the sort that only the Minister of Transport can decide—questions about how far irrational, non-quantitative but nationally important considerations have to be taken into account, about what concessions are expedient to make the plan politically acceptable, what bows should be made in the direction of sectional interests, what amendments ought to be introduced for purely social reasons.

A professional manager of the Beeching calibre is not equipped to reach these conclusions. He can only say what would be the rational course, leaving the minister to be the judge of how stiff a dose of rationalisation the country will accept. This is the sort of brief that Mr Fraser offered Dr Beeching, and Dr Beeching accepted—probably not with a great deal of enthusiasm, but he did accept. The difficult details, like where he would work and with what title, seem to have been tentatively settled with the Prime Minister before Mr Wilson went to Washington.

THE flurry of not always well-judged kite-flying that went on in Parliament during this period served to alert the transport pressure groups (of both political colours) about what was going on. Whether or not they discovered that the proposed Beeching inquiry was to be a one-man show, their suspicions were aroused ; and by the time Dr Beeching's new appointment came belatedly to be discussed in the cabinet, they had done their work. The Prime Minister and the Minister of Transport were faced with the demand that Dr Beeching should not be allowed to work alone ; that he must have the "help" of a board on which all sectional pressure groups, unions and employers, were represented—which would in fact make nonsense of the entire idea, because whatever emerged, it would not be rational, or helpful to the minister. Mr Wilson gave in, although this was known to be precisely the kind of remit that Dr Beeching was both obstinate enough and sensible enough to reject out of hand.

In giving in to this pressure, Mr Wilson must have known that he was also saying goodbye to Dr Beeching. Was he sorry? One cannot tell, but when Parliament rose for the Christmas recess, Mr Fraser announced that the flirtation with Dr Beeching was over and that he himself may conduct the transport survey. This is not as silly as it sounds; it is the only way now that Mr Fraser can get out of the commitment to appoint representatives from sectional interests.

Dr Beeching himself, large of frame, soft of voice and as bewildered as a St Bernard bopped with his own brandy flask, ceases from this point to be a political chessman. The country should wish him well when he returns to industry later in the year. His short public career, particularly in these last few weeks, has demonstrated a common characteristic of successful business managers which the Government, in searching for closer contacts and interchange with industry, will have to take into account: namely their occasionally endearing political naivety. Dr Beeching seemed to think that agreements made across tables in Whitehall are as binding as agreements made across the table in industry, without taking the inevitable parliamentary pressures into account.

But if his worst fault has been naivety, what does one deduce from the actions of the Prime Minister and Mr Fraser? There is a case—when road, rail and internal air transport are each competing with the other and are all subsidised in varying ways—for saying that a survey of the historical anomalies that produced this situation, and a report on what to do with them, are desirable for reasons of efficiency. And there was ample reason for believing that Dr Beeching was an admirable choice for carrying this out: not only because he would have done a good, rational and completely dispassionate job, but also because there is a wry public affection for him as the sort of man who would carry out a good, rational, etc., survey. He was, to a country which had rarely before seen one at close quarters in public office, the dispassionate, impartial technocrat—beastly but fair. The sort of people who shrug off Professor Buchanan as an undue scaremonger are precisely those who would have accepted similar ideas about road congestion from Dr Beeching, whose views on the private car are even more bolshy than Professor Buchanan's and verge at times on the irrational, though never quite.

So Dr Beeching would probably have produced a good transport survey, but the economy will not grind to a halt because he will not now do it. This is not what prompts one to write at such length about the affair. It is the implications that are so disturbing, the discarding of the man who has become, for a large section of public opinion, the ultimate in professional scientific management (whether he deserves it or not, an unenviable reputation to have to live up to). From his dismissal from the scene large numbers of people will draw the conclusion that Mr Wilson's administration does not like (a) professional managers, and (b) technicians, which must be the last impression that Mr Wilson personally wants to create. Was peace in the cabinet really worth this price?

The African War

What now looms in the Congo is something horribly like the Spanish civil war—with intercontinental elements

JUST before Christmas, the Egyptian and Algerian governments announced that they were sending, and would go on sending, arms to the rebel forces fighting against Mr Tshombe's government in the Congo. This open declaration of intervention cleared the air of a good deal of uncertainty. There had been numerous reports of arms from Cairo and elsewhere being flown to the north-eastern Congo; there had been the usual crop of official denials, too. Now it is a matter of official admissions. Less than two years after the creation at Addis Ababa of the Organisation of African Unity, whose charter pledged its member governments to respect one another's sovereignty and to refrain from intervening in each other's internal affairs, a civil war on one member's soil has led to open intervention by other members, despite the pleas for non-intervention made by the organisation itself.

Twenty-five years after the end of the Spanish civil war, must we now see a repetition of that European tragedy on the African stage? There had been real hopes, entertained not only by Africans but also by their friends in other continents, that emergent Africa (which has troubles enough of its own) might be able to avoid some at least of the travails with which Europe has been all too familiar. After all, was it not exaggerated nationalism, mainly based on language, that had most plagued Europe and plunged it into so many wars? The new Africa, in contrast, comprised many states that clearly lacked national characteristics of the kind that mark off a community sharply from its neighbours. Its linguistic and tribal groups seldom correspond to the frontiers arbitrarily laid across its map by Europeans during the colonial period. Reaction against colonialism seemed likely to give the new African states a common bond of sympathy. Their shared urge to hasten the end of white rule in the southern part of their continent was seen as another source of unity between them. Pan-Africanism, in all its manifestations, might point to sharper conflict between Africans and Europeans, but surely also to harmony among Africans themselves.

Admittedly, the brief span of only four years since the wave of political independence swept across west and central Africa has seen the newborn states more than once at odds. There have been frontier conflicts, personal feuds between heads of government, and recriminations when attempts to draw states together into closer unions collapsed. The years 1961 and 1962 also saw the ominous formation of the antagonistic groups labelled Casablanca and Brazzaville (the places where their leaders had conferred). But in 1963, with the Algerian war and the Katanga secession ended, the bitterest issues dividing the African governments were abated, and their Addis Ababa "summit" conference seemed to reveal a general readiness to compromise for the sake of continental unity. Their new organisation, while still a scaffolding rather than a solid struc-

ture, showed its worth in its contribution to the moderating of the Algerian-Moroccan border conflict, and at the early OAU meetings there were some spectacular reunions of former antagonists.

Today the OAU appears close to paralysis. African delegates at the United Nations have for more than three weeks, in the Security Council debate on the Congo, vented an almost crazed fury upon the western governments that intervened at Stanleyville on November 24th, resorting to wild distortions that reveal only too plainly a sense of helplessness at Africa's failure to cope with the crisis at its very heart. And the escalation of the Congo conflict goes on. After the withdrawal of the UN force and the acceptance of Mr Tshombe as prime minister, the scattered local revolts swelled into a wave of rebellion that covered all the north and east of the huge country. After Mr Tshombe's reintroduction of white mercenary ground forces (mainly British, Rhodesian, and South African) and aircrews (largely, Cuban refugees recruited in America), the racist element in the struggle emerged with bitter results. The mercenaries' purposeful rescues of imperilled groups of whites were one side of a coin, their butchery of unarmed Africans the other. The rebel leaders had begun by forbidding their followers to kill or injure any foreigners; as the mercenaries advanced, these disciplines crumbled awfully into wild panic and savagery.

SINCE November 24th, the venom has spread far more widely. What most westerners sincerely see as a wholly justified rescue of hundreds of innocents held hostage in violation of both law and humane principles is seen, by most Africans, as a military intervention that opened up Stanleyville to the mercenaries. Western scepticism about the claim that OAU mediation would have saved the hostages is justified; probably even the rebel leaders could not have guaranteed the hostages' lives once panic vengeance set in. But Africans are just as sceptical, and just as sincerely so, about the claim that the western governments had no means of inducing Mr Tshombe to halt his troops' advance so that negotiation could continue. The degree in which Mr Tshombe is regarded as a "stooge" dependent on western support varies widely among Africans, but this view has been much strengthened by recent events.

It is on the basis of that belief that the Egyptian and Algerian governments rest their argument that African states are entitled to intervene in the civil war, while denouncing, apparently disingenuously, western intervention. But other African governments, both "radical" and "moderate," still recoil from openly advocating any intervention in an African state except through the OAU. Ghana and the Sudan have officially denied that they have aided the rebels, though their sympathies are violently engaged against Mr Tshombe. Ethiopia has strongly condemned the Stanleyville intervention but is critical of the Arab states' actions too. Morocco (the Casablanca group's original host) and the Ivory Coast (outstanding in the Brazzaville group), jointly offered the Security Council a resolution (adopted on Wednesday; see page 20) that does not condemn the Stanleyville action, but calls for non-intervention all round, the removal of mercenaries, a cease-fire, and Congolese reconciliation. The only African to defend the Stanleyville action before the Council (apart from Mr Tshombe's representative) was the foreign minister in the Nigerian government, whose future was left in doubt by the events of December 30th (see page 21). But the governments of Tunisia, Senegal and others (not all numbered among Mr Tshombe's old friends) have also dissociated themselves from the clamour of those who denounce the Stanleyville operation.

Europe failed to secure non-intervention in the Spanish war; and there is little hope that the much divided African states could secure non-intervention in the Congo war, even if it were a situation wholly within their physical scope. And, of course, it is not. Geographically, the Congo lies at the heart of Africa; but on the political map it lies next to the white-ruled south. White South Africans and Rhodesians fight for Mr Tshombe partly because they feel they are thereby fighting their own battle. The African states cannot stop Mr Tshombe recruiting white southerners by erecting a *cordon sanitaire*; they do not surround the Congo, which borders on Portuguese territory. Nor is this even a mere continental problem: it is intercontinental too.

To accuse the United States, as some African leaders have, of using Mr Tshombe to secure a ruthless predatory grip on the Congo's resources, is infantile foolishness. What the Americans evidently thought they had in Mr Tshombe was a wily politician who could stabilise the Congo and keep communist influences out; they may well have believed the claims, with which he talked his way to power, that he and he alone could reconcile his feuding fellow Congolese. He proved too wily for Washington but not wily enough for the Congolese; and at present he is still getting American support while rejecting American demands for a cease-fire and reconciliation. But his prospects of continued support must dwindle as the Americans come to see that, instead of barring communist influences from central Africa, he is enmeshing the West in a bitter conflict with nationalist Africans (a situation bound to strengthen the African positions of the communist powers). President Nasser's bitter personal outburst against the United States on December 23rd (see page 24) should be warning enough by itself.

EFFECTIVE non-intervention in the Congo war must require effective action—positive as well as negative—by non-African as well as by African governments. It must involve, in effect, collective intervention in the name of non-intervention—a phrase, it may be recalled, that was once applied to certain activities of the United Nations. Nothing short of a collective physical presence is likely to ensure the exclusion from the Congo of partisan foreign soldiery, whether Algerian or American, Rhodesian or Chinese. What did at one time ensure their exclusion was the presence of a United Nations force in which white men, black men, brown men and indeed yellow men worked side by side and, in necessity, fought side by side. In the present state of international organisation or disorganisation, the likelihood of again installing any peace-keeping body of this kind may seem laughable. If, however, the only alternative before us is a widening war, a new scramble for Africa into which both African and non-African states are remorselessly sucked, that alternative will leave nothing to laugh at at all, and there will be much to weep about.

University Grants

The University Grants Committee, that unique distributor of public funds, may not now be the best possible such instrument either for the nation or for the universities

ONE hundred and forty million pounds of taxpayers' money —give or take a few millions—will be spent this coming year free of any supervision by Parliament. These are the funds (some would say the inadequate funds) that go to nourish the existence, and the necessary expansion, of the nation's universities. Parliament has, it may be argued, never deliberately chosen to abrogate, to the dons and other eminent people on the University Grants Committee, its duty of controlling these disbursements. The system has just grown up.

The UGC is an extraordinarily privileged organisation. Not only is it free from supervision by the Public Accounts Committee and the Comptroller and Auditor General. It is also assured of its future revenue over five-year periods—a length of time which, while it causes much dismay in the universities themselves about the security of their future budget, is the envy of ministries and other bodies that spend government money on the basis of annual votes. Its privileged position has rarely been questioned. Indeed the Robbins committee on higher education, reporting just over a year ago, praised the good fortune that had led Britain to invent an administrative device which safeguards the universities against political interference, and argued that some such body as the UGC should be "an essential ingredient of any future government machinery for higher education." More engagingly, the UGC's present chairman has described it as a septic tank, which takes in dirty political money, lets it settle, and then pours out to the universities clean academic money.

The UGC, then, continues. Certainly, there have been changes in the chain of command. Instead of going for its money straight to the Treasury, the UGC now has to go through the bit of the Department of Education and Science concerned with higher education. So far this formality appears to have changed nothing at all. There is no question of what some university people had feared—that the change in ministerial responsibility would mean that the Secretary of State for Education would be interfering with the universities. Indeed, the civil servants concerned with the universities are not even in the same building as those concerned with schools, teacher training and such mundane subjects.

The Grants Committee does, however, face in the future a task vastly larger than it has had in the past. The raising of the one-time Colleges of Advanced Technology to the status of universities, and their inclusion within the UGC's grant-aiding purview, will—with the founding of new institutions—increase the number of universities under its paternal care from 33 now to 44 on April 1st, and its throughput of at least £140 million this year is already nearly half as large as only two years ago.

There should be no reason to apologise for wondering whether the hallowed system can take the strain without radical change. Today, a single full-time chairman of the Grants Committee (now Sir John Wolfenden, a former vice-chancellor of Reading university and a most distinguished public servant), backed by 18 part-time members and a total staff of around 50, has to run the whole show. Precisely because there is no interference from the government with the way in which money is spent, the UGC is cut off from a fund of expertise in Whitehall—and above all in the Department of Education itself—that could be of the greatest assistance in promoting the sort of efficiency in spending (particularly in spending on buildings) that the UGC needs to be seen to work for. There is talk of appointing a full-time deputy chairman, and the UGC is increasing its expert staff.

BUT those who have to get their money from, and work with, the UGC (and especially those who have experience of working with efficient government departments) find themselves faced with delays and inadequacies that are a real obstacle to the smooth expansion of the university programme. A special difficulty arises in the case of new universities, or institutions newly raised to university status. They inevitably do not have the sort of experienced planning and development teams that some of the established bodies possess. Because the UGC does not have such development teams either—indeed, because the UGC is by temperament and principal reluctant to do anything that looks like interference with the organisations that it provides with money—the bizarre situation arises in which architects, in the absence of any counter-opinion, and through no fault of their own, are more likely than anyone else to be the true determiners of the buildings to which the new universities must subsequently adapt themselves. Because of a reluctance to accept control by civil servants, which might in turn look like control by politicians, the institution of the UGC may actually be depriving some of the newest university foundations of any effective control at all in their formative stages.

The fundamental problem is plain. Over 70 per cent of spending on universities comes from the state (and the proportion is soaring now); but the universities, for no doubt good reasons, do not want the state that pays the piper to call the tune. The Robbins committee contemplated various ways of reducing this dependence on direct subventions. Fees paid by students, themselves to be directly reimbursed out of public funds, might have to be raised to cover more than the 11 per cent of university expenditure that they covered in 1962-63. Or a system of loans to students might be instituted, from which they would pay their fees, and which they would in turn repay out of the presumably higher earnings that they would in the long run make as a result of being at a university.

The first proposal, however, faces the objection that fees, if they are to reflect costs, should vary according to the subject studied. The proposal for loans implies that the size of loans and the rate at which they should be repaid by the student would be worked out in terms of the predicted return that he or she would make on the investment represented by a university education.

Leaving aside the inherent improbability of any such advance planning getting anywhere near to the predictions,

either device would lead the providers of the money—that is the government—to take a much more detailed interest in the universities' outturn of graduates in particular subjects. The universities would have to get involved in manpower planning—in adjusting their output of graduates to fit a predicted pattern of need for specific graduate skills. And this, of course, is what they are entirely reluctant to do. The threat that is named, by the Robbins committee as much as by the universities' own spokesmen and by the UGC itself, is political interference. But surely freedom from political interference depends not on administrative arrangements, but on the existence of governments that have no particular wish to breach it.

What the universities are really resisting is economic interference—their transformation into bodies with specific tasks to produce specific sorts of trained people. A topical case in point here is the matter of the teacher training colleges. These, under Lord Robbins's committee's proposals, would have become federal units of the universities, linked with university departments of education, and giving degrees of the university to which they were federated. To this proposal the present government has decided to give no effect. *The Economist* was worried (December 19th) about what appeared to be the abandonment of one of Robbins's basic proposals. But it now appears that certain universities, and certain very influential university spokesmen, did not wish to take the training colleges under the universities' wings: precisely because this would have involved those dignified and humane bodies in the sordid business of planning the output of a specific sort of skilled person. (Yet another and even more bizarrely purist motive for the universities' collective refusal to harbour the training colleges was that many of the latter are denominational institutions; and the cherished freedom of universities, granted under charter, to admit whom they wished could not be sullied by contact with vulgar sects.)

The complaints made against the University Grants Committee are commonly two. They were summed up in one of its own recent publications, in a spirit of self-congratulation. There is, the UGC said, "the opinion in the Treasury that we are too university-minded, and in the universities that we are too Treasury-minded." This is, indeed, the best argument for the UGC. Furthermore it can argue that many other complaints addressed to it—for instance the complaint that there are too many arts students, and too few scientists (which is really the fault of the schools, or of the whole of British society)—should not really be addressed to the UGC at all. The complaints of its dilatoriness can often be met either with the answer that it must be extremely careful in disposing of money so uniquely handed over to its trust by Parliament, or by the perfectly true statement that the sort of skilled people it needs to speed its work (accountants, architects, surveyors and so on) are precisely the people whom nobody else can find either. Dare one hint that the Department of Education has such people, and very good ones? For if the UGC is going to set itself formally against the whole concept of manpower planning—which means ultimately the whole effort to see that the nation gets the best practicable return on the extremely large increase in the investment that it is making in higher education—it may be necessary to think again about whether this is really the sort of septic tank that Britain needs.

COMMENTARY

ITALY

President Saragat

Among all the possible contenders, Signor Giuseppe Saragat is a good choice as fifth president of Italy. A man of the moderate left, he has always been a staunch opponent of extremism, of whatever colour; he actively opposed fascism, and in 1947 broke away from the Nenni Socialists because he believed them to be too closely involved with the Communists. As the leader of the Social Democrat party and as a minister in several postwar coalitions, he has gained wide experience of both politics and administration. Moreover, as foreign minister and as a leading member of the Socialist International, he already has an international reputation. An Italian president, although he should not play politics, can usefully play the unobtrusive statesman. President Saragat might do this well.

But if the choice was good, the manner of reaching it was thoroughly bad. It would be wrong to exaggerate the damage that has been done by the unedifying thirteen-day struggle (which is described in detail by our correspondent on page 22) to Italian institutions as such. But in the short run, at any rate, it will not help Italian democracy to run more smoothly. Among the parties, the chief losers were the Christian Democrats. This was not because the new president is not one of their members. Indeed, the party would have stood to gain rather than lose if it had accepted gracefully from the beginning the argument that a party has no prescriptive right to the presidency simply because it is the chief party in the government. The Christian Democrats were united in their determination to have the presidency, but hopelessly divided over the choice of candidate. And the fact that they abandoned themselves so completely to their natural proclivity for feuding and faction—thereby bringing the country's institutions as well as themselves into disrepute—emphasises the weakness of the ties uniting their various factions.

Slightly Sinistral

What matters, however, is not so much the fate of the divided Christian Democrats, as that of the centre-left as a whole. Nothing that happened during the presidential election suggests that the Italians would do better if they tried any other recipe for a government. The Communists are certain to argue that they themselves represent an essential extra ingredient; having been allowed (because of the divisions of the Christian Democrats) to play a decisive part in securing Signor Saragat's election, they will argue that their respectability and right to play a full part in the parliamentary game should now be acknowledged. This will not wash. In 1955 the Communists played nearly as decisive a part in getting Signor Gronchi elected president, and there is no more rea-

son to suppose them genuinely devoted to democracy now than there was then.

What should be emphasised after President Saragat's election is not the apparent strengthening of the Communists but the new possibilities that emerge for genuinely strengthening the centre-left. Signor Saragat has always been a strong advocate of this formula, and whether or not the present cabinet remains in office, he will naturally use his presidential influence to support a centre-left government. Moreover, his translation from party leader to president should make it a good deal easier to reunite his Social Democrats with Signor Nenni's Socialists; and a reunited socialist party (excluding the extreme left-wing faction, the PSIUP) could attract votes that now go to the Communists. Yet it is impossible to get away from the Christian Democrats. Unless they can turn themselves into a coherent, disciplined party (which may mean a smaller one) instead of a collection of discordant factions united mainly for electoral purposes, Italian democracy is bound to go forward haltingly, whatever direction it tries to take.

COMMON MARKET

Full Agenda

THE common market Six and Efta Seven are both offering themselves the New Year gift of a 10 per cent cut in duties on trade in manufactures within their clubs—but not, needless to say, between the two groups. With truly soldierly precision they will both then be down to the same low level of duties of 30 per cent of the basic national rates. In a sense, Efta is one up on the common market in that it has settled its timetable for eliminating duties altogether by the end of 1966. The common market has still to take a decision on this. But whereas the Seven are still shivering in the wintry shadow of the British surcharge on imports, the Six, after their fateful decision on grain prices, are beginning to feel the stirrings of a new spring. They now have before them the fullest programme they have had since the French veto on British entry into the common market.

They have already set a timetable for agreeing on their system of managing the market for fats, oils, fruit and vegetables by May 1st, decided to fix prices for fats, oils, beef, dairy products, rice and sugar by July 1st, and to settle the financing of the whole agricultural policy by the same date. This is almost too ambitious to be true, and the European Commission would no doubt be quite satisfied if it could get the crucial decision on the European farm fund by the end of 1965. For the Dutch are threatening to veto the huge funds that will be required (an estimated $600 million when the system is in full operation) unless the European parliament is given more powers to control them. This is one of the many ideas that have so far been anathema to President de Gaulle, and one can expect autumn thunder to darken the end of the sunny summer of the Six. For they will also have to take decisions on the final establishment of the European external tariff by the end of 1965, on completing the customs union if they can by the end of 1966, and, in connection with both, on a common foreign trade policy. The increasing urgency of all three tasks is a practical way of demonstrating that the Six are nearing their goal and that the European Commission feels the wind in its sails again. This assumes that Herr Erhard is not going to flout President de Gaulle on Atlantic nuclear reform, at least in the immediate future.

CONSERVATIVES

Home Again Blues?

THE spate of rumours in last week's Sunday newspapers—"Sir Alec may seek re-election by Tory MPs"—is the sort of spate that may easily be denied, especially as nobody can be sure whether Sir Alec will take the advice that some of his friends have reportedly given him. But it is true that some Tories at least have grasped the points that they need to get along fast with the job of finding a leader who can undisputedly lead the party; and that the best method of doing this is fairly obvious to have him elected by the party's Members of Parliament, and subsequently enthroned amid the acclamations of the party's dignitaries. It is also true that many of them grant that this procedure now would very probably indeed put Sir Alec Douglas-Home right back where he starts from, as Leader of the Opposition. And some of them fear that Sir Alec's electoral disabilities are such as to help to keep him in that office for as long as he chooses to lead the party. For so many of them know that they have a leader who—whatever his considerable other qualities—lags streets behind Mr Wilson as a vote-getter, but so few of them agree on which of the party's possibly *papabile* contenders should replace him.

But the party, whatever its uncertainties about its leader, is getting along with the job of refurbishing both its policies and its image. Despite some other weird speculations in last Sunday's papers, the Tories are unlikely to be launching out with huge sums of money on the sort of research project among the public that might be suitable for a new brand of chocolates. They are tackling the matter more seriously, through their 20 advisory groups and under the general direction of Mr Heath and Sir Edward Boyle. The party's brightest spirits must be hoping against hope that they are granted the lapse of time in opposition that they need to complete this necessary task: and furthermore that the period of opposition ends before the new crop of Tory policies has time to wither. When Parliament returns, Conservative morale should have taken a step up. Then will be the time to watch for the effective parliamentary performances that could win the backbenchers' hearts for one contender or another for the crown.

BRITISH DIPLOMACY

Worldly Twins

BRITAIN'S new Diplomatic Service came into being at the new year through the merger of the Foreign and Commonwealth services. In future, members of the former Foreign service can be freely transferred to Commonwealth countries, and members of the former Commonwealth service to countries outside the Commonwealth. British embassies and high commissions alike should thus enjoy wider horizons. It was nonsense that Commonwealth governments should hardly ever have accredited to them a British high commissioner with all-round international experience while, elsewhere, British embassies were usually bereft of men whose knowledge of Commonwealth problems could illuminate their talk and their work.

But although the service is now one, it will go on serving two masters. In London the Foreign Office and the Commonwealth Relations Office are to cling to their separate identities and ministers. When, last February, the Plowden committee on overseas representation recommended the merging of the two services, it shrank from insisting on the immediate creation of a single ministry—though it indicated that this should be the ultimate goal. Instead, and (at least ostensibly) for fear of affronting the Commonwealth countries, it proposed a kind of Siamese twinship. Ah well, this is truly *Realpolitik* diplomacy. The two ministries, long housed cheek by jowl, and henceforth served by a single staff, are bound to grow into each other like a pair of banyan trees. Their administrative departments are to be fully amalgamated—and are already well on the way to being so. And even before the merger, a tentative regroupment of policy-making departments was beginning: a mixed-manned Malaysia and Indonesia section had been in formation for some time. Similar regroupments to help harmonise regional policies will continue. Cyprus, for example, may find itself drawn in with Turkey and Greece—as a departmental problem, one should perhaps hasten to say. As the process continues, and, in particular, as the CRO relinquishes its responsibilities for technical assistance to the new Ministry of Overseas Development (see page 35), there should be no more call—least of all from the Commonwealth countries—for cramping the Commonwealth relationship under a separate head. That relationship will *de facto* have become something to be reckoned with at all international levels, and it will require to be handled *de jure* in the sophisticated (indeed, worldly) setting of a ministry with worldwide scope.

UNITED NATIONS

Naked into the New Year

ON Wednesday the General Assembly adjourned until January 18th, with its deadlock over peacekeeping finance

unresolved. The more hopeful members are crossing their fingers and asserting a belief that, when it meets again, Russia and France will stump up enough money to justify at least a postponement, and perhaps a withdrawal, of the challenge to their voting rights under Article 19 of the Charter. The sceptics are counting on nothing so cheerful. All that has been achieved, in the last flurry before the new year, is a solution to the problem of filling vacancies on the Security Council, which would otherwise have been unable to function in 1965. The Assembly president had to avert the necessity for public voting on candidates for Council seats (since any such voting would have brought the Article 19 dispute instantly to a head) by organising a private poll of delegates and then merely informing the Assembly of the result.

Meanwhile the Council, thus relieved, managed to wind up the debate on the Congo that had plunged it for three weeks into wretchedly bitter exchanges. Only the French delegate abstained from supporting the resolution adopted on Wednesday; his argument was that it involved undue interference in the Congo's internal affairs. The resolution called upon all governments not to intervene individually, but to help the Organisation of African Unity to promote Congolese reconciliation; U Thant is asked to keep the Council informed of whatever progress is made in this direction and as regards the resolution's other clauses, which include the withdrawal of mercenaries. But neither the OAU nor the UN has been equipped with any effective means of checking the flow of blood inside the Congo or the flow of foreign arms and soldiers into it from outside

PAY AGREEMENTS

Queue for Jam Tomorrow

THE last attempt at an incomes policy made by a Labour government was defeated in 1950 by the reluctance of wage earners who were not protected by "sliding scale" pay agreements—automatically putting up their pay when retail prices rose—to lag behind workers who were thus protected. Mr Brown, who was pressing on with negotiations for an incomes policy even on Christmas Eve and who hopes to make some announcement about price and wage review machinery before the end of this month, faces a similar problem of horses already past the stable door. In the new year large groups of employers are firmly committed to higher wages and shorter hours for a larger section of the working population than ever before. Something like six million workers are involved—many of them under the now fashionable long-term agreements. They include specific commitments already made to workers in engineering, electricity and gas supply, building, textiles, the merchant navy, agriculture, iron and steel, the post office, printing, several retail trades, right down a very varied list.

Many of these promised increases are in excess of the old, ill-starred "guiding light" of 3½ per cent per annum, which was supposed to be appropriate if the country achieved 4 per cent annual growth. They are even more out of line with what can be properly afforded in 1965 now that the country seems singularly unlikely to achieve that 4 per cent; but Mr Brown can hardly hope to persuade the trade union signatories of these agreements to forgo their rights. If he cannot (and who could?), this will sharpen the problem of persuading the remaining 16 million workers, many of whom are pressing for their own long-term agreements or merely for new one-shot increases, to agree to restraints. The irony of this situation is that in the past many of these embarrassing long-term pay-and-hours agreements have been canvassed, and accepted, as (supposedly) the most hopeful road towards an incomes policy.

NIGERIA

Balkanisation?

A early break-up of the Nigerian federation has become a possibility that must be taken seriously. The Progressive Alliance (UPGA), one of the two major groups of political parties, not only decided at the last moment to boycott the general elections on December 30th, but announced on that day that it would not recognise any new government based on the one-sided polling that took place; and, still more ominously, that it was ready to discuss how the federation's assets might be split up President Azikiwe has denied a report that talks have been already held about the secession of the Eastern region; but the prospect of a secession now looms large.

For four years this federation of 55 million people had defied the African trend to balkanisation. Nigeria's inhabitants outnumber those of all the seventeen other West African states combined. The contrast between its conservative-dominated Moslem north and the more radically inclined south is glaring enough; but the south, too, has its divisions, particularly between the mainly Ibo Eastern region and the mainly Yoruba West. The outgoing federal government was an uneasy alliance of northerners (including the federal prime minister) and easterners (President Azikiwe, the most prominent Ibo figure, being the former leader of the eastern-based National Convention of Nigerian Citizens party The NCNA, having become increasingly restive as junior partner in the ruling coalition, chose to break away and fight the election in alliance with northern opposition groups that wanted to end the Fulani emirs' grip on the North This new alliance (UPGA) found that its candidates in the North were so harried to reinsure the conservative victory which was likely anyhow that it decided to boycott the polls.

Nigeria's future must now depend largely on what course the president chooses to adopt, in his difficult position as both constitutional head of state and father figure of the most likely secessionist groups and on the confused situation in the Western region, where polling day was marked by widespread turbulence. If the East does break away, could the West long remain part of a truncated Nigeria in which northern dominance would be even greater than before?

RUSSIA

Liberman Catches On

MR KHRUSHCHEV'S successors are widely credited with adopting a more circumspect attitude towards their job than he had. But the pressing importance of making Soviet industry more efficient and productive has determined them to be bolder in experimenting with Professor Liberman's ideas for making profit and sales, rather than the fulfilment of norms, the chief criterions of a firm's efficiency. Professor Liberman himself wrote to *The Economist* on October 18th—a few days after Mr Khrushchev's fall—a letter (published in our issue of October 31st) in which he confidently predicted that he would be given further opportunities of testing his methods in practice.

At that time many Russians were keeping their heads well down until they could see which way the new wind was blowing. But the professor's confidence was evidently not misplaced. Last week *Izvestia* announced a number of measures to improve the efficiency of Soviet industry. They include the introduction of Professor Liberman's methods into five enterprises in the Lvov area, one of which is a mine and the others factories producing footwear, television sets, clothes and motor vehicles. It is also hoped that by the middle of this year about a third of the textile and clothing factories in the Soviet Union will be run on Liberman lines. No doubt the professor's ideas are being allowed to spread because they are already proving their worth in the two textile factories where they were introduced early last year. There were evidently some difficulties at first, but when western correspondents were taken round one of these factories early in December they were told that profits and wages were up, retail prices down and quality much better.

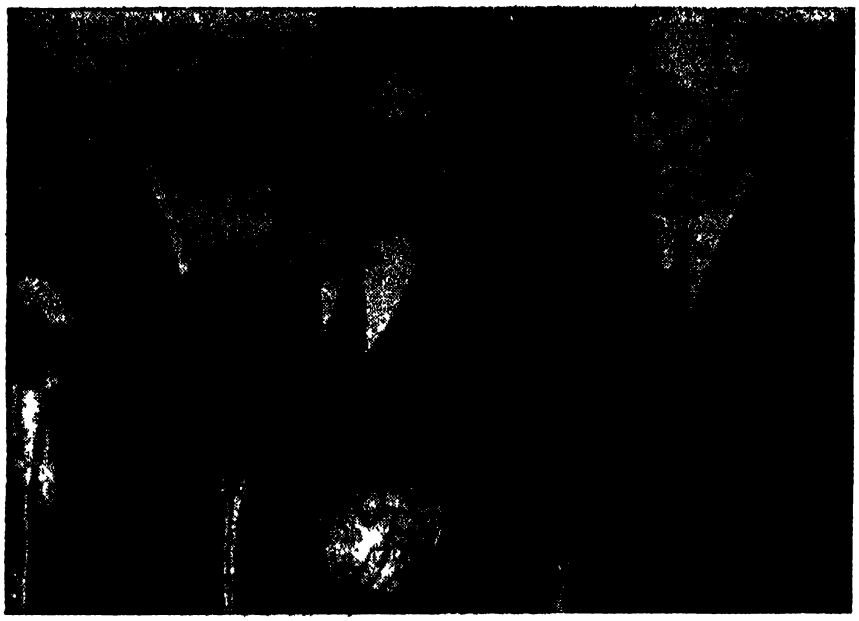
The Russians argue that the introduction of the profit motive does not represent a surrender to capitalist ideas. It is more difficult to believe that Professor Liberman's methods, if they are allowed to spread widely, will not lead to sweeping modifications in the Russians' planning system What is certain, however, is that, if the professor is really given his head, there will be a new deal for the Soviet consumer.

Appointments, Business and Personal notices and other Classified Advertisements pages 67 and 71 to 73

THE WORLD INTERNATIONAL REPORT

Twenty-First Time Lucky

FROM OUR ROME CORRESPONDENT



Prime Minister bows to President

On Monday evening, at the twenty-first ballot, after thirteen days of the most self-destructive struggle ever waged in a modern parliament, Signor Giuseppe Saragat, Italy's foreign minister, was elected fifth president of the republic. With 646 votes he at last had the necessary absolute majority in the two houses of parliament sitting in joint session. A minimum of temperance and foresight on the part of the Christian Democrat leaders could have given him a sufficient majority at the outset; instead they wasted every card in their hand and in so doing treated the country to a spectacle that looked at one time remarkably like the death pangs of the republic. Their clumsiness allowed the Communists to act as the saviours of Italian democracy; without the 250 Communist votes Signor Saragat would not have been elected even at the twenty-first ballot and the deadlock might still be unbroken.

Signor Saragat, who was a militant anti-fascist, is a Social Democrat, an intellectual and a man of European standing. His election gives Italy's socialist and radical Left a fresh chance to make its mark. The Communists, for their part, have seemed to acquire a new status. In their handling of the presidential election they have appeared to show a better understanding than the Christian Democrats of the nature of parliamentary government. Whether they did this for ends that are ultimately democratic in the western sense of the word is another matter.

At the outset of the struggle, the three non-Catholic parties in the government coalition invited the Christian Democrat leaders either to support Signor Saragat or to designate a candidate from their own party who would be able to represent the coalition. The party executive, dominated by the secretary, Signor Rumor, refused; instead it designated its own candidate, Signor Leone, who represented the so-called moderate faction but failed to attract the votes of the Christian Democrat Left. Against him, Signor Fanfani pitted his own candidature, and Signor Pastore was supported by the Roman Catholic trade unionists. At the tenth ballot Signor Rumor threatened Signor Fanfani with expulsion from the party and called the Vatican to his aid. The *Osservatore Romano* exhorted Catholics to keep united. Signor Fanfani withdrew from the contest but instead of voting for Signor Leone, his supporters returned blank voting slips.

At the fifteenth ballot, Signor Rumor gave up the attempt to force Signor Leone on parliament and ordered the Christian Democrats to abstain rather than support Signor Saragat. For the next six ballots the main group of the party abstained; this scandalised the rest of the electors, who considered it a violation of the principle of the secret ballot and an offence to their assembly. But the followers of Signor Fanfani and Signor Pastore again flouted discipline and returned blank votes. For this, two of them have been suspended and Signor Pastore has resigned from the government in protest. At the eighteenth ballot, when the only major candidate in the field was Signor Nenni, supported by the Socialists, the Republican party and the Communists, Signor Rumor at last instructed the Christian Democrats to vote for Signor Saragat who was thus able to reappear after being absent from ten ballots. But again about a hundred of the supporters of Signor Fanfani and Signor Pastore refused to accept party discipline, thus making it impossible for Signor Saragat to be elected without the support of the Communists.

At this point Signor Rumor publicly declared that the Christian Democrats would not vote for Signor Saragat if he asked for Communist support. Signor Saragat wisely ignored the threat. On Monday morning, after the twentieth ballot, Signor Nenni withdrew his candidature, inviting all who had supported him to vote for Signor Saragat. At the same time, Signor Saragat asked for the votes of "all the democratic and anti-fascist groups." This message was conveyed to the Communist party secretary, Signor Longo, by the Social Democrat secretary, Signor Tanassi. The Communists, finding their votes were now decisive, gave them to Signor Saragat. Signor Rumor had no choice but to remove his veto. Two-thirds of the Christian Democrat party voted for Signor Saragat and about one-third returned blank votes. Thus for all its preponderance (399 votes out of 963) the party proved to be too divided to control the election.

The discord among the Christian Democrats is unlikely to subside until they have held their national congress. Signor Rumor's chances of being confirmed in the secretaryship now seem compromised If the arrogant "moderate" faction is cut down to size, it would remove a serious obstacle from the path of the coalition. Moreover, the election of President Saragat presumably heralds a drawing together of the two main Socialist parties and this should also ease the government's way. The hard descent of Signor Saragat to the presidency may lead to the beginning of a smoother and more vigorous journey for the coalition.

GERMANY

Bubble Exploded

FROM OUR BONN CORRESPONDENT

MOST Germans have grasped by now that there is no quick and tolerable way of getting rid of the communist regime that has ruled one-third of their country since 1945. Much of their talk, in consequence, is of trying to erode partition by taking "small steps" towards collaboration wherever decently possible, and, in the meantime, trying to do what they can to improve the irksome lot of the 17 million Germans (they are about to be recounted by census) who live east of the Elbe. In these circumstances, one might have supposed they would have welcomed the news that two American firms—Litwin Engineering and Standard Oil of Ohio—were selling the east German government equipment for making synthetic fibres. Would not the completion of such plans mean for the east Germans more of the clothing, reels of cotton, balls of string, and other odds and ends whose capricious shortages are one of the minor vexations of life?

One would not have gathered so from the outcry in west Germany when the news of the deal was first published three days before Christmas. A dastardly act of treachery, it seemed, had been committed by, of all people, the Americans. The government had been "neither consulted nor informed." Recalling how the Bonn authorities, true to their treaty obligations, had, in March 1963, prevented the export of 163,000 tons of steel pipe from the Ruhr to the Soviet Union, many newspapers suggested that this was the last straw on a burden of perfidy to which Britain, France and Italy had already contributed.

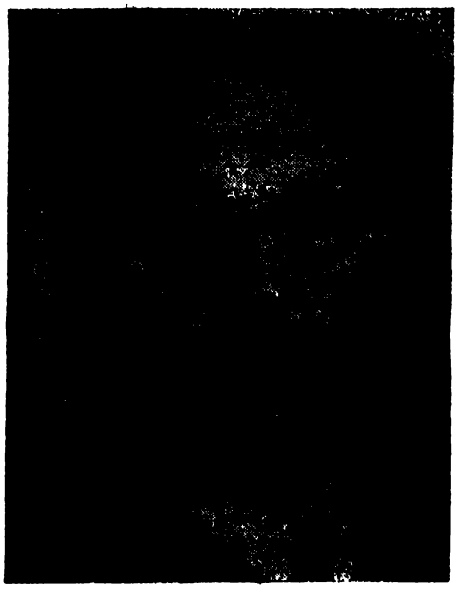
On December 28th the Free Democrats announced they were resolved to ask the government to give the Bundestag a full account of the West's commercial and political dealings with east Germany. The same day, the Social Democrats called on the government to be more candid: the two American companies concerned, the Social Democrats alleged, were operating through subsidiaries in France, with the help of French credits.

Indignation is now cooling. On December 29th, the *Frankfurter Rundschau* pointed out that west German firms were engaged in comparable schemes in Hungary, Poland, and the Soviet Union, and maintained it would be wrong to obstruct the possibility of easing political tension. (The newspaper did not recall that west Germany annually supplies east Germany with goods and equipment worth £90 million.) On December 30th, presumably after agitated consultation with the American embassy, the west German government's information office released three would-be corrective paragraphs.

These made the following points. One, as much as 86 per cent of east Germany's foreign trade in 1963 was with communist countries. Two, America's trade relations with east Germany have been notably restrained. The total value of trade both ways was $9.6 million in 1963. In the first half of 1964, it was $18 million, of which $13.5 million represents payment for American coal and agricultural produce. Three, the value of the fibre plant to be delivered to east Germany is approximately 54 million marks, not 100 million marks, as was first reported. There is no intention of sending American technicians to east Germany and the United States government is not offering credits or guarantees.

ISRAEL

Old-Time Music



Conducted by Mr Eshkol

BY A CORRESPONDENT IN ISRAEL

BY demonstrating his indispensability, Israel's prime minister, Mr Eshkol, has chalked up a solid victory over his critics inside Mapai, the ruling party in the government coalition. A week after he and his government resigned in mid-December, Mr Eshkol returned on his own terms. The government is precisely as it was, with the addition of one new ministry. And, on December 27th, the cabinet voted against holding a new investigation into the 1954 "security mishap"—the issue that superficially, but superficially only, the whole government crisis was about.

Two developments can be expected to emerge from the battle. The troika of party old-timers in Mapai—Mr Pinhas Sapir, the finance minister, Mrs Golda Meir, the foreign minister, and Mr Aranne, the education minister—will have things more their own way. And this probably includes fighting the general election at the end of 1965 on a joint list with Achduth Avodah, the party whose ideology is slightly to the left of Mapai's middle-of-the-road policies

When Mr Eshkol succeeded Mr Ben Gurion as prime minister eighteen months ago, one of the factors most in his favour was his neutrality between the groups in Mapai. Since then, pressure from the "old-timers" has tipped the balance. Despite doubts, still unremoved, about his qualifications, Mr Sapir took over Mr Eshkol's old job at the finance ministry. The relatively younger men whom Mr Ben-Gurion had favoured, Mr Dayan, Mr Peres and Mr Almogi, were left pushing for promotion and for influence.

With the coming election very much in his mind, Mr Eshkol has been urging his party's alignment with Achduth Avodah. The Sapir-Meir-Aranne trio have been strongly behind him; for one thing, the alignment would be likely to reinforce their own position in the government. Mr Ben-Gurion fought the idea bitterly, and Mr Dayan's recent resignation as minister of agriculture was partly caused by his opposition to the link. But it is not only Mr Ben-Gurion and his followers who oppose the alignment. Although the majority of senior Mapai party members are loyal to Mr Eshkol in public, many of them have serious misgivings about the shift to the left that the link with Achduth Avodah would involve. They fear, above all, that a leftward trend in economic policies would make it harder than ever to check inflation.

Mr Ben-Gurion fought his campaign in so tactless and impolitic a manner that he alienated both public and press. Certainly he was partly led on by his hatred of Mr Lavon, whom he feared might be able to return to influence of some sort within the framework of a Mapai-Achduth Avodah alignment. Again, his opposition to Achduth Avodah includes a large measure of ancient personal hostility. But in the final analysis, Mr Ben-Gurion's battle with Mr Eshkol was not about what the prime minister was doing now but about who should succeed him when he decides to retire. Mr Eshkol is 69. At present Mr Sapir is probably next in line. And Mr Sapir is about the last person whom Mr Ben-Gurion would like to see as prime minister.

UNITED ARAB REPUBLIC—I

Steam from Stanleyville

Victory Day handshake

"HE who pays the piper calls the tune": westerners brought up on this sometimes dogmatically abused adage find it hard to recognise its limitations when it comes to international giving and taking. President Nasser's vehement rejection of the notion that the indispensable economic help the United Arab Republic is getting from the United States ought to temper his militant intervention in the Congo has caused outraged sniffing among Americans and a smug buzz of "I told you so" among Britons. Much too easily the mind flashes back to the summer of 1956, when hot-blooded Egyptian revolutionaries snapped the political net of the West's purse strings. By now, it was thought, both giver and taker were cooler, less idealistic, more circuitous in the asking, and evading, of conditions. But these qualities of understanding and of realism have now been clouded by the ugly passions steaming out of Stanleyville.

Over the last few years, President Nasser's imitation of an elder statesman has been growing more and more professional. His public statements are, more often than not, considered and temperate (Egypt's many faces allow a wide area of unknowing between what the president says and what his agents and supporters do). As one of the pillars of the non-aligned world, he has urged moderation upon his wilder colleagues. For many years now, there has been no truth in the charge that Egypt's own development has been forgotten in the glow of foreign crusades. He is still the sole and undisputed leader of Arab nationalism. He has stood up to the Russians, yet remained their friend. All this has led the American Administration to overrule domestic (and British) protestations and continue to put its faith, and its money, in Egypt.

But the fact that for several years Egypt has been receiving hefty quantities of American surplus food makes President Nasser vulnerable to Arab criticism that dependence on American goodwill has blunted his zeal, that his statesmanship has been shaped by American gift parcels. He may have been able to walk surefooted over these barbs; but their pricks have left him doubly sensitive to any hint of bullying by the United States. With the Congo tragically flaring into an issue on which sides have to be taken, a bonfire of nervous passion in Cairo had already been laid.

The rudeness with which, on December 23rd, he told the United States that they knew what they could do with their aid seems to have been unpremeditated. It happened during the "victory day" celebrations at Port Said commemorating the final withdrawal of the British and French troops in 1956 and may have been sparked off by an interview the day before between the American ambassador and the Egyptian minister of supply. The two were supposed to be discussing the additional $35 million worth of food that Egypt has requested from the United States to help it through its harsh shortage of foreign currency (described in the next article by a correspondent just returned from Cairo). According to the Egyptian president, the ambassador, "looking glum and sulky," cut the interview short by saying he could not discuss financial aid while Egypt was actively helping the Congo rebels. This, it seems, ignited the president's blaze of anger. Egypt, he said, was indeed sending arms to the Congo rebels and would continue to do so. If, in consequence, Egyptians had to do without American help, so be it. Policy would not be changed because of American pressure.

The horribly perilous escalation of the Congo's civil war is discussed on page 16. The question here is whether active intervention by Egypt and Algeria (and others who may follow suit) can in any way be curbed by the manipulation of economic aid. The answer, at any rate in Egypt's case, seems to be no. Whether or not, as our correspondent from Cairo suggests, President Nasser's defiance has been bolstered by the prospect of Russian generosity, the complex tragedy of Stanleyville has fired African (and Arab) nationalists with a simpler passion. They may not be for anything much more substantive than the dead drumbeat of Lumumba; they are against Tshombe, his white soldiers and his western supporters. In the face of this heated, primitive simplification, an attempt to exert influence through the giving or holding back of aid is liable to prove mere shadow-boxing. All that may happen is that the old spectres of eight years ago live again, and who, indeed, wants that?

SUDAN

Shy Staging Post

FROM A SPECIAL CORRESPONDENT IN KHARTOUM

SINCE the beginning of December, between 15 and 20 Soviet-built four-engined Antinov military transport planes with UAR or Algerian markings have refuelled at Khartoum airport before continuing to Juba, near the Congolese frontier. There is no way by which Egypt could send equipment to the rebels in the north-east Congo except through the Sudan. But President Nasser's declaration just before Christmas that Egypt was, in fact, supplying the rebel forces with arms caused acute embarrassment to the Sudanese foreign minister, Mr Mohammed Mahjoub, who had just committed himself in New York to saying that no arms were passing through the Sudan to the Congo.

Now that he has returned to Khartoum, Mr Mahjoub replies to questions on the Sudan's Congo policy with understandable irritation. He has nothing, he says, to add to what he has said already and he does not wish to discuss the matter further. It is especially annoying for him to be unable to take a bold and clearly defined line on the question that is preoccupying the entire African continent, for, of all the new Sudanese ministers, he is the one most insistent that the chief difference between the new civilian government and its military predecessor must be its "positive" African and Arab policies.

Mr Mahjoub is one of the leading personalities in the Umma party, which is generally expected to emerge from the coming elections as the biggest single party, although probably without an absolute majority. He is likely to continue as foreign minister in the new government—or possibly as prime minister. The Umma party has a pro-western reputation and will be the natural target for criticism from radical Africans if it shows signs of any sympathy for Mr Tshombe and his regime.

Mr Khalifa's government is now approaching a very delicate stage in its negotiation with the rebel leaders in South Sudan. It is uncomfortably aware that although the arms reaching Juba are being handled by the Sudanese army, they could very easily pass into the hands of Sudanese, rather than Congolese, rebels.

UNITED ARAB REPUBLIC—II

Not by Bread Alone

BY A CORRESPONDENT RECENTLY IN CAIRO

To hear President Nasser tell the United States last week to take away its surplus wheat and "go drink up the sea" (the Arab way of saying "jump in"), one might think that the streets of Cairo were paved with gold. In fact, they are not even littered with wrapping paper, for there is little to wrap and less to wrap with. There is a tidy emptiness reaching from the gutters to the shops. This is the curious stage of a revolution which by most African and Asian standards is successful; a revolution that has doubled the industrial working population and the urban pay packet.

By the standards of emerging nations the United Arab Republic today sets at once a pattern of progress and of deprivation. It is also a living denial of President Nasser's earlier dictum that the present generation should not pay the full price for the prosperity of the future. If the present course of development can be held, the UAR might emerge, after a decade or so, both richer and less inhibited, less tormented by the affronts of history, and as free to commend and forgive as it is now to condemn and insult. For in Egypt economics are an affair of the spirit and must be judged as such. Just now the flesh is being mortified: the people go short.

It is still probably true that the working man in the towns is better off than he was before the revolution. If he does not change his flat, his rent is low and controlled, and he rustles a few more notes in his trouser (no longer, let us note in passing, his galabiya) pocket. Because his environment is denuded of foreigners he holds his head high among his own people and looks around him with a possessive air that surprises the "old hand" returning nostalgically to his moment of near-greatness.

But there are times when he cannot buy himself the status symbol of a toilet roll, when the locally made battery leaks and ruins his hard won transistor radio; and he must borrow, as ever, to bury his dead. A chicken that used to cost 4s. is now 10s., and the meat brought within his grasp by the revolution is now escaping beyond it. Onions, tomatoes, sugar, tea, coffee, fuel oil and cooking oil: when these cannot be supplied by the government co-operatives they are absent or costly. The goat's milk cheese that was given away with a glass of beer is not to be had for the worker's piastres. The money he worshipped when he had none now seems a cheat.

The peasant may be worse off than before, although it is difficult to take the micro-measure of his poverty, and there is a small minority enriched by land received under the agrarian reform. The majority gained at the outset by controlled maximum rents and minimum wages, but evasion of the rent laws made the benefits transient. Higher prices have since wiped out the advantage of controlled wages. Peasants may now have dry bread for breakfast where recently they would at least have had tomatoes, cheese or onions to go with it.

In the bad old days it was well known that a good cotton year made the towns prosperous but impoverished the countryside by creating high prices and shortages. Today, with £E400 million a year added to the industrial wage bill, this condition seems permanent. The only difference is that, now, the townspeople are impoverishing themselves too. As President Nasser said, it would be wonderful if they would all start saving instead of spending.

The loss of half the cotton crop in 1961, the costly Yemen war, and the expensive conduct of foreign affairs and propaganda, have contributed to some extent to this situation, but the basic difficulty lies in the development programme itself. According to economists, as President Nasser has admitted, the programme required twenty years to execute; he insisted that it should be carried out in ten. The material achievements are, indeed, remarkable: Egypt has 850 new factories and the Aswan High Dam in the final stage of construction; and no sensible person will deny that if Egypt is to progress it must have industrialisation. The current trouble lies in the imbalance of the programme; it has not provided consumer goods in proportion to and concurrent with the new earnings, which have been spent on food, clothing and other essentials and have emptied the national cupboard. Nor is it possible to buy from abroad on the required scale, for the factories themselves eat into the foreign currency to obtain their raw materials and spare parts.

Half the cotton crop is mortgaged to Russia for arms, factories and the High Dam, and it is largely the £E50 million a year of surplus American wheat delivered against Egyptian currency that has kept the country going. It is this that makes the new rudeness to America so reckless. A sober-sided outsider wonders whether Russia has, perhaps, at long last, agreed to forego the repayments on some or all of the loans. A country destitute of foreign exchange, short of almost all essentials, with some factories out of action for lack of spare parts or raw materials, can hardly afford to throw away the wheat that makes half the nation's bread. It is a bold man who kicks a gift horse in the teeth. Unless, of course, he has another horse.

PAKISTAN

Fever Symptoms

FROM OUR SPECIAL CORRESPONDENT

Karachi Thursday

On January 2nd, Pakistan elects its president. In the final convulsions of the campaign, there seems to be a real possibility of what was inconceivable three months ago—President Ayub Khan's defeat. At least this is what some of his supporters are saying, while backers of the main opposition candidate, Miss Fatima Jinnah, are jubilant at the astonishing political change achieved by her campaign in the last few weeks.

Alarm in the government camp has been reflected in a flurry of last minute accusations. The West Pakistan information minister claimed on Tuesday to have proof that huge sums had been given to the opposition campaign by India and the United States. The American embassy denied this feverish charge next day.

Your correspondent found surprising unanimity in Karachi (which, admittedly, is often out of touch with the rural areas of West Pakistan) that if this were a direct election Miss Jinnah would win. But Saturday's voting is confined to the country's 80,000 "basic democrats," themselves elected in November. In any event, Pakistan's political scene has been irretrievably altered by this fresh injection of democracy of a sort; while President Ayub himself has earned credit by being one of the few autocrats in the world's history to organise elections whose results were uncertain.

KASHMIR

Delhi More Distant

FROM OUR INDIA CORRESPONDENT

MR LAL BAHADUR SHASTRI has chosen appeasement—of his domestic critics. Although he has rejected the demand of his backbenchers in parliament for the ending of Kashmir's special status and its complete integration with India, he has nevertheless given Pakistan grave offence by whittling down Kashmir's separateness. In mid-December Mr Shastri's government made applicable to Kashmir the constitutional provision under which the Indian president is entitled to dismiss a state goverment in certain circumstances and take over direct control. Pakistan has seen this as an attempt to consolidate the Indian "stranglehold," and has warned the Security Council that the consequences might be "disastrous."

New Delhi, of course, takes the attitude that, Kashmir having irrevocably acceded to India, the change in the legal relationship is a purely internal matter. No foreign power, it is loftily stated, has here any *locus standi*; but, somewhat inconsistently with this legalistic argument, New Delhi has mounted a major diplomatic effort to persuade other governments to agree to this "domestic" change. Washington and London demurred, and only Moscow gave the go-ahead.

The issue will now almost certainly come up before the Security Council, with which Pakistan has already lodged a protest, and another legal wrangle will ensure. Far more serious, however, is the damage Mr Shastri has done to his standing with Pakistan's leaders by his unilateral move. After Mr Nehru's death, in the middle of the delicate negotiations that were going on between the two countries through Sheikh Abdullah, it was presumably agreed that both sides should maintain the status quo until Mr Shastri was settled in well enough to resume substantive talks. This understanding was reaffirmed during the Commonwealth prime ministers' conference in London in July, and again, more recently, when President Ayub Khan and Mr Shastri met in Karachi in October. Their meeting was made to appear a casual encounter; Mr Shastri was on his way back from the non-aligned "summit" conference in Cairo and just stopped off en route, seemingly to say hello. This meeting was deliberately played down, it is said, in order not to rouse premature hopes, in recognition of the fact that it would be some time before either leader was in a position to develop new initiatives.

The Indian government blandly maintains that it is still anxious for a rapprochement and is still pressing for talks on peripheral problems on the ground that Kashmir cannot be meaningfully discussed without an improvement in the general climate. There has been hitherto much sympathy for this standpoint, but New Delhi now seems likely to forfeit it. All that can be said in Mr Shastri's defence is that he is under tremendous pressure from within his own cabinet and party and also from the opposition. Not one voice has been raised to counsel restraint, except that of the Sarvodaya leader, Mr Jayaprakash Narayan. He has bluntly said that integrationist moves in Kashmir and professions of a real desire to seek Pakistan's friendship do not go together. He has given warning that an aggravation of tensions within the subcontinent will make both India and Pakistan ineffective in the wider world, creating a power vacuum for China to fill. For his pains, Mr Narayan has been roundly abused by indignant MPs and sundry others, some of them, going so far as to dub this widely esteemed leader a traitor.

ZANZIBAR

Soft Rifles and Hard Facts

FROM OUR AFRICA CORRESPONDENT

TO entertain President Nyerere on his first state visit to Pemba and Zanzibar last month, the girls of Wete primary school put on a display of arms drill. They banged their toy rifles on their khaki shoulders like true revolutionaries, marched in circles singing political songs, and ended with a form of bayonet practice, waving their sticks like outsize darning needles and shouting "hit with the whole gun." The presidential expression was hard to interpret.

Dr Nyerere saw weapons everywhere on his four-day tour of the islands. At every meeting a dozen police with Russian submachine-guns stood prominently around him; a few members of the twenty-nine man revolutionary council sported revolvers on all occasions; the harbour launch at Wete had a twenty-year-old Russian machine-gun wired on its deck, "to destroy the power of many enemies," its cheerful guardian explained; the pride of Chake Chake, Pemba's capital, was an obelisk with an effigy of a freedom fighter on top adorned with a rifle, a spear and a bow-tie. Dr Nyerere among others may have wished the schoolgirls had indeed been carrying darning needles rather than dummy rifles, but since the Sunday morning coup that nearly a year ago overthrew the Arab sultan's regime guns have been the symbol of the revolutionary spirit. The friendliness towards western journalists of nearly everyone—whether ministers, policemen or a manager of a rice collective farm—took the edge off this militancy.

Hopefully, the leaders of the two islands' 300,000 Africans seem now at the end of a first revolutionary phase. They, and particularly Mr Abed Karume, who is now more often referred to as first vice-president of Tanzania than as president of Zanzibar, have overcome most of the xenophobia that followed western reluctance to acclaim the January revolution. The American consul, Mr Frank Carlucci, who arrived after his predecessor in January had been marched out of Mr Karlume's presence at gunpoint, had his remarkable effort at reconciliation crowned last week when Dr Nyerere and Mr Karume altered their timetable to visit a school being built with American money. The British, too, eventually found in Mr James Bourn a representative capable of healing relations — but then casually arranged for him to take four months' leave during this present crucial period. Even so, it seems probable that the Zanzibaris will soon take advantage of British offers either to build several clinics and expand the Fidel Castro secondary school (which might get renamed in the process) or to help cover last year's budgetary gap.

The prestige of the east Germans, who hurried in first with aid, is on the downgrade. Their teachers are thought to be of poorer quality than Ghanaian teachers, their slum clearance scheme has made only slow progress, and their demands for free houses, free cars and free servants have become resented. Although cold war competition is unlikely to vanish, for the good reason that some Zanzibaris believe they benefit from its promotion, foreigners are being assessed now as much on merit as on ideology, and the islands are reaching the same point of equilibrium as that achieved by other parts of Africa.

Celebrations on a building site

For this the credit must be shared between Mr Karume and the Tanganyikans. Mr Karume has dispersed many of the left-wingers and others who opposed the April union with Tanganyika to jobs on the mainland or abroad. Dr Nyerere, by taking integration at an unhurried pace, has let sink home the principal fact of Zanzibar's economic life—that the islands cannot live by themselves. Unemployment has risen alarmingly, exports (despite Russian and Chinese bulk purchases of cloves) have dropped a little, and imports are down to about one quarter of the 1963 figure. This is partly the result of reluctance by Indian and Arab traders to hold any quantity of goods after the retrospective taxing of stock in July and the rising tempo of property confiscations. But it also reflects the general grinding down of the economy as a result of the disruption of the administration, which revolutionary zeal is not yet organised enough to surmount.

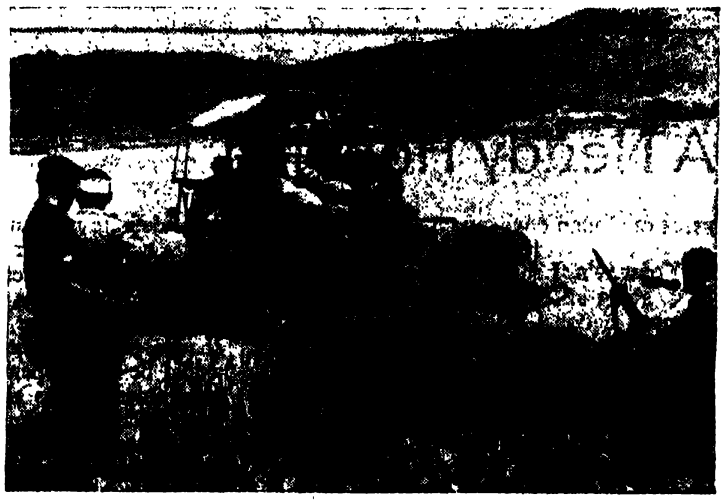
There was hardly any tangible progress for the Zanzibaris to show to Dr Nyerere: some large fields cleared for rice planting with Chinese tractors and many miles of stone road built by villagers were the sum of it. His hosts resorted to asking him to lay the foundation stone of a poultry farm and taking him to a bullfight. But the realisation that alone they cannot produce quick results is helping to draw the Zanzibaris into closer union with Tanganyika.

The worst aspect of Zanzibar at present is the tight control on people entering or leaving the islands. The government plans to ease regulations for one-day tourists, but for nearly everyone else the procedure is formidable. One Arab said "they don't want us here, but they won't let us leave." Mr Karume is rewriting history by alleging in his speeches that the 18,000 Indians and 40,000 Arabs used to send their profits abroad: in fact, this process only started with the revolution, when the bullying of these richer minorities began. There are some Indians in important posts —the town clerk of Zanzibar and the party boss in Chake, for instance—and several Arabs are high in the revolutionary ranks. But nearly all the rest feel themselves oppressed and want to leave. The town crier of Chake, who used to announce weddings, now bangs his gong to summon all males to communal labour, on an average three times a week. To watch Indian faces as the gong sounds made some visitors wonder whether Dr Nyerere's pledge that "the Tanzania government does not mean to make slaves of anyone," expressed present truth or only future hope—which will be fulfilled when the union has grown strong enough, and the Zanzibari leaders confident enough, to be humane to all.

CANADA

New Arms for New Aims

FROM OUR CORRESPONDENT



Canadians peacekeeping in Cyprus

If it were possible to conceive of any continuing inter-service rivalry in Canada's new integrated command structure at national defence headquarters, the Royal Canadian Navy has clearly won the first round of the argument about new equipment, with the army a comfortable second and the RCAF a poor third. On December 22nd the defence minister, Mr Paul Hellyer, announced the first stage of the equipment purchasing programme which is intended to extend over five years and to fit the Canadian forces for the revised functions that were broadly outlined in the defence white paper published last March.

As a result of the fluctuating and not always coherent strategic objectives that had been pursued over the past fifteen years, administrative and maintenance costs had grown to such a point that the defence budget left little over for the procurement of equipment. Only about 13 per cent of this year's appropriation of $1,525 million is being spent on equipment. One of the aims of the new integration policy, which is gradually establishing a unified command structure under a single chief of defence staff, was to cut down administrative and personnel costs so that new procurement could be raised eventually to about 25 per cent of total expenditure. At the same time, the concept of the ultimate integration of the three services matched the new definition of the objectives of Canadian defence policy. Without changing Canada's basic commitments to Nato, the new policy aims were marked by major de-emphasis on air defence and heavy new stress on "maximum flexibility" to permit the major part of the forces to be kept in Canada ready for "deployment in a variety of peace-keeping activities."

To meet the new objectives, four principal fields of re-equipment were outlined in the white paper. They were, first, to re-equip the army as a mobile force; two, to provide an adequate air and sea lift for deployment of the army in an emergency; three, to acquire tactical aircraft; and, four, to maintain a "relatively constant improvement of maritime anti-submarine capability." The effect of Mr Hellyer's pre-Christmas announcement was to defer the purchase of new aircraft, start the re-equipment of the army and increase its available lift, and, most notably, to launch a new programme of naval construction and conversion.

In the fiscal year 1965-66 the government expects to spend only about $265 million on new equipment. This will amount to about 15 per cent of the $1.5 billion budget, but in subsequent years it is hoped to raise this proportion. Over the five years the government is guessing at an average of about 20 per cent, or $1,500 million in all. Nearly $260 million is already allocated to the navy to cover four new-type destroyers equipped with American Sea King helicopters, the conversion of seven existing post-war destroyers, the purchase of a conventional submarine and the refitting of Canada's one aircraft carrier.

Also included in the naval programme are two new supply ships which will serve a double purpose; they are also expected to meet possible requirements for lifting heavy army equipment overseas for peacekeeping operations. Mobility has top priority in all new military equipment.

In the field of weapons the army will soon be ordering the 81 millimetre long-range infantry mortar already adopted by Britain and the United States, and the Swedish Carl Gustav anti-tank guided missile. Self-propelled artillery is being studied, and within five years it is planned to replace the army's Centurion tanks, though no new model has yet been picked.

The most controversial feature of Mr Hellyer's announcement was the deferment of the choice of a new tactical aircraft. The government has been under some pressure to adopt the Phantom bomber made by McDonnell Aircraft of St Louis, which would have been built under licence by Canadair Ltd. in Montreal for both the RCAF and the British navy. The scheme had the added attraction of supplying badly needed work at Canadair, which will have run out of defence orders by the end of 1965. Mr Hellyer effectively vetoed it on the ground that the Phantom is far too expensive and complicated a machine for Canada's needs.

The RCAF will continue to operate its eight air squadrons in Europe with F104G strike reconnaissance aircraft which have an expected lifetime of up to ten years. American-built F101 interceptors and two squadrons of Bomarc missiles will remain in operation for North American defence. Eventually Canada hopes to find a relatively simple all-purpose tactical combat aircraft which can be used both in Canada and in Europe, where the government would like to bring Canada's air component into closer association with its army brigade group.

KUWAIT

Learning to Lend

FROM A CORRESPONDENT IN KUWAIT

ONE of the ironies of Arab unity has been the Arabs' failure to find a way of channelling investment capital from the oil-producing Arab countries to their capital-hungry brothers. The obstacle was less selfishness than inexperience. Both to borrow and to lend efficiently requires an expertise that few Arabs even recognise the need for. Now, in one area at least, this skill is being provided by a young organisation, the Kuwait Fund for Arab Economic Development.

Launched in the mood of crisis that followed General Qassim's takeover threat in June, 1961, the fund has already, in two effective years of existence, cleared three major hurdles. It has established its own rules and modes of operation—created, so to speak, an image of its own. It has convinced the Kuwaitis that the fund is good for them precisely because being good for Kuwait is not its apparent *raison d'être*. And it has found borrowers.

It might seem absurdly easy to lend money to people who need it. But this is where the fund has had to put most persuasive effort. Like a girl with her mind on marriage in a respectable society, it has had to appear neither too easy nor too difficult. Its hardest task has been to convince the governments concerned that the fund's rules—the basic rules of development banking—are in the interests of the recipient countries, not arbitrarily imposed conditions.

Because of this difficulty, the fund made only two loans in its first year: £7 million (the Kuwaiti dinar is at par with the pound sterling) to Sudan to improve its railway system, and £7.5 million to Jordan for the Yarmouk irrigation project, phosphate mining, power development and for tourism.

Since then things have gathered momentum. In all, the fund has now committed £37.7 million of its working capital (£100 million with a borrowing power of £200 million).

To the Sudanese and Jordanian projects have been added: deepening the Suez canal (£9.8 million), agricultural and power projects in Tunisia (£6 million), and an oil pipe-line in Algeria (£7.5 million). One of the fund's two senior economists has just left on a field trip to Morocco. And plans are now being worked out to send a general survey team to Yemen.

Although it has had some difficulty in putting it across, the fund's lending policy is simple. It lends only to (Arab) governments, and only for specific projects. Moreover, before it will hand over any money it insists on feasibility studies, cost estimates and detailed yield projections. No more than 10 per cent of its working capital can go to any one project, and there tends to be a minimum limit of about £200,000.

The fund prefers schemes that are "technically and economically sound and have a high priority in the development programme of the borrowing country." To safeguard its purpose as a revolving fund, it avoids social projects with a low return, however worthy these may be. Interest rates vary between 3 and 4 per cent, with an average repayment term of 15 years and 3 years' deferment. This means that fund loans are certainly not the cheapest available. But with its understanding of local problems and its belief in "flexibility" the fund is more likely than outside creditors to be accommodating when difficulties arise.

Not the least useful of the fund's functions, and one that is likely to grow, is its ability to draw foreign loan capital into the area. Its staff are able to assess the usefulness of western economic consultants and so can help guide Arab governments wandering in the maze of development economics. As a clearing-house for information, and as a vantage-point from which to view the whole Arab development picture, the fund has an obvious function. Its natural vocation would seem to be to work flexibly within the Arab framework, without departing from the rules of development banking: to combine, in other words, western exigence with Arab understanding.

It is still too early to pronounce on the effect the fund has had on Kuwait's public relations image. Fund officials believe that the cynicism that greeted the organisation's birth ("Do they really expect to get their money back?") has almost disappeared. The fact that it has not become a mere hander-out of political "sweeteners" has gained it respect.

In fact the fund is only very indirectly a public relations instrument for Kuwait. This is partly because there is no connection between fund loans and Kuwaiti politics; loans for straightforward political purposes have been made from the government's own reserves (£30 million to Iraq, £25 million to the United Arab Republic, together with smaller sums and unknown commitments made at the September meeting of Arab rulers). All the same, if the fund does well, it will certainly contribute much to the image of an enlightened and progressive Kuwait—a Kuwait whose disappearance would be everyone's loss.

NORWAY

A Neddy Hobbled

FROM OUR OSLO CORRESPONDENT

NORWAY'S Labour government is now going all circuitous in its attempt to set up a national planning council. More direct methods have failed over the last two years. The earlier notion was for the council to be a consultative body, giving advice on economic development plans or making recommendations off its own bat. The prime minister was to be chairman, and the membership would cover trade unions, employers, the ministries, science and research, as well as the chief business associations. Norway has had four-year plans since 1954, and a permanent planning unit within the ministry of finance since last year. The government wanted the unit to act as secretariat to the new council. This it was that tripped the project.

The existing planning unit is a department of the finance ministry, under a senior ministry official. Business associations wanted an independent secretariat.

The latest idea is an informal committee of 21 members, probably with the prime minister as chairman, and meeting once every other month. It would consider problems of economic development but not make definite recommendations. The committee would neither be responsible for the government's long-term plans nor have any formal influence on them. It would be basically a forum for discussion and the exchange of information. Once again there would be no independent secretariat. The government hopes this alternative will be more palatable to business. It also clearly hopes that there can be a later transformation scene in which it becomes the equivalent of the original, stronger council. Negotiations with the business associations, however, have not yet begun.

So far, despite its niggling, business has taken more kindly to this whole idea than the parliamentary opposition parties have. The Conservatives and the Agrarian party are against it. They think that the authority of parliament would be sapped if, say, deals between business and government passed beyond its control. The argument is familiar from British experience. For Mr Gerhardsen to breathe his planning council into eventual existence would be a famous victory that his party and government could do with. It is too early yet to know whether the present flanking movement will succeed, but it has a good chance.

POL/EB

If you are interested in any item of Polish Machinery listed overleaf —please fill in this coupon for full details.

NAME _____

ADDRESS _____

_____

FIRM _____

_____

POSITION HELD _____

_____

TYPE OF BUSINESS _____ PC/4

POLIMEX

PM

POLISH MACHINES
EXPORTED BY POLIMEX:

KU 1206 Excavator
single bucket type. Widely used for all kinds of earth-moving and cargo handling work.
All highly stressed parts are made of specially tested quality materials.
Adjusted for most severe kinds of work in night and day conditions.
Simple and safe operation made possible by hydraulic control.
Equipped with five types of working attachments:
face shovel, drag shovel, skimmer, drag line grab and crane.
Bucket capacity 1½ cu. yd.
POLIMEX exports building machines and building material production machines:
universal excavators
cranes
hoists, winches and other hoisting equipment
concrete mixers and complete concrete preparation plants
plastering aggregates
crushers, stationary and portable, of all types
aggregate coating sets
concrete mills, tube mills, ball mills, drum mills
machines and equipment for the ceramic industry
gang save and stone dressing machines.

Please tick appropriate square to indicate items in which you are interested.
Full information will be sent as soon as possible.

- ☐ universal excavators
- ☐ cranes
- ☐ hoists, winches and other hoisting equipment
- ☐ concrete mixers and complete concrete preparation plants
- ☐ plastering aggregates
- ☐ crushers, stationary and portable, of all types
- ☐ aggregate coating sets
- ☐ concrete mills, tube mills, ball mills, drum mills
- ☐ machines and equipment for the ceramic industry
- ☐ gang save and stone dressing machines

YOUR REMARKS:
(Please note your questions and queries here)

THE WORLD AMERICAN SURVEY

Democrats' Lop-sided Congress

WASHINGTON, DC

IN the Eighty-ninth Congress which assembles on Monday and will hear President Johnson's State of the Union Message the same evening, the Democratic party holds a position of more complete dominance than in any since the Seventy-fifth in 1937. The precedent is not particularly encouraging to old Capitol hands. President Franklin Roosevelt and the Seventy-fifth Congress did not get on at all well together. In the wake of Roosevelt's most sweeping electoral victory the Republicans were down to 17 seats in the Senate and 89 in the House of Representatives. But the Democrats in their triumph suffered from not only a fragmentation of views but also a serious problem of attendance, giving rise to the congressional precept that "big majorities mean big trouble." For the first time since then, the Democratic party enjoys a two-thirds majority in each House of Congress—295 to 140 in the House of Representatives, 68 to 32 in the Senate. But several indications suggest that the collapse of 1937 in presidential-congressional relations is not very likely to be repeated.

The most persuasive factor is President Johnson himself, the man best qualified to break the tradition that an active President gets his way by fighting Congress. He is a man interested in the practicable, the "do-able" as the current phrase has it, and among the conditions of practicability for any measure the willing assent of Congress comes very high, especially to him. As the National Committee for an Effective Congress observes in its latest report,

> Lyndon Johnson knows his Congress very well and it would not be in character for him to ask Congress for much that he is not sure he can get.

The committee, a liberal body, is not wholly comforted by this reflection; it fears that Mr Johnson may accept a "hidden congressional veto" without challenge. To induce him to move in a decided way to convert his Great Society from a slogan into a programme, two things are probably needed: the emergence of a national consensus in favour of bold federal action and the redeployment of power within Congress itself in such a way as to make the chances for boldness look better. It is in this light that the manœuvres and the struggles about personalities and rules that mark the opening of a new Congress have to be looked at.

Because of their desperation, the internal difficulties of the routed Republicans make the most news. In the background of the meetings of Republicans in the House and Senate next week, when various awkward decisions on personalities and procedure will face the returning members, will be the still mounting general debate about the party's proper character and its future. For the present this debate continues to turn mainly on the wisdom or folly of having chosen Mr Goldwater as presidential candidate for last November's election. It is not clear how long this will remain so. Mr Goldwater is the most notable absentee from the new Congress, since in order to run for President he had to give up his seat in the Senate. But he does still have many devoted followers and he is putting up a fight both to justify his own record and to keep his nominee, Mr Dean Burch, at the head of the Republican National Committee. Mr Goldwater has told the members that the removal of Mr Burch at this stage would be "a repudiation of a great segment of our party and a repudiation of me"; he has warned the party that "to turn its back on our cause now would be to destroy the two-party system."

Practical Republicans in Congress are also worried about preserving the two-party system and themselves as a part of it. But it is not obvious to them how this can best be done. From several quarters there are demands for policies that shall be "positive," for a party that shall be "inclusive" and for leadership that shall be dynamic, effective and so on. The House Republican Conference—the "caucus"—when it met on December 16th did adopt proposals for new rules and new staffing arrangements to improve the methods by which the House of Representatives does its business. But in other ways it disappointed more than one faction among the House Republicans, particularly the liberal and moderate groups. On December 19th the chairman of the caucus, Representative Gerald Ford of Michigan, announced himself as a candidate for the leadership of the Republican party in the House of Representatives in opposition to the present minority leader, Mr Charles Halleck. This contest will be fought out when the caucus meets again on Monday morning. It concerns an important position of power in a party whose resources of power are depleted.

Mr Ford spoke of the need to "begin a new chapter with new ideas, a new spirit and new leadership." But if he is more moderate in his conservatism than Mr Halleck, it is only by a fine shade. What is really different about him is that he is 51 years old to Mr Halleck's 64; possibly his leadership would display more energy than Mr Halleck's. But energy is not enough. However, in their depression the liberal Republicans are tempted to vote for Mr Ford just for the pleasure of unseating Mr Halleck and having a change. But if Mr Ford wins they may have to pay a price for their change, since Representative Melvin Laird of Wisconsin has announced his intention of seeking Mr Ford's present job, the chairmanship of the caucus. Mr Laird is 42 and does not lack energy. But he is particularly associated with the obnoxious Republican programme for the 1964 election and, as chairman of the platform committee at San Francisco last July, he played a leading part in the stifling of moderate objections to its feebleness on the subjects of racism, extremism and nuclear weapons. Not for nothing has this multi-cornered conflict been called "a fight between the old fogies and the young fogies."

AMONG the Democrats the main personal contest is in the Senate, where Mr Hubert Humphrey's election as Vice President leaves his position of Democratic whip to be fought for on Monday. Three or more candidates are in the field and none has a majority yet. In the lead is Senator Russell Long, son of the founder of Louisiana's ruling dynasty, the late Governor and Senator "Kingfish" Huey Long. The family's political creed, to which Louisiana has shown such fidelity, is a peculiar mixture of reaction with anti-capitalist populism; it leaves Senator Long in a somewhat ambiguous relationship with the Administration and, indeed, with most politicians. That, coming from Louisiana, he voted against the Civil Rights Act is not surprising; but he also voted against the Administration's Bill to finance medical care for old people from social security funds, against federal aid to education so long as federal money would be denied to segregated schools and against the treaty banning nuclear tests.

Mr Long can count on the support of many southern Senators who like to see key places in southern hands and he also has surprising friendships among liberals who like his attitudes on some aspects of economic policy. But, given his voting record, to elect

him as whip would suggest that the Administration, for all its handsome majority, might be in for some trouble in the Senate. A choice more helpful to the Administration would be Senator John Pastore of Rhode Island, an energetic and progressive man whose only drawbacks are a tendency to be aggressive and rhetorical when he is on his feet, together with a loyalty to the Administration in his voting record so consistent that it strikes some Senators as going beyond the bounds of nature. At all events there was enough doubt about his prospects of defeating Senator Long for Senator Mike Monroney of Oklahoma to enter the field, evidently as a compromise candidate in case the contest between Mr Pastore and Mr Long becomes deadlocked. Neither President Johnson nor the Democratic leader in the Senate, Mr Mansfield, is inclined to court any avoidable ill-will by intervening in this contest.

A broad reason for hoping that the Democratic congressional majority of 1965 will not repeat the disaster of 1937 is that, with the Civil Rights Act of 1964 out of the way, President Johnson can hope to get through his new term without any more general legislation for safeguarding Negro rights. With luck, this may for a time relieve the southern Senators and Representatives of the compulsion to seek coalitions with conservative Republicans and with special-interest groups from everywhere in order to preserve white supremacy. It has been this coalition, shifting in its outlines but basically constant, that has blocked the policies of Democratic Administrations so often.

PARTLY for this reason, the progressive groups in the House of Representatives are more hopeful than they have been for many a year. One source of ill-feeling between northern and southern Democrats in the House concerns southern Congressmen whose election, or whose standing as Democrats, is being disputed. Before the elections the leaders of the progressively inclined Democratic Study Group promise to oppose the seating in the new Democratic caucus of members who supported Mr Goldwater. Accordingly, they are now demanding that Representative Williams of Mississippi and Representative Watson of South Carolina should be excluded from the caucus—in Westminster terms, denied the Democratic whip—for having campaigned for Mr Goldwater against President Johnson. If this is done, the two Congressmen are likely to join the Republicans. Probably the Democratic leaders will accept this, provided they are convinced that the blood-letting can be kept from spreading further. But there is also a smaller group which challenges the right of all five Congressmen from Mississippi to sit in the House at all, on the ground that Negro citizens of their state were illegally prevented from voting. This would be a more serious matter; Mississippi is not the only place where it is made difficult for Negroes to vote and there is no knowing where such an action would stop.

Assuming that no such cause of general strife with the South is allowed to get out of hand in Congress, the progressives in the House believe that a distinction can begin to be made between southern Congressmen who are reactionary from conviction and those who are reasonable men except when their hands are forced. On this assumption, there is a hard core of perhaps 45 southern reactionaries to be reckoned with in the Democratic ranks in the House, while some 50 others can be counted as potential allies for a moderately progressive programme. Since the northern and western Democrats number about 200 and 218 is a majority, this opens a theoretical prospect of a Democratic majority for a Democratic programme, a thing no Administration has been able to count on for many years. Things are not likely to go quite as smoothly as that in practice. Whether because other causes of dissension arise or because absenteeism becomes too common, moderate Republican allies are still likely to be needed and, therefore, so is a continuous process of give-and-take.

Little Hope for Vietnam

FROM Washington the new year in Vietnam looks a little brighter than the old; but then Vietnam has never seemed darker than it did during Christmas. In fact, Mr Joseph Alsop, just back from Saigon, feared that the eleventh anniversary of the Dien Bien Phu disaster which drove the French out of Indo-China, due early in 1965, might bring a similar collapse of the present resistance to communist attack. This would be "the greatest American defeat in the history of the United States" and to avoid it American power must be brought to bear "in deadly earnest." Mr Alsop does not believe that this would result in full-scale retaliation from the Chinese Communists, but neither the American people nor the American President are willing to risk involving themselves in another Korean war. Thus there is little sympathy for Mr Alsop's view and much for Mr Walter Lippmann's, that in Vietnam "there is at stake no primary and vital interest of the United States" to be defended at all costs.

Senator Morse and Senator Mansfield are no longer alone among members of Congress in advocating that the United States should get out of Vietnam. Mr Russell of Georgia, the influential chairman of the Senate Armed Services Committee, has now promised a full congressional evaluation of the situation. The sharpest questions will come from Democrats, but neither they nor anyone else seems able to offer any answers, with the exception of Mr Alsop—and Senator Monroney also just back from Saigon, who thinks that the war there will be won in the end but that it may take thirty years.

One reason why dissatisfaction with the involvement in Vietnam is being brought into the open now is because of the growing fear that the United States will be drawn into an equally unfortunate intervention in Africa unless the mistakes made in South east Asia are underlined. But the immediate reason for this week's re-examination, and for the new readiness to admit to something approaching despair over Vietnam, is the latest political upheaval in Saigon. The only moral justification for the American presence there is that it is helping a legally-established government against foreign aggression. This justification loses all verisimilitude when, as happened just before Christmas, a military group purges the civilian government however ineffective that government may have been. The Commander-in-Chief accused the American Ambassador of interfering in South Vietnam's internal affairs when he demanded the prompt restoration of a constitutional government aiming at national unity. Washington's "inability" to discuss the promised increase of military and economic aid for South Vietnam until there was a stable government capable of using it generated a more co-operative atmosphere in Saigon, but there seems no particular reason why this should last.

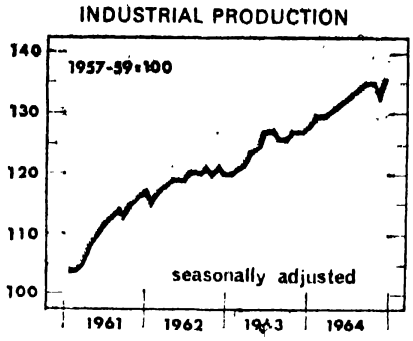
Will Steel Spoil It?

THIS week Mr Robert Roosa left the Treasury, where he has made such important contributions to the handling of the government debt and to international monetary co-operation; he is to be succeeded by Mr Frederick Deming, the president of the Federal Reserve Bank of Minneapolis. As he was leaving, Mr Roosa made a notable appeal to the steel industry not to jeopardise the country's prosperity and its balance of international payments by raising the level of steel prices. Six firms, led by the Inland Steel Company and including the largest, the United States Steel Corporation, have just announced increases of over 2 per cent in the price of galvanised sheets, one of the products in the highest demand and the shortest supply. They point to the rise in the price of zinc, used in producing the sheets, and argue that an increase in price will encourage more output.

Mr Roosa's answer was that, if the price of one kind of steel

had to be raised, others should be cut in compensation. His argument was not only that the country had a legitimate interest in the price of steel, but also that the industry was acting against its own interests : higher prices encourage the use of domestic substitutes for steel and the import of foreign steel. Moreover, a price increase just now will encourage the steelworkers' union (which has just reopened its contract, making a strike possible in May) to raise its demands. The President himself, who has been keeping a careful eye on steel for months, let it be known from Texas that price increases, no matter how selective, were unwelcome to him.

Mr Johnson is anxious to remain on good terms with the business community ; he proved this recently by choosing as a successor to Mr Hodges as Secretary of Commerce Mr John Connor, a progressive executive from the pharmaceutical industry. But it matters even more to the President that nothing should interfere with the present miraculous combination of rapid economic growth and stable prices. The year which has just ended has brought an increase of about $40 billion in the gross national product ; this went up by nearly 7 per cent in current dollars and 5 per cent in real terms. There was a net increase of 1.5 million jobs, enough to make a perceptible dent in the number of unemployed. The American economy has always been huge ; now it has shown that with the help of a tax cut it can grow as fast as any country's—even in the fourth year of a long-lived boom. The Organisation for Economic Co-operation and Development pays tribute, in a report published this week, to the success of the Administration's fiscal and monetary measures. Big as the economy is, however, the chart shows that troubles in individual industries, if they are important ones, leave their mark. The dip in the index of industrial production in October reflects the strike against the General Motors Corporation ; so do the falls in sales in the shops in October and November, when dealers did not have enough cars to sell. Buyers had plenty of money ; in November personal income exceeded $500 billion (at seasonally adjusted annual rates) for the first time.



Rights of Management

ONE of the most interesting labour cases to come before the Supreme Court for many years poses the question of whether trade unions, to benefit their members, may restrict competition in ways which would probably violate the anti-trust laws if undertaken solely by competing firms. The Jewel Tea Company alleges that the Sherman Anti-trust Act is contravened by an agreement, dating back to 1919, between butchers' unions and a trade association for grocery shops in the Chicago area. The agreement prohibits the sale of fresh meat except between the hours of 9 am and 6 pm and has to be obeyed by Jewel Tea although it is not a member of the trade association. The Administration, asked for its views by the Court, argues that such industry-wide bargaining should not be attacked under the anti-trust laws so long as it provides direct benefits for workers—as it does in this case.

Such conflicts of laws are relatively rare ; the disputed boundary between the rights of trade unions and the rights of management is more familiar ground. Two decisions handed down last month, one by the Supreme Court, the other by the National Labour Relations Board, which attracted considerable notice, were better gifts for trade unionists than for businessmen. In the first the Court upheld a ruling by the NLRB that a paper firm—Fibreboard Paper Products Corporation—should have consulted a trade union representing maintenance men before it decided to give their work to an outside contractor, who would do it more cheaply. Now, five years later, the firm must go back to doing its own maintenance and reinstate its discharged workers. The importance of this decision to businessmen is that it touches on their rights of management, although the majority opinion and that of three concurring Justices made it plain that the ruling was limited to the circumstances of this particular case.

Rights of a different kind were involved when the NLRB declared that the General Electric Company had failed in 1960 to "bargain in good faith" with a trade union representing its workers, as it is required to do under the law. For years GE has followed the practice, known as Boulwareism, of laying down at the beginning of negotiations what it was prepared to concede and refusing to move an inch further ; in addition it has made vigorous efforts to go over the union's head to acquaint its workers with the company's point of view. Its whole approach, according to the NLRB, "disparaged and discredited" the union. GE has been a formidable battler against its trade unions and many labour hearts must rejoice. But the firm protests that the ruling is a threat to freedom of speech and of bargaining ; the courts will have the last word.

Winter Wasteland

CALCULATING the odds of catastrophe is part of the way of life on America's West Coast where natural disasters, like natural beauties, come on a gigantic scale. Nonetheless, the floods which struck California and Oregon and, to a lesser degree, Washington, Idaho and Nevada during Christmas week were disastrous beyond expectation ; one flood expert thought that they were the worst in a thousand years. The cause was a freakish combination of heavy snowfalls, followed by a rapid rise of temperature and heavy rains. As the swollen rivers began to run into the Pacific Ocean, they were held back by unusually high tides. In the ensuing chaos, at least forty people died and thousands lost their homes ; dozens of highways, railway lines and bridges were washed out, including the new mile-long bridge over the confluence of the Columbia and John Day rivers which took a car and its driver into the torrent with it when it collapsed. The total cost of the five-day series of storms may reach $1 billion ; the Pacific Telephone & Telegraph Company alone thought that the damage to its cables and wires would reach $1 million.

If not a blessing, the floods were at least a justification in disguise for the massive federal programme of dam-building and flood control in the Pacific Northwest. The Army Corps of Engineers reported that without the flood control projects the damage would have been much greater ; at Eugene, Oregon, the site of the state university, the waters of the Willamette River would have risen 15 feet higher and at Portland, the state's largest city further down-

stream, they would have flooded the business district. Most of the damage was caused by small streams which have never come under the federal hand; along the giant Columbia, restrained by a series of dams, flooding was not severe. The story was the same in northern California. The hardest-hit area was around the Eel River, where virtually no control work has been done; in the Central Valley, however, a half-finished dam checked the flow on the Feather River, where floods did tremendous damage in 1955.

California also suffered an earthquake last week; a powerful six-second tremor running from San Diego southward did no major damage but served as a reminder of the unpredictability of the state's terrain. This has forced the Pacific Gas & Electric Company to abandon its controversial plan to build a 325-megawatt nuclear power plant at Bodega Bay, a desolate area 50 miles north of San Francisco. The site is only 1,000 feet from the celebrated San Andreas Fault, a north-south break in the earth's crust that bears the blame for the great earthquake of 1906. P G & E had complete faith in the safety of its design for the plant and of the solid granite on which it would have rested—safer during an earthquake than sandy or reclaimed land farther away. The Atomic Energy Commission's advisory committee of experts on nuclear safety agreed, but the staff of its division of reactor licensing did not; they argued that a large nuclear reactor was not suitable for a pioneering construction effort on one of the earth's most unstable bits of ground. In deference to these doubts, P G & E, mindful of its public relations image, has given up the Bodega project.

High Seas Again

SENATOR DOUGLAS and his Joint Economic Committee of Congress (the chairmanship of which reverts to a member of the House of Representatives after this week) have not allowed last month's truce in the shipping war to take the wind out of their sails. On December 15th fifteen maritime countries agreed "voluntarily" to furnish the information on cargo and revenues sought originally by the Federal Maritime Commission as a matter of American legal right; these statistics will not be broken down to reveal the commercial secrets of individual lines. The committee takes account of this compromise but chiefly to warn the commission that it will "view with regret" any further retreat. Its interest in ocean freight rates arises because of their impact on the balance of international trade.

The committee's report, most of which must have been written before the truce, is in most respects uncompromising. It states as a matter of fact that international shipping charges discriminate against American exports—precisely what the FMC's investigation is designed to discover. Such discrimination is possible, the report says, because American shipping lines are outnumbered and outvoted in all but seven of the hundred "conferences" of liners serving American ports. (A conference is an association of shipping lines plying a certain route; it fixes sailing schedules and rates for its members. The Americans are outnumbered because only 9 per cent of the country's trade is carried in American ships.) The report calls on the FMC to require conferences to justify or equalise charges which appear to be unfair and, if they refuse, to disallow such rates and, perhaps, withdraw its approval from the conferences which set them; without FMC approval conferences can be sued under the anti-trust laws. American lines belonging to unco-operative conferences might have their subsidy payments withheld.

The report also contains a vigorous attack on foreign countries and shipping lines for obstructing the FMC's original demand for documents lodged abroad. Britain, in particular, is accused of inconsistency in this matter and of surrendering to strong pressures from shipping interests. Indeed, the only really hopeful note is the proposal that an international shipping conference should be called to thrash out matters in controversy. This should shed welcome light on the dark places where, the Americans suspect, discrimination lurks. But until such a conference is convened the committee's instructions to the FMC are to press on; it receives an unaccustomed pat on the back for "carrying out the mandate of Congress for the first time."

Monster into the Blue

Aircraft industry's Christmas present

THE rapturous oohs and aahs following the announcement by Mr NcNamara, the Secretary of Defence, that the United States will build a giant military transport aircraft could simply have been prompted by the size of the project. The aircraft, which will fly at subsonic speeds around 550 miles an hour, will be the biggest ever built (provided that Congress agrees). It will carry 250,000 pounds of cargo or 600 men, three times as much as the Department of Defence's current work-horse, the C-141. Furthermore, the new CX (for Cargo Experimental, to be changed to C5A, when the aircraft goes into operation, perhaps late in 1968) will be able to take unwieldy equipment, such as a helicopter or a 100,000-pound tank, and to land on shorter and rougher airfields than those now required by commercial jets. Such capacity offers dramatic vistas. It will allow American combat forces to be carried quickly anywhere in the world (the range will be from 5,000 to 7,000 miles without stopping), thus reducing the numbers of troops that need to be stationed abroad. And conceivably, if commercial airports can be reinforced to bear its tremendous weight, the giant cargo plane could become the first real mass transport aircraft.

Mr McNamara refused to see any relation between the CX and the SST, the supersonic (over 2,000 miles an hour) transport aircraft now being developed jointly by government and private industry. But he was the only one. Observers on both sides of the Atlantic realised quickly that the subsonic plane's gain would mean the demotion of the SST, America's answer to the Concord. In fact, its design contracts are already being continued only on a month-to-month basis and it will not be surprising if in the spring President Johnson's SST Advisory Committee—with Mr McNamara at its head—announces that the supersonic timetable is being slowed down officially, as it has been unofficially. The dwindling enthusiasm in Britain for the Concord has taken the pressure off America to keep up the race. Congress was never very keen anyway, because the project would mean that the government would be paying the lion's share of the costs of a new commercial aircraft. And the SST has continued to be plagued by the problem of sonic boom. The giant transport presents far fewer of these headaches, whether technical or administrative. The Defence Department, of course, will pick up the entire bill for the

prototype, about $750 million, and about $1 billion for the 58 transports which Mr McNamara wants to order.

The morale of the American aircraft industry has been buoyed considerably by the prospect of the CX. Three manufacturers—the Douglas Aircraft Company, the Lockheed Aircraft Corporation and the Boeing Company—have already produced preliminary designs and are girding for the struggle for the big prize. The CX contract, considering its commercial potential, looks like an even bigger plum than that for the TFX supersonic fighter plane which has caused such controversy. (The TFX, now the F-111, silenced some of its critics last week with a successful maiden flight days ahead of schedule.)

Fission in the Arts

NEW YORK

LINCOLN CENTRE, the home for the performing arts in New York, is little more than two years old now and perhaps the only kind words to have reached its ears have come from the city's estate agents and landlords: they claim that the Centre has helped to improve New York's Upper West Side. Boarding houses have been converted to family dwellings; "respectable-looking middle class families" (i.e. white ones) are moving into the area in increasing numbers; and prices are on the rise. Unfortunately, Lincoln Centre's artistic accomplishments have not been greeted with the same enthusiasm. Its meticulously designed Philharmonic Hall turned out to have acoustic defects costly to correct. Its New York State Theatre, while marvellous for ballet, was discovered to be impossible for drama. More recently, the New York City Ballet rebelled against Lincoln Centre's determination to regulate policy—in this instance to increase prices for admission to the ballet. The manager of the company has announced that it will seek other quarters after the 1965 season, sacrificing the advantages which it enjoys at the Centre. These are the use of the specially-designed buildings for only the cost of operating it, and a share of the Centre's $10 million development fund.

All of these troubles, however, have become mere trifles when compared with the current battle between the Centre and one of its central constituents, the Repertory Theatre, headed until last month by Messrs Elia Kazan and Robert Whitehead and lodged temporarily in Washington Square. It is due to move to its permanent home at Lincoln Centre in the autumn. Spurred on by the negative responses which the Repertory's productions have received—particularly the scathing criticism which followed this autumn's opening play, "The Changeling," by Thomas Middleton—Lincoln Centre's managing director, Mr William Schuman, made tentative independent moves to instal another director at the Repertory. Angered by this interference, Mr Whitehead resigned. Then Mr Kazan, the company's leading director, and Mr Arthur Miller, whose two plays have been its only mild successes, walked out in sympathy. The actors are in complete disarray. The principle that policy should be decided by the constituent companies of the Centre, not by its central administrators, has brought the Repertory Theatre much support. The irony is that the theatre's productions have been considerably below the standards being defended in its name.

BRITAIN

Mrs Castle's Edifice

Britain now has a full Cabinet Minister to look after aid to the developing countries. What should be her policy?

IT was bad luck for Mrs Barbara Castle's new Ministry of Overseas Development to be born in the middle of a balance of payments crisis. The experience could, however, be salutary if it drives home the lesson that Britain can lend abroad only an export surplus, not a huge deficit. It should also encourage from the start a proper emphasis on the extremely important kinds of development work that do not depend on massive capital backing. The new ministry, which has fluttered every university dovecote by announcing that it hopes to recruit no fewer than thirty economists (more than the department of economic affairs or any other ministry), has been criticised as an expensive toy. It could turn out to be a sound investment if it gets its priorities right.

Developing minister Castle

The first crucial question the minister has to face is how much aid she will be able to dispense. Mrs Castle sensibly told Parliament that the increase she wants to achieve will depend largely on an improvement in Britain's balance of payments, but also on progress being made towards a more satisfactory system of international payments. It has been obvious for a long time that the most economic way of fostering world development would be by increasing the total of international reserves and placing the increase initially at the disposal of the developing countries. Each individual aid-giving country would then find that it was no longer putting its balance of payments at risk, as it does at present by lending its national, convertible currency. The aid it would give would take the form of running an export surplus and increasing its international reserves, which is as effective a form of international lending as any other but is felt by parliaments and congresses to be an unobjectionable way of giving. The natural processes of trade adjustment should mean that at different times different countries would be most competitive in their exports, and thus feature most largely on the list of aid-givers; they would thus be giving most aid just when they can most easily afford it.

Dr Thomas Balogh, Mr Wilson's own economic adviser in the Cabinet Office, has long been an ardent champion of this view. However, any scheme of this sort would involve the creation of a new international

reserve currency; the massed ranks of orthodox international central bankers still oppose this. Britain's ministry of overseas development would perform a useful service by forming its own expert judgment of the value of various rival published plans—the Maxwell Stamp plan, a modified Triffin plan, or whatever—from the point of view of the developing countries; and then pressing its judgment on the Treasury, as a policy to be sponsored by Britain at every international monetary conference until the cows of rationalism at last come home.

But any such reform must be considered a long-term purpose. In the meantime, not very much can be done to prevent increased aid putting additional strain on the balance of payments—and on scarce resources. "Tying" most or all British aid so that it has to be spent in Britain is not desirable in itself as it tends to distort natural trading patterns; but if the only alternative is reduced aid, some tying should be accepted with good grace. To avoid strain on resources, Mr Maudling introduced a scheme whereby additional British aid had to be spent in areas of unemployment. The

Developing civil servant Cohen

snag here is that aid-giving may be used as an excuse to keep alive inefficient industries, when it would be better for the economy as a whole if they were allowed to die.

It seems, then, that it would be misguided to aim in the near future at increasing British aid above the £200 million-a-year mark to which it is tending by its own momentum. The new ministry's impact must therefore be qualitative rather than quantitative, at least initially. If the existing aid allocation could be spent in a way that was more advantageous to the developing countries the new ministry would justify its existence. If, at the same time, the ministry could help actually to increase British exports, it would lay the best possible claim to a bigger allocation in the future. Mrs Castle is aware of this possibility and she should do what she can to make it happen without corrupting the purpose of her department.

She intends that recipients of British aid should get much more help than in the past with planning their development. Special missions, some from her ministry's projected army of economists under Oxford's Dr Dudley Seers, are to help carry out planning work on the spot. No matter how impartial the advice ultimately given, this sort of thing tends to generate export orders for the assisting country, over and above aid-financed exports for projects approved.

The export-promotion effect would also be greater if a greater proportion of British aid went to countries outside the Commonwealth. At present these countries get only 14 per cent of British bilateral aid (£22 million out of £158 million in 1963-64). But some Commonwealth members are more or less saturated with British goods already, and have a natural tendency to diversify their sources of supply by looking to other countries. At a certain stage, they may have a political resistance to any more British influence and capital. Anyway, for historical reasons, many of them would buy a lot of their imports from Britain even if they got less of their aid from us.

In contrast, non-Commonwealth developing countries like those of Latin America are often extremely eager for a greater British interest, and every pound of British aid that went to them would have a direct export promoting effect. Labour has a strong emotional commitment to the Commonwealth, but Mrs Castle seems refreshingly aware of the economic facts. She would be ready to see a greater share of British aid going elsewhere if other aid-givers would take over more of the Commonwealth's needs. This is tending to happen in any case. The Government should accept the relief gratefully—and profit by it.

Mrs Castle also shows a welcome sense of reality in her attitude to the more ambitious ideas for helping the underdeveloped. She is quite clear that nothing can be expected in the immediate future from schemes like an international tax on airline tickets imposed by the United Nations to raise development finance, a world food board and a world development authority. She is also putting proper weight on technical assistance, as distinct from material aid, in her new ministry's structure. Four of the eight main administrative divisions are to be directly concerned with it. The predestined choice as permanent secretary of Sir Andrey Cohen, late of the Department of Technical Co-operation and probably the best practitioner of aid in Britain, ensures that this side will be given its full weight. It has become increasingly obvious that what is needed most urgently in many countries is not only capital but assistance with the technical transformation of agriculture, without which most industrialisation programmes must be crippled at the start. Mrs Castle also intends to give considerable weight to the planning of regional development in her ministry's work; if she can get the necessary political support in the countries concerned, this should help to make Britain's

Developing economist Seers

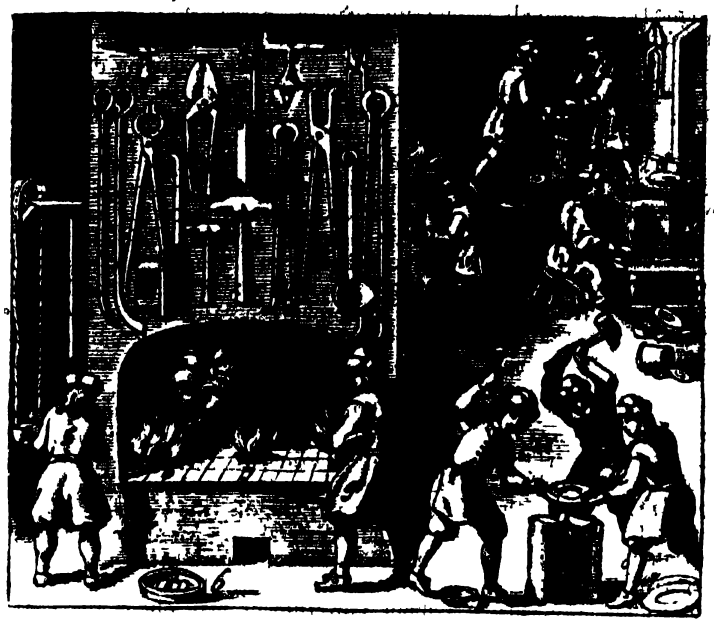
aid effort both more economical and more effective.

Finally, the point perhaps needs making that some really rewarding development work can be done at little cost to Britain's resources, whether human or material. Last year Mr Edward Heath—for the price of an air ticket, a few nights' hotel expenses, and some intense political thought and action—was able to take and hold the initiative at the United Nations Conference on Trade and Development (UNTAD) in Geneva, and help guide it in constructive directions while greatly increasing good will towards Britain in the developing world. Mr Heath clearly spoke from a very good brief, and without a Ministry of Overseas Development to help him. It must be hoped that Mrs Castle will be able to do at least as well. Wisely, the new ministry will assign a key role to its world economy division, whose job will be to look at the overall picture from the same viewpoint as UNTAD, and to prepare a British position in collaboration with the Board of Trade and the Treasury. It will be under Mr Robin Marris, another of the economics dons from Kings College, Cambridge, who have recently been invading Labour's Whitehall.

Mrs Castle now occupies an almost unique position as a cabinet minister for aid. In Europe, only the Dutch have such an office. The team she has collected around her has a new and easily recognisable profile: left wing, passionate, unorthodox and economically expert, in fields where left wing views are welcome, where passion is badly needed, orthodoxy has signally failed, and where economic expertise is sadly lacking among the nations on the spot. Mrs Castle will need to mobilise all these qualities, but also to supplement them by always speaking to her colleagues at the Department of Economic Affairs, the Treasury, and the Board of Trade in the cold language of economic reality. The impression one gets from talking to this pertinacious, determined, confident—if sometimes politically infuriating—ex-firebrand is that she has made a good start.

Worshipful and Charitable

London's ancient trade guilds have many little known modern purposes



From medieval banging about . . .

to sea-fresh Billingsgate fish

A FEW weeks ago viewers of the television programme *Panorama* were diverted by scenes of unusual candour at the Stationers' Hall in the City of London, where behind a vast table laden with silver, napery and decanters a number of respectable citizens were enjoying a copious repast. Of all ancient and honourable institutions the City of London Livery Companies are normally the most bashful and secretive about their (nowadays) comparatively innocent goings on. Wining and dining are certainly an important part of their activities; it would be a shame if this exceptional piece of public relations served to confirm the public at large in its opinion that opulent gorging is all the livery companies ever do. Their name, of course, applies to their distinctive dress, not to any effect of their activities on the digestion

Membership of the 83 City companies, descendants of medieval trade guilds, is still flourishing. It is obtained through inheritance, by apprenticeship, as an honour, or by purchase—frequently the latter, although some of the richest companies who do not need to raise money by sale of their livery admit almost only by "patrimony" or birthright. Patrimony is unlikely to coincide with business in the modern City of London and still less with the original trade of the company, while apprenticeship of a boy under 21 is generally a mere paper formality. Purchase, or "redemption," which can cost several hundred pounds, is more likely to appeal to those who think it worth the price to join what amounts to a kind of Fortnum and Masons among rotary clubs with a nice bit of pageantry thrown in. And if, of course, you aspire to the dignity and expense of becoming Lord Mayor of London, this is a necessary step.

Restrictive trade practices, made respectable by pious almsgiving and liberal hospitality, were the historic functions of the companies. All except a few modern copies received their royal charters at various times from the fourteenth to the seventeenth centuries, but have long since lost all connection with their name trade—which is hardly surprising considering the shortage of girdlers, fan-makers or horners nowadays. New commercial forms have long by-passed the Worshipful Companies of Grocers, Haberdashers and Clothworkers. But some companies still administer minor controls connected with their trade The Gunmakers have the authority under Act of Parliament to "prove" the barrels of sporting guns in their Whitechapel proof house. The Fishmongers inspect the quality of fish sold at Billingsgate Market and take a hand against salmon poaching and pollution of oyster beds. The Goldsmiths still hallmark silver and gold and "assay" the coinage of the realm which lost any connection with gold thirty three years ago. This company, the only one whose trade retains its medieval structure, still runs an effective apprenticeship scheme and plays an active part in encouraging modern jewellery design, boosting exports of British jewellery and silver by exhibitions abroad and so on —virtually the only example of a city company engaged in a creative role.

But by far the biggest role played by the city companies as a whole today is that of the almsgiver. It comes as a surprise to most people to learn that, collectively, they are among the biggest sources of charity in the country. In 1950 the Nathan Committee on Charitable Trusts were told that the total charitable incomes of the twelve Great Companies that lead in dignity and precedence amounted to £320,000 a year. This is thought now to have risen to something like £500,000, compared with, for example, the £1,500,000 a year of the Nuffield Foundation In addition, the richer companies all give large sums from their substantial corporate incomes (quite appropriately preferring to benefit a good cause rather than the tax collector) and several are responsible for trusts administered on behalf of certain public schools.

The circumstances and whims of long dead patrons, subjected to the sea changes of the centuries, now result in fantastic variations in the sources and objects of this wealth. Generalisation about money, as about any other attribute of the companies, is impossible Many have none at all, except what they can raise in entrance fees. A few are certainly multi-millionaires. The richest are not necessarily all among the Great Twelve, although the leading company by precedence, the Mercers (once paramount in the fashion trade) is understood to be still the most wealthy. The companies are not obliged to publish accounts, even for the benefit of their members, and are excessively coy about even hinting at the sums involved. Thus their corporate wealth can only be guessed

at, although since the strengthening of the Charity Commission it is now possible for any member of the public who can be bothered to study the accounts of any of the charitable trusts. But even this will not give any true idea of the actual value of assets since, like other ancient foundations, these are largely tied up in landed property acquired, in some cases, centuries ago. The City companies in their corporate capacity are among those who may be faced with very heavy valuation burdens in connection with next April's capital gains tax.

After the blitz many companies regretted that history had placed their most valuable assets in the City of London itself. Some, like the Mercers, lost their ancient livery halls and had to rebuild; the Fishmongers lost £30,000 worth of annual rentals in one night. But, twenty years later, fortune has in many cases reasserted itself. The richest single charity of all, administered by the Mercers Company, and called appropriately enough after Sir Richard Whittington himself, received last year £37,851 in rents from property in the City of London. It has been involved in redeveloping an important site in Gresham Street and owns freeholds in the City with a book value of £306,000—though most of these are pre-war valuations and must now be worth many times more. Several of the companies indulged in the Victorian enthusiasm for large-scale residential development in various parts of London and are still, in their corporate or charitable capacities, important landlords of big estates. The Goldsmiths own a good slice of Acton, the Fishmongers have working-class estates in Walworth, the Mercers' Earl of Northampton's Trust gets £16,000 a year, a third of its income, from estates in Greenwich and Lewisham. The companies have a reasonable and benign record as landlords but may now feel unable or unwilling to get involved in the major redevelopments or renewal which some of this property needs. The Mercers are selling off bits of Greenwich; the Fishmongers, on the other hand, are involved in proposals for the redevelopment of housing in Walworth, to be presented to the borough council next week.

What happens to all the money? The main trusts fall into two categories; charities for the benefit of the old, sick and needy; and educational trusts supporting some of the well-known schools founded by livery companies and often bearing their names. Since Victorian times the companies have also had close connections with technical and scientific education. Some have endowed university chairs; many run their own university scholarships. In all these fields the modern companies are at pains to avoid merely cancelling out the services of the welfare state. Their dilemma, in some cases their failure, concerns the search for useful fields of charitable enterprise outside the public sector.

It is true that many individual charitable trusts, dating back hundreds of years, are based on awkwardly obsolescent intentions and bring in such small sums that it is anyway hardly worth the administrative effort to devise modern versions of the pious donor's wish. Less than £5 a year now expresses the bounty of Margaret Parsons' Charity for Marriage Portions for Poor Maidens or John Wilford's Charity for Highways in Carshalton (now solemnly paid to the Urban District Council). Somebody has to remember to present one bag of sugar to sons of Grocers when they get married. Incomes of under a hundred pounds are far commoner than those worth over a thousand, so it is only occasionally that really large sums accrue for want of beneficiaries. Since the 1960 Charities Act it has become easier to extend the *cy près* doctrine which permits alternative uses related to the original purpose; since then queues of trusts have come before the Charity Commissioners to acquire new dressing. Sometimes this can most usefully take the form of consolidating numerous small charities.

The rule that no one receiving national assistance can benefit by more than 15s. a week from a charitable source taxes the ingenuity of those responsible for dishing out large funds in teaspoonfuls. As a result the Earl of Northampton's Charity, for example, unable to use up all its wealth on the elderly poor of Greenwich and Shotesham in Norfolk has been accumulating income at the rate of over £30,000 a year out of a total of £47,000 and cannot spend this until the Charity Commissioners have completed a new scheme for it. Sir Richard Whittington's Charity was able from surplus income last year to put over £10,000 into the rebuilding fund for Whittington College, the almshouses at Highgate which are going to have to be moved because of a redevelopment scheme. With the addition of the fat sum expected from the sale of the Highgate site, the Mercers should be able to build the most sumptuous old people's home in the country.

Many of the ancient guilds provided first and foremost in their charities for their own needy members, their families and widows. Today this is still one good reason for coveting membership of a rich livery company; faced with a genuinely hard case from their own fraternity, they will not refuse. And in the application of funds to modern purposes, many have followed the thread, however tenuous, of their original calling. For example, the Salters support an Institute of Industrial Chemistry, the Clothworkers have given a department of Textiles and Dyeing to Leeds University, the Goldsmiths endowed a chair of metallurgy at Cambridge (and have incidentally during the past six years granted £97,000 to various British universities). The Goldsmiths Training College and the Northampton College of Advanced Technology owe their existence to livery companies. Almost the sole, but an outstanding, example of co-operation between the companies was the foundation of the City and Guilds of London Institute, which until about ten years ago was almost entirely supported by them. They still give generously to this body, which sets courses in technical subjects and examines some 250,000 candidates a year.

Some companies with responsibilities for ancient schools cherish them more firmly than others. The Mercers were thought by many to be over-hasty in closing down the Mercers' School, Holborn, and getting rid of St Paul's Junior School—which was taken over by parents. They no longer govern the senior St Paul's School but still run the Colet estate in Hammersmith. The Skinners' company, on the other hand, still provide the entire governing body for Tonbridge School, run a trust for it based on a big slab of St Pancras, and can afford to provide occasional big bonuses, like a new library. They still nominate two-thirds of the governors of three local authority grammar schools in the area, originally founded by them. Various other schools administered and sometimes helped by interest-free loans or other means by city companies include Greshams Holt (the Fishmongers), Oundle (the Grocers) Aldenham (the Brewers), the Merchant Taylors' School and Haberdashers' Aske's. This is yet another field in which the policies of the Labour Government may oblige the companies to re-examine their role in the modern world.

What other new departures might, or should, the companies be considering? Strictly speaking, of course, this is nobody's business but their own, since they are financially private bodies whose public face is of their own choosing. But simply because of this independence they could take opportunities denied to others. Instead of granting so much of their spare money to safely worthy causes they could, particularly if they chose to pool certain funds, be much more adventurous. They could copy some of the other big charitable trusts in supporting experiments in social services which are beyond the scope of public authorities. Might the Charity Commissioners not be persuaded, for example, that the needy old today could be as well served by a community care centre as by an almshouse? Then, as landlords, they are well suited to help fill the gap in moderate rented accommodation: Sir Keith Joseph, ex-Minister of Housing, not long ago pointed out to them the possibilities of Housing Associations. And, apart from the Goldsmiths, the livery companies do little for the arts, except occasionally lending their Halls for functions in the City of London Festival (in which, incidentally, they took no initiative). But some, like the Fishmongers and Apothecaries, occupy superb and underused buildings which could provide the setting for all kinds of activities. The Mercers own the old Royal Exchange on its commanding site; but its large central hall is scarcely used for any positive purpose. While they retain even the shell of their renaissance grandeur, the companies might perhaps adopt a more dashing style of generosity.

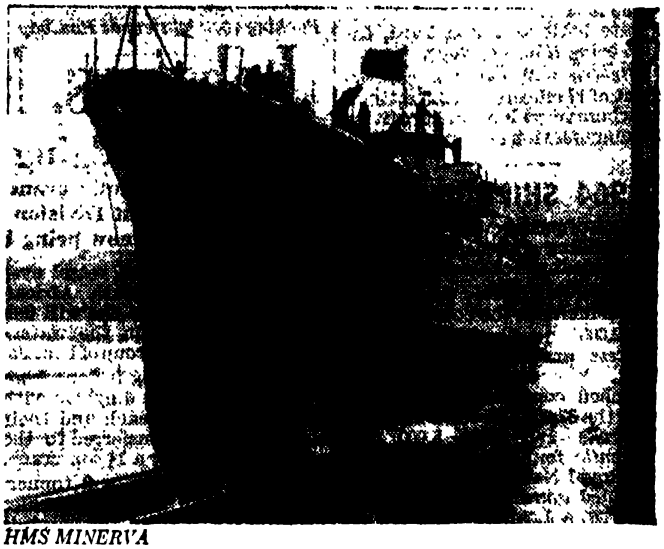
VICKERS REVIEW

JANUARY 1965

TWO NEWCASTLE LAUNCHES ON TWO CONSECUTIVE DAYS

LAURENTIC and *MINERVA*

Two important events at Naval Yard, Walker-on-Tyne were held on two consecutive days—the launching of the Shaw Savill 9,300 ton cargo liner *MV Laurentic* on December 18th and, on December 19th, the launching of a Leander class frigate, *HMS Minerva*.



HMS MINERVA

LAURENTIC LAUNCH

Laurentic was launched by Mrs Lockhart, wife of Captain A. E. Lockhart, Shaw Savill Marine Superintendent in the presence of Mr John MacConochie, Chairman of Shaw Savill Line and many other distinguished guests.

In a forthright speech after the launching ceremony of the *Laurentic*, Sir Leslie Rowan, Managing Director of Vickers Ltd referred to the Ministry proposal to set up an enquiry into the shipbuilding industry. He said he hoped the enquiry would look overseas as well as at home.

"WE BOW BEFORE NO ONE"

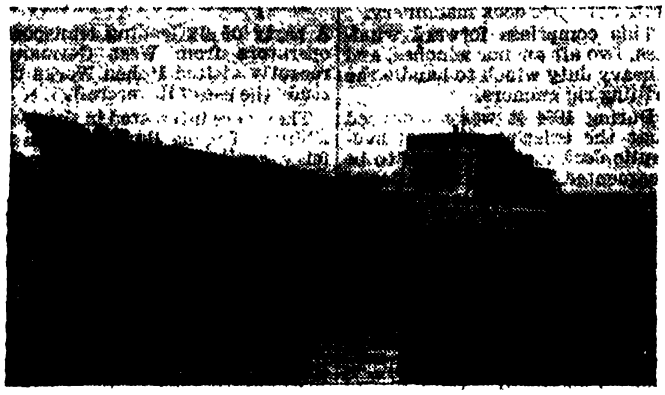
Sir Leslie said: "We recognise we have much to do to set our own house in order. In Vickers at any rate, we bow before no one, whether at home or overseas in our technical and technological strength and achievements, or in the number of graduates we employ in our shipbuilding industry".

EFFICIENT USE OF RESOURCES

Sir Leslie said it was not a problem of technical capacity, but rather one of the effective and efficient use of resources, meaning not just things but people as well, both management and labour. Vickers had already been looking into these things, even before the question of a Government enquiry arose. But Sir Leslie concluded "we wish you and the enquiry well. We hope the Minister will be our guardian angel, in the full sense of both words".

EXPERIMENT TANK WAVE TESTS

Laurentic is a high class refrigerated cargo vessel, intended for service between the United Kingdom and Australia and New Zealand, via Suez, Panama or the Cape.



MV LAURENTIC

Constructed to Lloyd's special survey for Class 100 A1, *Laurentic* also complies with the latest Ministry of Transport requirements and Australian and New Zealand Harbour Regulations and Factory Act requirements.

She will carry general cargo, chilled meat and edible oils in four separate cargo compartments, with a total capacity of 415,000 cubic feet and will be equipped with up to-date cargo handling gear.

In order to arrive at the most economic hull form and power, extensive model tests were carried out at the Experiment Tank at St. Albans. These included tests in regular waves and in irregular head seas, corresponding to full scale spectra up to Force 7 wind.

MINERVA LAUNCH

Minerva was launched by Lady Hopkins, wife of Vice-Admiral Sir Frank H. E. Hopkins, KCB, DSO, DSC, Deputy Chief of Naval Staff, and the religious ceremony was conducted by the Reverend G. L. C. Mitchell, Vicar of Walker. Among those invited were many distinguished representatives of the Ministry of Defence (Royal Navy).

SECOND TO NO COMPETITOR

Sir Charles Dunphie, Chairman of Vickers, speaking afterwards: "These are difficult days for our shipbuilding industry, an industry on which the country has depended and must depend. This seems perhaps to be forgotten. The British are great forgetters, particularly in times of peace.

There is to be an enquiry into all aspects of British shipbuilding. No one—be they Government department, management or labour—should fear an impartial investigation by unbiased outside observers. I firmly believe that these things do us all good, providing that everything is shown, that nothing is hidden, that all the facts are revealed and that something is done about it.

Our shipbuilding industry has great resources. Technically, it is second to no competitor: it has an accumulation of knowledge and fine craftsmen."

Sir Charles said that alone of all forms of transport, shipping and shipbuilding receive no protection of any sort, no help and no favourable position. This seemed strange for a nation that would always depend more on ships than on any other form of transport.

The keel of *Minerva* was laid in July 1963. She has a standard displacement of about 2,000 tons, an overall length of 372 feet and a beam of 41 feet. She is powered by steam turbine machinery supplied by Barrow Works, with gearing by David Brown Ltd of Huddersfield.

Minerva will be fitted with the latest anti-submarine detection equipment, and will also carry a helicopter for anti-submarine use. Her improved bridge design will give greater all-round visibility, and in the operations room, information will be handled and presented with the use of semi-automatic techniques.

She is the second Leander class frigate built at Naval Yard, the first being *HMS Penelope*.

Minerva will carry a complement of 17 officers and 245 ratings, for whom very high standard living accommodation is being provided.

1964 SHIPBUILDING

An end-of-year review of the 1964 shipbuilding Annual Returns has been issued by Vickers-Armstrongs (Shipbuilders) Ltd.

This includes the completion of the 22,000 ton gas-carrying *Methane Princess* at Barrow. At Naval Yard, Walker-on-Tyne, vessels launched comprise 56,235 tons—with the 37,900 ton tanker *Regent Pembroke* and the 8,000 ton *Laurentic* for Shaw Savill. For the Royal Navy, *HMS Glamorgan*, a guided missile destroyer, *HMS Minerva*, a Leander class frigate and a nuclear facilities barge were launched.

Shipbuilding announced or on order during the year comprises one vessel for Canadian Pacific Steamships Ltd and five ships for Alfred Holt & Co at Naval Yard, a tanker for BP Tanker Co Ltd, a corvette for Ghana, four submarines for Ministry of Defence, and a train and car ferry for the New Zealand Government (*figures shown are of gross tonnage and not deadweight*).

PALMERS HEBBURN

At Palmers Hebburn Works, fifty-two vessels totalling just over 1 million tons were repaired. Most of these were oil-carrying tankers, and no fewer than eighteen of these were of 40,000 dwt or more. The largest of these, *Ottawa* of 87,000 dwt recently in No. 2 Dry Dock is the largest ship ever dry docked on the N.E. Coast.

Output of the Constructional Steel Division totalled 11,000 tons compared with 7,200 tons in 1963, and projects included large structures for the CEGB and for the developing industries of Ghana.

Packing rock lobsters at Houtbay Cannery

Lobsters, Mud and Oil

Dredging for Profit

Two electro-hydraulic cranes have been ordered from the Marine Equipment Division at Scotswood for a rock lobster processing vessel now being built in South Africa.

This is the biggest vessel ever ordered by the South African fishing industry and she will fish for rock lobsters in the waters round the Tristan group of Islands.

The actual fishing is done from twenty-one 14 foot dinghies with two fishermen in each and their catch will be transferred to the processing ship by a 1½ ton crane.

The second crane, a 3 tonner, will lower and lift the dinghies back on board when the catch is completed.

This is one of the interesting purposes for which Marine Equipment Division's products have been ordered, and it is hoped it will be the forerunner of many.

WORLD-WIDE DREDGING

The Division is probably the largest single supplier in the UK of hydraulic equipment for dredging vessels. It has supplied gear for a triple grab dredger for the British Transport Commission, now commissioned and working in the Humber, and for a new bucket dredger for the Manchester Ship Canal Company.

The early part of the year saw the commissioning in Calcutta of a grab dredger fitted with steering gear, deck machinery and hopper door operating gear supplied by the Division. Working in conjunction with this vessel are two hopper barges each equipped with steering gear and deck machinery.

Other British customers include the Port of London Authority, which recently ordered two new hopper barges built by the yard at Woolwich. The first of these vessels recently had its trials and the *Cyril Kirkpatrick*, fitted with hydraulic equipment to open and close the bottom doors is now in service on the Thames.

Steering gear and deck machinery for three cutter suction dredgers for the USSR has been ordered from the Division by a Scottish shipyard.

Electric deck machinery has been supplied for patrol vessels and corvettes built in British yards for the Governments of Pakistan, Ghana, Libya and Venezuela.

NORTH SEA OIL SEARCH

The Division hopes to play an increasing part in supplying equipment for the forthcoming drilling operations for gas and oil in the North Sea.

Three vessels have so far been ordered from British yards actually to service the drilling rigs. Each will be supplied with electric hydraulic steering gear and direct acting electric deck machinery.

This comprises forward windlass, two aft anchor winches, and a heavy duty winch to handle the drilling rig anchors.

During 1964 it was announced that the existing range of hydraulic deck machinery was to be augmented by the introduction of a new range of AC electric cargo winches.

A contract is in hand to supply two ship sets AC deck machinery, each comprising a windlass, warping winch and sixteen 5-ton cargo winches. The vessels concerned are 30,000 ton bulk carriers in course of construction by Austin and Pickersgill Limited of Sunderland.

Montreal Metro will run on rubber

The Montreal underground system will be the most modern in the world. For its 16 mile length the cars will run on rubber-wheeled bogies, along smooth concrete tracks, and this system provides for easy acceleration and better traction.

In all, 369 cars are being built by Canadian Vickers Industries Ltd at Montreal. The Metro is due to be completed and in operation in 1967.

A full-scale model passenger car on show in the partially completed Montreal Metro

EAST AFRICAN ROLLING-STOCK

Metropolitan-Cammell have delivered a total amount of rolling stock consisting of 218 carriages and 2,366 wagons to East African railways and harbours since the end of the War.

Among the latest wagons to be delivered is a batch of four types of 377, which were inspected last month by Dr E. N. Gakuo, General Manager of the East African Railways Administration, accompanied by Mr G. P. G. Mackay, Technical Adviser.

German Visitors Inspect Hovercraft

A party of six leading transport operators from West Germany recently visited Itchen Works to study the use of Hovercraft.

They were interested in the possibility of using Hovercraft on a ferry service between the German mainland and the East Frisian Islands. They examined Hovercraft on the spot at Itchen, and travelled down Southampton Water in the demonstration Hovercraft VA-2.

The party was led by Herr Weerda of the Kornhaus Norden Company and was accompanied by Herr Mattheisen, representing A/B Sveadiesel, agents for Vickers Hovercraft in Germany.

Steel Office Furniture Exports Grow

Demand creates many more jobs

Very healthy expansion is reported from the Vickers Dartford factory producing steel office furniture. Marketed by Roneo Limited under the Roneo Vickers name an extensive range of desks, chairs and filing cabinets is finding more and more buyers in the U.K. and Overseas in what is a very tough market.

Industrial and commercial developments throughout the world need increasing office facilities and as already reported in Vickers Review (October 1964) a substantial expansion is being carried out at Dartford to service Roneo and meet the anticipated demand.

INCREASING LABOUR FORCE

An urgent problem which must be successfully tackled is the need for semi-skilled workers. There has been considerable rise in numbers over the past year but many more are still needed and intensive recruitment is being undertaken in Dartford and surrounding areas. It is estimated that the labour force will need to increase by 200 during 1965.

This growth in Dartford's activity has also benefited Tyneside where Vickers Scotswood Works have built and supplied many press brakes which are used in the manufacture of steel furniture.

There was a considerable overall increase in export sales during 1963/64 and this will be again increased during the current year.

Roneo Vickers office furniture in a modern office

Regional sales managers of Roneo seen with Vickers officials on a 'see for themselves' visit to the Dartford factories during a recent sales conference

Barrow wins £1 million plus ship machinery export orders

Two important export orders worth over £1 million were received during December.

The first is for equipment to meet the requirements of a frigate to be built for the Ghanaian Navy by Yarrows of Scotstoun. This comprises eight 16-cylinder V type Admiralty S.R.1. diesel engines, together with two sets of propulsion gearing and four 8-cylinder in-line engines also of Admiralty type. Each will drive an electric generator.

The second order has been received from the Australian Government. It is for four Babcock and Wilcox boilers to be fitted in two Leander class frigates, which will be built in Australia, one at Williamstown Dockyard, Melbourne and one at Cockatoo Docks and Engineering Co Pty Ltd, Sydney (the latter a Vickers Company which recently received commendation for the quick repair work carried out on the aircraft carrier *HMAS Melbourne*).

The work will be carried out at Barrow and will mean jobs for a considerable number of men for about 18 months.

More Blue Circle Cement

A further order for cement making plant has been placed with Vickers by Associated Portland Cement Manufacturers Limited, for installation at their Dunstable Works.

The order is for a new rotary kiln, 200 ft long, designed to produce 40 tons of cement an hour, and incorporating special features including hydraulic thrust mechanism. Orders already in hand or recently completed for A.P.C.M. by the Vickers Cement Machinery Division at Barrow-in-Furness, cover installations in the United Kingdom and Nigeria, comprising equipment including kilns, grinding mills and ancillary machinery.

A.P.C.M. are the parent company of the Blue Circle Group.

RAF order new jet trainer. The British Aircraft Corporation (in which Vickers have a 40% holding) is to develop a new pressurised jet trainer for the Royal Air Force.

This is the BAC-145, or Jet Provost T.Mk. 5.

The unpressurised Jet Provost has been sold to several air forces overseas, for use as a fighter and strike aircraft rather than a trainer, and the pressurised version is certain to be in considerable demand.

Duke of Edinburgh awards for Barrow apprentices

Over 40 apprentices of the Barrow Engineering and Shipbuilding works were given special awards for the best record in a year of service at the annual prize-giving on December 2nd. Among these were 11 winners of Gold Awards under the Duke of Edinburgh scheme. Nearly 80 apprentices received special course awards for the 1963/4 Technical Session.

The awards were presented by the Baronne de Langlade, wife of Baron Francois de Langlade who represents the interests of Vickers and the British Aircraft Corporation Ltd in France.

Mr W. D. Opher, Chairman and Managing Director of Vickers-Armstrongs (Engineers) Ltd in welcoming the visitors, referred to the new technical college at Barrow. "This country just cannot afford to have vacant academic engineering capacity" he said. "The future strength of the engineering company must lie in the knowledge and skill of technology."

Works Education Officer Mr W.C. Wilson reported that for recruitment of apprentices in 1964 there had been more applications than vacancies for the drawing office.

VICKERS REVIEW

'VSG' Pumps for 1,500 ton press in

A recent and welcome visitor at the Weymouth Works of the Hydraulics Division was Mr. Neumann, Director of Engineering of Voest, a big engineering group in Austria. Voest have already bought 3 large 'VSG' slipper pad pumps, which are soon to be delivered for installation on a 1,500-ton hydraulic press now being built at their Linz works.

It is hoped to build up a strong association with this important group in supplying hydraulic equipment.

£60,000 ORDERS IN 1964

During 1964, orders worth £60,000 for 'VSG' Mk III equipment were received from Peter Brotherhood Ltd. This equipment is mainly used on nylon spinning machinery being built at their works at Peterborough.

PROGRESS AT PYESTOCK

Engineers from the Weymouth Works have been on site at Pyestock, carrying out initial starting up trials on the hydraulic equipment for the new gas turbine test rig. This test rig is due to be commissioned this year, and 'VSG' slipper pad units have recently been installed.

The Hydraulics Division of Vickers is now entirely based at Weymouth, to improve marketing co-ordination and liaison between sales, design and production.

POLYMER SPINNING IN THE LABORATORY

The research company of Hans J. Zimmer AG, Frankfurt am Main has developed a laboratory scale spinning head for melt spinning.

The laboratory system is suitable for spinning polymer samples which have been synthetised or modified to laboratory scale, the production of filaments for stretching and thermosetting tests, and the addition of light and heat stabilisers, brightening agents and dyestuffs during spinning.

The device consists of the spinning head, with spinning pump drive and switchboard, the spinning duct and the take-up unit with preparation equipment.

All parts are designed for quick change and cleaning.

An artist's impression of the 4,000 ton Rail Press for John Thompson Motor Pressings Ltd now on order from Rockwell Machine Tool Company Ltd, being built at Scotswood Works. Believed to be the biggest press in Europe and representing an investment of well over £200,000, it will be able to produce side members up to 42 feet long. These compare with the longest specified in the latest Motor Vehicle (Construction and Use) Regulations 1964 of 36 feet 1 inch. Rockwell Machine Tool Company Ltd, are exclusive distributors in the United Kingdom for the Production Machine Division of US Industries Inc of Chicago, who are preparing the designs for the press, the installation of which is due to begin in August 1965. Among leading British motor vehicle manufacturers who have been supplied by John Thompson's with frames and components are Leyland, Albion, AEC, Bedford, Ford, BMC and Rover.

D.I.Y. CAR SILENCER

New Kit in stainless steel

This 'do-it-yourself' idea comes from New Zealand. Initially the silencers will be imported, but production of the main parts using Firth Vickers Stainless Steel has already been started in this country by Stainless Steel Silencers Limited, Ayr, a newly formed company.

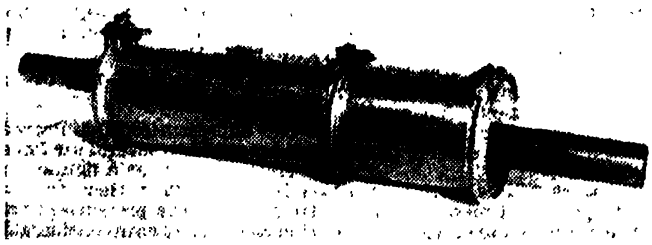
Experience in New Zealand shows that the silencers have operated for three years without rusting or burning out. The only failures have arisen because of faulty connecting or impact with large rocks on poor roads.

The silencer is built up in three standard barrel lengths (5", 9" and 12") and a universal diameter of 4". Odd lengths can be made up by fitting longer pipes.

FITS ALL VEHICLES

It is estimated that 93 per cent of vehicles can be fitted with the standard interchangeable kitset parts—only 7 per cent need special ends.

The silencers are made completely of stainless steel, including barrels, baffles, clamps, nuts and bolts and the end pipes. The only mild steel used is the outer end pipe.



DHOBI—the super tough Dinghy

An inflatable rubber dinghy has been developed by IOCO, a Vickers Group company, and is now in production at their Glasgow works.

Named the DHOBI, the dinghy is made of super-tough synthetic rubber-proofed nylon, giving high resistance to weather and abrasion. There are two separate buoyancy compartments for complete safety.

The DHOBI can carry a crew of 4-5 men, or 1 crew and 5 cwt of stores. It is most suitable as a sea-going yacht tender.

FULLY EQUIPPED

It is 9 ft long with a 4 ft 10 in beam and a buoyancy tube diameter of 12.5 inches. Weight unladen is 40 lbs.

Standard equipment includes oars, hand inflation bellows, nylon painter and lifeline, repair kit and a kit bag which holds the complete dinghy. Among the optional extras are removable weather bow dodger, support for outboard engine up to 3 HP, and equipment for CO_2 inflation.

The DHOBI is being produced to meet a rapidly increasing demand for highly portable ship-to-shore tenders.

British Engines speed up U.S. airlines

An increase in cruising speed of 50 m.p.h. will be given to the Convair aircraft of Trans-Texas Airways and Central Airlines by the installation of Rolls-Royce Dart prop-jet engines.

An order for 35 conversion kits is in hand. Turbine wheels and coupling shafts are among the engine components being supplied by English Steel Forge and Engineering Corporation.

Published by
VICKERS LIMITED VICKERS HOUSE
MILLBANK TOWER MILLBANK
LONDON SW1

BOOKS

Sick Man's Surgeon

Atatürk: *The Rebirth of a Nation*

By Lord Kinross.

Weidenfeld and Nicholson. 556 pages. 63s.

It is fascinating to speculate how Turkey would have fared if there had been no Kemel Atatürk to fight for its independence and terrritorial integrity, or to push the Turkish people, bag and baggage, towards a European way of life. When Atatürk began the struggle that was to end with the establishment of the Turkish republic, he had the backing of an extremely able group of men. Rauf, Refet, Ali Fuad were all excellent soldiers and intelligent patriots. But only Atatürk combined in himself all the essential qualities of leadership: only he had that extra something which always put him one jump ahead of everyone else, in thought as well as in action.

It was on May 19, 1919, that Atatürk landed at Samsun, on the Black Sea coast of Anatolia, ostensibly as inspector-general of the Sultan's army in Anatolia, in reality to try to stop the rot that threatened to destroy his country completely. With their armies defeated, and the Sultan's government powerless to resist the wishes of the victorious Allies, the Turks faced foreign occupation and the dismemberment of their Anatolian homeland. In the course of his adventurous journeyings through Anatolia Atatürk both organised a military resistance and set up a national government independent of the tottering regime in Constantinople. From his makeshift headquarters in Ankara, or at the head of his forces, he struggled stubbornly on several different fronts—against the Sultan's forces, against various bands of Turkish irregulars, above all against the Greek invaders. And as if this was not enough, he had frequently to contend with the obstinate and querulous turbulence of his national parliament. There is an epic, back-to-the-wall quality about this period of Atatürk's life, and Lord Kinross makes good use of the opportunity to write what is, apart from anything else, a splendid adventure story.

After the final defeat of the Greeks at the capture of Smyrna in August, 1922, Atatürk himself remarked that "it is only now that our real work is beginning." He had a deep instinctive belief that westernisation was the key to his people's future, and during the next sixteen years he forcibly changed their habits: he introduced a western alphabet; he abolished the fez, the cherished headgear of the Moslem man; he emancipated the women; he destroyed the political power of Islam by abolishing the Caliphate; he profoundly changed the content of Turkish education by substituting secular for religious schools.

Probably only Atatürk had the personality, prestige and ruthlessness needed to get away with all this. But even he could not completely destroy deep-rooted religious and conservative prejudices in such a short time; he could only drive them underground, and they still reappear from time to time to be exploited by unscrupulous politicians and to clog the workings of parliamentary democracy.

It was indeed on the political side that Atatürk was least successful. He wanted in principle to run Turkey as a western democracy, but believed that the government must be overwhelmingly strong until his social and religious reforms were established. As Lord Kinross says, although a democrat by conviction Atatürk was by temperament an autocrat. He played the parliamentary game until his authority was unchallengeable and then, paradoxically, felt it necessary to assume dictatorial powers to carry through his programme. He could have let a genuine loyal opposition, in the shape of the Progressive party led by his former comrades, like Rauf and Ali Fuad, develop gradually and naturally. But instead, in 1925, he chose to make use of the discovery of an extremist plot to repress moderates and extremists alike. Five years later he tried again to introduce a two-party system, but the experiment was a short-lived failure. Atatürk taught his people many things, but not how to operate a multi-party democracy. After his death, the Turks, following his precepts, if not his practice, taught themselves.

Atatürk was never a man to arouse uncritical admiration among those who knew him well. In this excellent biography, Lord Kinross holds the balance very fairly: he paints his subject in the round, without flattery and without moral censure. He has also made a very long and detailed book extremely readable. If one adds a gentle complaint that it should have been equipped with detailed source references, this in itself is a tribute to the interest it arouses.

Lost Campaigns

French Revolutionary Warfare from Indochina to Algeria: *The Analysis of a Political and Military Doctrine*

By Peter Paret.

Pall Mall Press for the Center of International Studies, Princeton University. 169 pages. 27s. 6d.

Revolutionary warfare is in the news. Ever since Mao's guerrilla armies conquered mainland China, the threat of communist-sponsored internal war has posed a major problem to Western strategists. Communist insurrectionary campaigns were defeated in Malaya and in the Philippines; but the Vietminh won a famous victory at Dienbienphu, and today no one can predict the fate of the Saigon regime as it faces a major challenge from the Vietcong. True, in Algeria, the FLN insurgents were not communists; but their tactics, if not their ideology, owed much to the famous primers on revolutionary war of Mao Tse-tung and his disciples. Moreover, in a wider setting, while Russia seeks to advance its interests through "competitive peaceful co-existence," the Chinese openly boast that "wars of national liberation" are a much more effective way of bringing the underdeveloped countries under communist control. It seems clear that unconventional warfare, rather than nuclear warfare, poses the more immediate threat to Western interests.

Mr Paret's book was thus well worth writing and could hardly have come at a better time. He shows how between 1946 and 1954 the French high command failed to understand the complex interaction between nationalism and communism in Indochina. Yet even before the lessons of Indochina could be assimilated after Dienbienphu, the Algerian war broke out and "among the veterans returning from Indochina there was considerable readiness to look further into the potentialities of psychological weapons." The psychological warfare bureau was soon designated the fifth section of the French general staff and during the Algerian war the "5e Section" . . . "disposed of such sizeable allocations of money and personnel that it began to be called the seventh arm of the service. . . ." As Mr Paret makes clear, the "psywar" services were seen by the psychological warriors as the spearhead of the nation in a "permanent world-wide revolutionary conflict in which the differences between anticolonialism, non-Western nationalism, and communism were insignificant. . . ." The captives and losers of Dienbienphu had themselves been captured by a caricature of totalitarian ideology. Psychological warfare became an end in itself, divorced from political objectives.

Thus although France deployed tens of thousands of men in Algeria, all was in vain, even more spectacularly than in Indo-

china. The "5e Section" teams, with their "re-education" programmes found their work nullified by the unrestricted torture and violence used by the security forces as a whole—another manifestation of total war mentality in a limited war situation. As the war went from bad to worse, the psychological warfare colonels, those devotees of Maoist ideology, so well analysed in that best-selling novel, "The Centurions," decided that the nation itself was "soft," and so both the "barricades" revolt of 1960 and the abortive generals' putsch of 1961 were supported by the 5e Section. Events since that time are only too well remembered—and it remains one of the strangest paradoxes of recent French history that there is a direct line of succession from the Vietminh indoctrination camps to the criminal nihilism of the OAS.

All these developments are covered by Mr Paret in some detail and there is a splendid bibliography of French writing on revolutionary warfare. One's only reservation is that the author might have devoted some space to the Malayan and the Philippine counterinsurgency, which developed very differently from the two campaigns discussed here. But this book will remain essential reading for all interested in guerrilla warfare in the twentieth century.

Rain, Sun and Yields

Seasons and Prices: *The Role of the Weather in English Agricultural History*

By E. L. Jones.

Allen and Unwin. 193 pages. 28s.

The aims of the continuing revolution in British agriculture have been to increase productivity and reduce its variability from year to year in response to what the weather brings. In this small book Dr E. L. Jones of Nuffield College, Oxford, a research fellow in economic history, tells the story of this process (mainly as regards south central and west midland England) from about 1728 to the early part of this century. The last part of the book consists of a year by year descriptive summary of the seasons, based upon a compilation covering a much longer period of years by the late T. H. Baker, a Wiltshire farmer in the latter part of the nineteenth century.

What is much less well known than Dr Jones's theme is that over the period covered by his book the climate was undergoing a general trend towards greater warmth and longer growing seasons, though this was interrupted by several reversions to conditions resembling the wretched climatic history of the seventeenth century. One of the worst of these periods of reversion happened to coincide with the political stress and French wars of the period 1780 to about 1816; another short one covered the decade of European turmoil and revolution in the 1840s; and a third coincided with the great agricultural depression of the last quarter of the nineteenth century in England. As these climatic events were by no means confined to Britain, it may be that the weather played its part in fomenting the general economic and political troubles of Europe and bringing them to a head. The long-term trends and decadal fluctuations of climate have somehow been ignored, or dismissed, by most economic and social historians. Weather has generally been treated as a purely haphazard risk, without any systematic study of the frequencies of this or that at different points of time. The same criticism unfortunately applies to the present book, which both ignores the climatic trend and makes no reference to Beveridge's well-known study of weather and harvest cycles, or to a recent similar study of harvests in the southwest between 1480 and 1620 by W. G. Hoskins. Manley's tabulation of temperatures in central England is mentioned but does not appear to have been used, and the author is evidently unaware of the Meteorological Office's rainfall tabulation from 1727 to date. In these circumstances, it is hardly surprising that some of the facts are wrong. To quote two at random: the "hard winter . . . of 1893-94" was one of the minority of winters in that decade that were not colder than usual, only the early part of January being frosty; and the phrase "a drought like that of summer 1894" is applied to a season in which every month was wetter than usual over the entire country. Most of these errors do not appear to be misprints so much as the result of the author's preference for descriptive jottings and subjective impressions, in which a single dramatic week of weather may stand for a whole season, and the record of it may moreover have been committed to paper too long after the event for full reliability.

There are many signs of hurried writing in the book. These include various references to "dampening" the wilder fluctuations of yield; and the reviewer missed any reference to improved strains of wheat and so on in the discussion of technical progress. All through, the author illustrates his conclusions, whether agricultural, economic or climatic, by anecdote rather than by figures. This of course makes an attractive book, and much of the struggle through successive cycles of overproduction and scarcity, resulting partly from excessive corrective measures, is well told. But it is bedside reading rather than a serious contribution to understanding. And understanding and readiness to adapt will always be at a premium while fluctuations and longer-term changes in the natural environment continue. Indeed, the question should continually be asked whether a modern economy with its intricate pattern of international agreements on trade in foodstuffs and raw materials is flexible enough to absorb climatic shocks. There is surely a strong case for believing that the farming weather of 1962-63 (and 1964) influenced no less a matter than the fall of Khrushchev.

The Development of the

MODERN BRITISH STEEL INDUSTRY

B. S. Keeling *and* **A. E. G. Wright**

In the early 1930's the British steel industry was in a state verging on collapse. Now, only thirty years later, the situation is reversed. This straightforward, historical account of the developments of the last thirty years will be of vital interest to industrialists, students of management, economists and the general reader. 25s

Longmans

Critic and Evangelist

The Quest for Love

By David Holbrook.

Methuen. 376 pages. 36s.

Old truths have perpetually to be rediscovered and formulated in fresh terms. The danger is that they become simplified or distorted in the process. Poets and prophets use one kind of language when they talk about man's nature and destiny; psychologists, unfortunately, use a much more cumbrous one. But their pronouncements, in so far as these have a scientific basis, are more readily credible nowadays than theological or mythological formula-

tions. Presumably this is why Mr Holbrook, though he is steeped in English poetry and has published two volumes of verse, finds it easier to accept an optimistic estimate of human potentialities from the works of Melanie Klein or D. W. Winnicott than from Plato or the epistles of St John. He has worked out for himself a generous and compassionate set of convictions about the intrinsic goodness of humanity and the essentially creative nature of love, but his evangelistic fervour leads him to the relentless iteration of some fairly well-known truths.

The gist of his message was expressed by Blake in a couple of lines :

And we are put on earth a little space
That we may learn to bear the beams of love.

Blake, however, thought in terms of eternity as well as time, and this gives his concept of love a dimension that Mr Holbrook's does not possess. Sometimes this deficiency hampers him as a critic. He writes well about Chaucer's treatment of the man-woman relationship, but without any reference to the fact that the medieval poet's understanding and evaluation of human love were conditioned by his acceptance of divine love as the regulative principle of the universe. Mr Holbrook's knowledge of psychology, however, stands him in good stead when he deals at length with "Lady Chatterley's Lover," for it enables him, by his grasp of the true implications of mutuality in sexual love, to demonstrate conclusively how deeply neurotic Lawrence was. At his best, Mr Holbrook exemplifies the virtues of the anti-academic critic; he is impassioned, perceptive, illuminating. But he is also (particularly in the chapter on "The Winter's Tale") inaccurate, slovenly and wilful in his disregard of anything he does not want to reckon with.

The book is a hybrid of exhortation and criticism, so that the reader tends to get slightly confused between life and literature (which are, after all, not identical). Regarded as a tract for the times, the book prescribes too limited a remedy for the ills of humanity. Mr Holbrook's pleas for a saner attitude towards sexual love, marriage and family life are heartfelt and command warm assent; but to construe "love" almost exclusively in a domestic sense is to diminish its significance quite disastrously.

Gifts from China

The Legacy of China

Edited by Raymond Dawson.
Oxford University Press. 411 pages. 30s.

Western science is shaking China today just as Chinese discoveries and inventions at one time shook the western world. It is easy to forget that for twelve hundred years—from the fourth to the sixteenth century AD—China set the scientific pace. From China came the technique of effectively harnessing horse power, zero and decimals in mathematics, the magnetic compass, papermaking and printing, gunpowder, the mechanical clock, the blast furnace for cast iron, the standard method of the interconversion of rotary and rectilinear motion, lock gates in canals, equatorial co-ordinates, the doctrine of infinite empty space, the iron chain suspension bridge, to mention just a few. (Paradoxically, Chinese society had a strange capacity for absorbing these developments and remaining relatively unmoved.) Professor Needham gives a fascinating account of Chinese science in this collection of essays. Mr Dawson introduces it with an interesting review of some of the strange ideas the West has had about China over the centuries.

The other contributions deal with the Chinese artistic, literary, philosophic and religious traditions. There is only one chapter dealing with the influence of those traditions outside China. The great weakness of the essays (Mr Dawson warns us that no attempt has been made to mould them into a unity) is that, with the exception of Professor Needham's, they are too general for the specialist and too complex for the interested layman. One cannot but feel that China's legacy would be much better appreciated if presented in a more lucid and interesting way.

PAPERBACK SELECTION

Below is a guide to some of the paperbacks received by this journal in recent weeks. A further selection will appear in the near future.

Arts :

BUDDHIST PAINTINGS FROM SHRINES AND TEMPLES IN CEYLON. By D. B. Dhanapala. GREEK MOSAICS OF THE BYZANTINE PERIOD. By André Grabar. CZECHOSLOVAKIAN MINIATURES. By Jan Kvet. ABORIGINAL PAINTINGS FROM AUSTRALIA. By Charles P. Mountford. All 24 pages with 28 plates. 6s. each. (Fontana Unesco Art Books Series.) *Collins.*

PAINTING AS A PASTIME. By Winston S. Churchill. 37 pages and 18 plates. 6s. THE PENGUIN BOOK OF AMERICAN FOLK SONGS. Compiled and edited by Alan Lomax. 272 pages. 10s. 6d. FILM WORLD: A Guide to Cinema. By Ivor Montagu. 327 pages. 6s. (Pelican Original) *Penguin.*

THE CLASSICAL LANGUAGE OF ARCHITECTURE. By John Summerson. 56 pages and 63 plates. 8s. 6d. (21s. clothbound.) (University.) *Methuen.*

Biography and Autobiography :

OLD SOLDIERS NEVER DIE. By Frank Richards. 324 pages. 7s. 6d. *Faber.*

THE ROTHSCHILDS: A Family Portrait. By Frederick Morton. 267 pages. 5s. *Penguin.*

HAROLD WILSON. By Leslie Smith. 222 pages. 3s. 6d. (Fontana.) *Collins.*

MY AFRICAN JOURNEY. By Winston S. Churchill. 126 pages. 3s. 6d. *Icon Books.*

HORACE WALPOLE: A Biography. By R. W. Ketton-Cremer. 335 pages. 12s. 6d. (University.) *Methuen.*

AUTOBIOGRAPHY. By John Stuart Mill. 224 pages. 75 cents. (Signet.) *New American Library,* New York.

Current Affairs :

TENANTS IN DANGER. By Andrew Hayes. 187 pages. 5s. (Special.) PAKISTAN: Old Country, New Nation. By Ian Stephens. 352 pages. 6s. (Pelican.) *Penguin.*

REPORT OF THE WARREN COMMISSION ON THE ASSASSINATION OF PRESIDENT KENNEDY. Introduced by Harrison E. Salisbury. 888 pages. illustrated. $1.00. *Bantam Books,* NY.

LAW FOR THE RICH: A Plea for the Reform of the Abortion Law. By Alice Jenkins. 96 pages. 7s. 6d. (Yellow Round.) *Charles Skilton.*

FROM GENERATION TO GENERATION: Age Groups and Social Structure. By S. N. Eisenstadt. 357 pages. 18s. (Free Press.) *Collier-Macmillan.*

Economics and Industry :

USE AND ABUSE OF STATISTICS. By W. J. Reichmann. 345 pages. 5s. (Pelican.) THE CAR MAKERS. By Graham Turner. 270 pages. 5s. (Pelicans) *Penguin.*

ECONOMICS: The Science of Prices and Incomes. By H. Speight. 671 pages. 20s. (42s. clothbound.) (University) *Methuen.*

Miscellaneous :

THE ART OF THE MIDDLE GAME. By Paul Keres and Alexander Kotov. (Translated and edited by H. Golombek.) 238 pages. 5s. "LOVE ME DO": The Beatles' Progress. By Michael Braun. 140 pages. 4s. 6d. A BOOK OF FRENCH WINES. By P. Morton Shand. (Revised and edited by Cyril Ray.) 306 pages. 6s. MESDAMES, MESSIEURS: The ATV French Series, Volume 5. By Vivian Rowe. 199 pages. 4s. 6d. *Penguin.*

SPACE PHYSICS. By Harrie Massey. 245 pages. 18s. 6d. (35s. clothbound.) *Cambridge University Press.*

WHO OWNS WHOM

(Continental Edition) 1964/65

4th Edition:
46,000 companies listed

Belgium and Luxemburg	Western Germany
France	Austria
Holland	Denmark
Italy	Norway
	Sweden

Switzerland U.S./W. Europe (excl. U.K.)

Subsidiaries and associates listed to show parents. Parents listed to show subsidiaries and associates.

Available complete £8 10s. post free U.K. or in the following sections:

Vol. 1 France		
Vol. 2 W. Germany, Austria, Scandinavia	Each volume £4 post free	U.S./Western Europe available only with complete edition
Vol. 3 Belgium, Holland, Italy, Switzerland		

"Die kontinentale Ausgabe ist für die westeuropäische und die amerikanische Industrie eine wirkliche Fundgrube."
—*Frankfurter Allgemeine*

"D'une utilisation pratique, cet ouvrage dresse un catalogue des sociétés mères, de leurs filiales ou de leurs associées . . ." —*Le Monde*

Available through booksellers or from the publishers:

O. W. ROSKILL & CO. (REPORTS) LTD.

14 Great College Street, London, S.W.1.

Also available: Who Owns Whom (U.K. Edition) £8 post free. 4 Supplements to U.K. Edition (June, Sept., Dec., 1964, Mar., 1965) £1 the set post free.

Have that safe feeling

Don't just take out insurances against all the normal risks of business and private life. Go one better. Take them out with the Commercial Union Assurance Group. You'll have the security of one of Britain's biggest insurance groups, which handles every kind of insurance. And whether you're paying a premium or making a claim you'll find them always fair and reasonable.

COMMERCIAL UNION ASSURANCE GROUP

HEAD OFFICE: 24 CORNHILL, LONDON, E.C.3, and branches in every local telephone directory

BUSINESS

OUTLOOK 1965

Will Currencies Topple the Boom

"The Economist's" Business sections this week are focused on world economic and business prospects in 1965. This opening survey of looming problems for economic policy and salient trends across the world economy is followed by close-up surveys of the British economy and leading British industries; by on the spot reports from other leading industrial economies; and by an appraisal of stock market prospects in Wall Street and London.

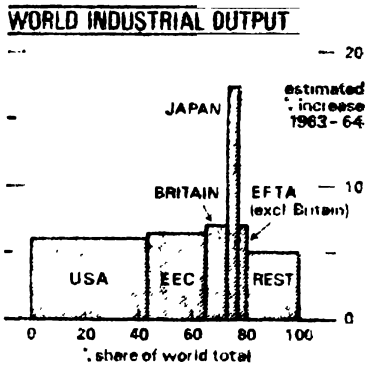
THE big question mark over the world economic outlook at this new year is once again in the shape of a £ and a $. If the hangover is a familiar one it is worth remembering that right through the first half of 1964 it seemed that world payments patterns had undergone a fundamental change; that the reserve currencies were on the mend, with the dollar over the hump and Britain at last in the rhythm of rapid economic expansion; and that the payments headache had passed to the European Economic Community, troubled in particular by a massive and unsustainable internal imbalance between the German surplus and an Italian deficit. Now, more quickly than anyone expected, that imbalance has been ironed out, and the problem currencies are again, and more dangerously for that, the two reserve currencies, their fate intertwined more surely than ever.

Just what effect these major currency strains will have on businessmen who do not choose to speculate in them is admittedly another matter. Hitherto, such uncertainties have not prevented very respectable increases in world trade as a whole, or indeed in the performance of the American economy itself. Remarkably enough, it has been just in the years in which the dollar deficit has appeared as chronic that the United States has achieved its record peacetime growth —even if sterling's troubles have unquestionably kept down economic growth in Britain, and will almost certainly again do so in 1965. But this year the currency damper could be more pervasive.

True, a rapid and probably even an accelerated pace of economic expansion in the non-communist world as a whole seems assured for the first half of 1965; but beyond that the prospect is clouded by, in particular, the possibility of a break in the long American boom—a break which the currency pressures could clearly bring on, especially now that the gold standard fashion of deflating one's way out of balance of payments trouble has, by the experience of Italy, acquired a dangerous new attraction among central bankers. World trade in 1964 rose extraordinarily fast, perhaps by as much as 13 per cent in value following the quite respectable 8 per cent of 1963. Some slowdown must in any case be expected in 1965, if only because values are no longer inflated by the rise in commodity prices, which ran its course in 1963 but still swelled 1964 totals. Care is needed to ensure that the almost inevitable slowdown in world trade does not grind expansion to a full stop.

While Britain accounts for under 8 per cent of industrial production in the western world, it accounts for nearly 10 per cent of world imports and as much as perhaps 15 per cent of world imports of food and raw materials. So a slowdown in the British economy itself has substantial direct repercussions, particularly on the primary producing countries who did so well in 1963, and better than usual in 1964. The analysis on page 51 argues that if Britain is to avoid a recession of 1962 or 1958 dimensions, significant reflationary action might be desirable in the April budget. Yet it now seems likely that just at this time the British Government (which could just conceivably be a new government after a new year election) will be under external pressure to do exactly the opposite, with a demonstrably "tough" budget to impress foreign—and British—holders of sterling.

It is during these months that the three months credits granted by foreign central banks run out—not all at once at end-February, but in most cases three months after the credits were actually drawn on. At the same time, presuming that Britain's trade returns have by then shown marked checks to imports (and there will be new alarms if they do not) international pressure for a first reduction in the surcharge may become irresistible: in particular as a sweetener to the ministerial meeting of the European Free Trade Association that has to be faced in London in late February. Britain will then have the delicate problem of demonstrating that the surcharges which foreign opinion is clamouring to have removed will not put the balance of payments back to square one. And since its present and unfortunately ill-chosen sin on import surcharges effectively rules out a new and far more



Width of the bars shows **share** of each country or group in total world (non-communist) production; height of bars shows percentage **growth** in 1964.

worthwhile sin on export subsidies, it has to be assumed that Britain's earlier, sensible flirtation with "direct" supports for the balance of payments will again give way to the more cumbersome and in real terms very expensive expedient of domestic blood-letting.

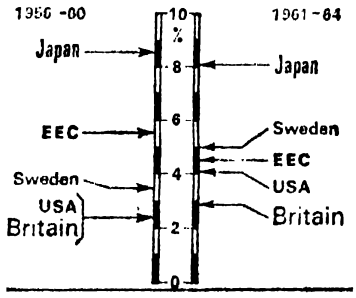
For the sterling confidence trick, misplayed in November's costly dithering over Bank rate, cannot be muffed again this spring. The stakes are now very high indeed. Largely through its supporting operations in the forward exchange market the Bank of England may by now have mortgaged a substantial slice of its $3 billion central banking credit facilities, aside from the $1 billion already borrowed from the International Monetary Fund. These borrowings could be repaid readily enough from the normal unwinding of the massive short position in sterling, once the markets are convinced that the British authorities have not only the determination but also the power to hold the parity of $2.80. This, realistically, will be when it is clear that Britain's balance of payments will be protected in the short-term by the natural import-saving produced by a year of domestic recession, which can, of course, be given any number of politer names from consolidation to rationalisation.

FOR the dollar, a sustained recovery of sterling in this or any other way would still hold fewer terrors than a sterling collapse, but 1965 is unlikely to be an easy year. The awkward persistence of the American payments deficit, against the confident official proclamations of a year ago, seems bound to get more attention in the new year: the gold market is already more active. This year's monetary deficit is officially expected to be pushed well over $2 billion—it has been pushed up by Britain's postponement of its end-year debt repayments, but this has surely been more than offset by the backwash of the withdrawal of funds from London, part of which must represent a short-term inflow into the United States.

Persistence of the American deficit at this figure—almost the same as in each of the years 1961-63, although still below the $3-4 billion deficits of 1958-60—is the more remarkable as America's ordinary trade surplus soared to new heights, of no less than $7 billion. Last year's offender was once again an outpouring of private capital—and this despite a full year of the interest equalisation tax. To a major extent, it now seems clear, this tax has simply diverted the outflow from the capital market to bank credits to foreign business and American deposits in foreign banks, usually in Euro-dollars. One way of curbing this would be to extend the administrative control to bank transactions and to impose a full exchange control — which besides being enormously unpopular would still be of uncertain effect.

ECONOMIC GROWTH: Winners and Losers

Average annual increases
Gross national product



Probably the only really sure way of influencing these capital flows now that western banking as well as western business has become so thoroughly mixed up is by raising American interest rates nearer to the world level. Pressure to do this is likely to increase in 1965, not only because the trade surplus is expected to fall back from last year's exceptional level, but also because one cannot expect a repetition of last year's remarkable achievement of financing a $2 billion deficit with virtually no gold loss. Foreign central banks made no net additions to their ordinary dollar holdings in 1964—Germany, the biggest holder, managed substantial reductions—and short of a really large drawing on the International Monetary Fund, which is living hand to mouth for ready money, a substantial American gold loss this year seems unavoidable. Wisely if belatedly, the American authorities are already preparing opinion for a suspension of the requirement for 25 per cent domestic gold cover.

Yet, as our later reports on the American economy and on Wall Street both emphasise, this is just the year that a defensive rise in American interest rates to check the gold loss could do most harm in puncturing the boom at its most vulnerable stage. This danger demands international defensive measures, above all a fall in interest rates on the continent. But since this has so far proved beyond the power even of miracles, Britain may once again find itself under pressure to reduce its own interest rates in the cause of Atlantic prosperity. This will be a difficult decision, which Britain should not take without arranging an alternative support for both balances of payments. Specifically, it should enlarge still further the Anglo-American swap credits, to say $2,000 million, thereby virtually removing the influence of cross Atlantic money flows on the gold reserves of either country.

Can Europe Keep its Poise?

SEEN against the backdrop of the major uncertainties clouding the currency markets, the more conventional crop of party political question marks over the continental economies loom less large. Elections in France, Germany and Belgium, and the opening shots of major wage negotiations in the Scandinavian countries could each give some reflationary bias—or often an unwelcome inflationary one. The prospect of presidential elections in the autumn could oblige the French authorities to dilute their protestations of fiscal respectability with some practical (and needed) measures to impart new steam to the economy's growth. This week's resolution of the disastrously prolonged state of political uncertainty in Italy has at least brightened the prospect for recovery there from last year's painful exercise in stabilisation. The first and most crucial test of the success of the Moro government's efforts to reflate at home will be the speed with which its steps to build up public investment take hold; before 1965 is out private investment too may begin to revive. However, although output had evidently already ceased to decline by the end of last year, no one would care to predict when the real upturn will come.

To a significant extent projected growth rates across Europe—most critically in Britain, France and Italy, but elsewhere as well—hinge on these countries' chances of meeting their export targets. This is largely a matter of taking in each other's washing, especially within the EEC. And markets within the industrial countries themselves undeniably look resonably good. Admittedly on the face of it the estimate

THE ECONOMIES: FIGURING OUT THE FIGURING

Too Rosy by Half?

A disappointing year, 1964, for growth in the western world. Well, it all depends how one looks at it. During the twelve months, from year-end to year-end, there might be little to crow about and quite a bit to cry over. But so sharp was the rise during 1963, especially after the hard winter start, that year on year, the statisticians come forward with a set of figures that looks surprisingly good. Indeed, the majority of European countries seem to have done quite a bit better than their planning authorities or national economic institutes thought likely this time a year ago.

Looking back at our year-old table, similar to the one below, it seems that all the EEC countries except Italy, as well as Norway and Sweden, achieved greater growth in 1964 than their expected 4 to 4½ per cent. Even the Japanese forecast of 8 per cent, apparently closest to the mark, looks as if it has been overtaken. Depressingly down, on the other hand, Italy achieved only 3 per cent against the 4½ per cent forecast and Britain under 4 per cent against the 5 per cent we forecast.

At least, that is how it *seems*. But this whole exercise of looking backwards and forwards is a statisticians' hell because we are still guessing what happened in the year that was rung out on Thursday. In Britain, for instance, national income estimates go only to the second quarter and even these are liable to revision. The incompleteness of the evidence at a year's end is shown up by the fact that twelve months ago *The Economist* could be nearly as wrong in its hindsight for 1963 as it seems to have been in its foresight for 1964. Taken together, the two sets of estimates implied a growth of nearly 8 per cent between 1962 and 1964, only a shade over what we now believe occurred. But we underestimated growth between 1962 and 1963 and overestimated it between 1963 and 1964, particularly in personal consumption in which the 3.2 per cent forecast for 1963 turned into 4.1 per cent actual and the 4.0 per cent forecast for 1964 looks more like being 3.2 per cent on the estimates so far.

Where else did we apparently go wrong in our guesswork for the British economy in 1964? Imports we got about right but 4.3 per cent growth was too optimistic for exports. About public consumption, we believed that this might slightly exceed the Ned prescribed rate of 3.5 per cent, instead of equalling only half this rate. On the other hand, we were a bit over cautious when we foresaw fixed investment going up only 11 per cent. Nearly two months later, the National Institute of Economic and Social Research was rather closer on investment but was even more optimistic than we were about personal consumption and exports, so making its GDP forecast less close than ours on the year-to-year basis.

In Italy, as in Britain, forecasters a year ago were seeing a bigger rise in personal consumption than actually materialised. Unlike the British experience, however, exports there did better than expected, but investment was well down. In the other EEC countries, exports last year also did better than expected but, at the same time, home demand also went up more. In Germany, for instance, a forecast rise in personal consumption of 3.4 per cent has turned out more like 5½ per cent.

For next year, lower growth rates are forecast for the major European countries, with the exception of Italy. But not all that much lower, except in the Netherlands where a drastic cut in personal consumption is foreseen, and in Britain, where some forecasters are thinking in terms of 2 to 3 per cent growth but *The Economist*, if it has to chance its arm with one figure, plumps for 1½ per cent. This will seem pitifully small against some other figures in our table. But, remembering that growth is from a year when output has been fairly static, is the 4 per cent talked about in France, for instance, really on the cards? And even the 6 per cent forecast for Germany by an eminent private reserch institute looks too high—although it may well be that growth there will exceed the modest 4.8 per cent forecast by the government. In recent years, German and French forecasts have tended to be under optimistic. This time, to us, the forecasts look very unlikely for France and even a shade too rosy for Germany.

Outside Europe, Japan continues year in, year out, to confound the pessimists. And in the United States, where investment hopes are high, it may be not unrealistic to think again of another year of 4½ per cent growth, although some of the momentum may have been lost by the summer.

Growth Rates and Guesstimates: % Change over Previous Year

	Gross national product	Imports	Exports	Private consumption	Public consumption	Fixed capital formation
Germany:						
1963	3.2	8.4	9.7	2.8	6.5	2.3
1964	7	9½	10	5½	1½	10
1965	6	10	6	6	4½	8
France:						
1963	4.3	11.9	7.5	6.2	2.1	5.9
1964	5	11	8	5	3	6½
1965	4	9	8	4	5	5
Italy:						
1963	4.8	19.7	6.8	9.6	5.4	5.9
1964	3	−1½	10	3	4	−5
1965	4	14	10	3½	4	4½
Belgium:						
1963	3.6	9.2	7.9	4.6	6.7	1.6
1964	5	11	9	5	2	11
1965	4	6½	7½	4	2	2½
Netherlands:						
1963	3.6	9.6	6.4	7.1	2.8	3.9
1964	5½	8	8½	6	Nil	13
1965	2½	...	...	½	3	Nil
Japan:						
1963	8.4	20.4	11.1	8.0	9.4	7.9
1964	9½	12	22	9	10	8
1965	8	10	12	8	10	7
Britain:						
1963	3.3	3.9	4.3	4.1	2.9	1.7
1964	3¾	9	1½	3	2	14
1965	1½	−2	1	1½	2	3
Sweden:						
1963	4.1	7.1	7.4	4.8	5.1	6.5
1964	5½–6	11½	10	4	6½	6
1965	4–5	8	7	3½–4	6–7	3–4
Norway:						
1963	5.0	9.5	11.1	3.6	6.4	8.2
1964	6	5–6	11	3–4	5	2
1965	4–5	8–9	6–7	3	5	7–8
Finland:						
1963	4.0	−1.3	2.5	3.3	8.2	0.7
1964	5	15	7½	6	6	8
1965	5	8	6	4	5	10

Estimates: for Britain, by *The Economist*: for other countries, by national economic institutes or other national bodies.

for growth of the area of the Organisation for Economic Co-operation and Development as a whole ("Western" Europe, North America, Japan) is rather less for 1965 than that for 1964—4 per cent as against 5. But this slow-down is more apparent than real; when allowance is made for the distorting effect of bitter weather during the first quarter of 1963 on both 1963 and 1964 growth rates in Europe, the underlying trend of expansion projected for the OECD countries for 1965 is hardly down. Indeed, the 4 per cent figure for 1965 implies a considerable acceleration in output from its sluggish performance during the closing months of 1964—at least during the winter and spring. It may well be that growth could again disappoint expectations in the second half of this year as it did in 1964. While recovery in Italy should be well under way by the summer and autumn of 1965, there are question marks over the course of output in America, Canada and France, to say nothing of Britain.

Even on the most optimistic assumption about growth trends in Europe and North America, when export targets for the industrial countries are added together they imply a considerable expansion in sales to the primary producers. Given the unusual build-up of the overseas earnings and exchange reserves of the primary producers over the past two years, this is not unrealistic. The primary producers increased their reserves by some $1½ billion in 1963. Partial data suggest that they added perhaps another $700 million to the reserve sock in 1964. But the swing into surplus by the primary producers may have already come to an end by the third quarter of 1964, as buoyant domestic growth in many of these countries began to be translated into rapidly rising imports—especially into Australia, New Zealand and South Africa. And this weakening is almost certain to go further in 1965. Nor is any real increase expected in aid received by the underdeveloped countries in 1965, although aid will certainly remain at high levels. More important, the earlier movement of the terms of trade in favour of the primary producers seems to be over, and prices of several major commodities are weakening. With the execellent harvests of wheat throughout Europe and in Russia, grain exporters are likely to find sales abroad much tougher.

It is the primary producers and the United States that may feel part of the impact of any improvement in the payments balances of Britain and Japan, although the French surplus will probably diminish and Germany's huge reserves could slip a little further. Payments balances elsewhere in Europe are unlikely to change much—although re-expansion in Italy would probably mean the re-emergence of at least a modest current-account deficit there. These adjustments should not be painful—the danger is that the losers (even France) will try and avoid them.

It is not easy to pick out one single component of domestic demand as the motive force for growth in the industrial economies this year. Investment expenditures will clearly continue to provide a strong expansionary push to the United States economy and so too may stocks during the early months of the year. Investment is also running at high levels throughout much of continental Europe. In Germany capital outlays, together with some acceleration of domestic consumption had already largely filled the gap left by a slowing down in the rate of growth of exports during the latter half of 1964, and are expected to continue to underpin demand this year. Once again Germany has achieved the trouble-free boom—exports first, giving way to investment. In Italy an upturn in investment remains the key to any recovery in output. But elsewhere on the continent investment expenditures, although high, are not generally expected to impart any additional fillip to expansion. In Switzerland spotty conditions in the building industry have induced the authorities to ease their curb on mortgage loans. And in France it is above all in the area of flagging industrial investment that measures may have to be taken to stimulate activity if growth targets are to be met. There is little reason to expect consumption to fill in the gap now that the flow of repatriates from Algeria is at an end.

On the whole, with the major exceptions of Italy, France and sadly once more Britain, the European economies hardly have to fear any shortfall on the demand side. If anything, even with the British surcharge, Switzerland and the Scandinavian countries will still be plagued by too much demand. So, too, will Holland, Germany and, at least initially, Belgium—though the pressures in these countries should not be unbearable. The limit to output increases in all of these countries will remain primarily shortages of labour—although the Swiss determination to cease tapping what reserves of foreign labour that are still to be had from Europe itself and even beyond, should make the job of attracting foreign hands elsewhere rather less sticky this year.

Commodities: Off the Boil?

During 1964 primary producing countries lost some of the gains they made through the rise in commodity prices in 1962-63. *The Economist* all-items indicator declined to 107.3 at the end of December, after reaching 116.2 in early January. This was still well above the low point of 91 from which the boom began in autumn 1962, and available figures for 1964 show that the developing countries' earnings from exports improved substantially in the first half of the year, following the big advance of 1963. Most of the fall in the all-items indicator during 1964 was due to declining prices for foodstuffs—mainly a reaction in sugar prices after their sensational rise of 1963. Metals soared to unprecedented heights during the year, but their weight in world commodity trade was too small to offset the decline in foodstuffs. Prospects for 1965 depend largely on whether the rate of expansion in industrial countries will be maintained. The recent boiling over in metal prices could be a sign that commodities' general downward drift of the 1950's may, at least for this year, be resumed.

In *metals*, copper set the pace. Cash wire bars, which stood at £235 7s. 8d. a ton on the London Metal Exchange in late December, 1963, topped £530 in the final quarter of 1964 and only the prospect of heavy US stockpile releases and the removal of fears about a port strike in America brought prices under £400 before the end of the year. Aluminium producers raised ingot prices over the year from £184 to £196 a ton. Lead progressed from £75 15s. a ton at the end of December, 1963, to over £140, and still looks fairly strong. Zinc moved in a more spectacular fashion, but has now settled back from over £130 a ton to £116½.

Tin, which began the year only a little over £1,000 a ton, advanced to around £1,700, but has now dropped below £1,280, which is fairly close to the new £1,000-£1,200 price range that the International Tin Council wants to hold. Increased American stockpile releases and higher production in Indonesia caused the fall. During the year there were announcements of additional mining capacity opening up, but most of this will not affect the market for some months, and some of it not before 1966. Quicksilver has risen from £77 per flask to £140; silver has been heavily bought by speculators, drawing sales of 330,000 ounces from US Treasury stock last year to mid-November.

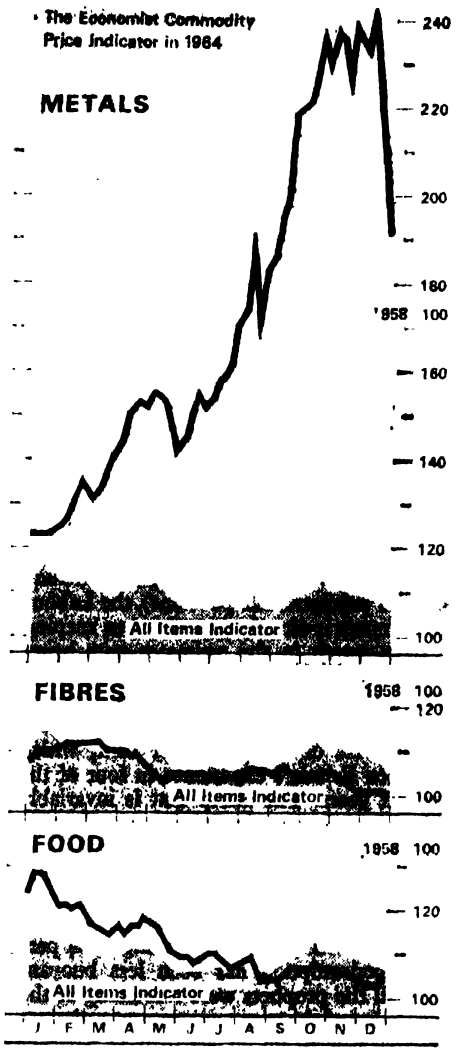
Metals' fate in 1965 will depend largely on the car industry. If Detroit expects another record year, the outlook is hazy in Britain and distinctly dubious in Europe.

In the *food* section, cereals remained on a comparatively even keel in 1964. Both Canada and Australia had record crops, disposal of which would have meant additions to stock without the huge purchases by Russia and China. In the event, world wheat stocks were reduced for the third season in succession, bringing the total held by the major exporting countries to its lowest level for 10 years (38.9 million tons). On the other hand, barley, maize and rice crops were up again this year and stocks of coarse grain rose. So far, the indications are that 1965 crops will recover from their low 1963-64 level in western Europe and Russia and that wheat will do likewise in America, though most other US grain crops are unlikely to reach their 1963-64 levels. Grain shortages again appear likely in India, but for the world as a whole the future trend of price depends on the policy of Russia and China. It seems reasonable to expect their return to the market again this year, if not on the same scale.

Meat prices rose during the year, partly because of reductions in livestock during the severe 1962-63 winter. But sugar showed the most spectacular movement: from its 1964 high of £91 10s. per ton, it is now down to £25, at which level hardly any country in the world can cover the average cost of production. At present there is no prospect of a new rise.

Despite the efforts of producers, including stock-burning, cocoa prices have refused to rise above the 190s. minimum sought by the Producers' Alliance. Manufacturers are well supplied and with good crops in prospect they are still not over-worried. Oils and fats have been among the stronger items in the food sector since 1962, but in recent weeks they have begun to move back.

In *fibres*, jute prices were strengthened for a time by the troubles affecting Pakistani supplies, but with world production up 10 per cent they have since begun a slide which shows no signs of an immediate reversal. A 4 per cent increase in sisal output has brought prices down from £148 to a more competitive level of £98, and a fairly good demand appears likely in 1965. Consumption of wool lagged in 1964, and with a 2½ per cent increase in supplies in prospect for 1965, growers may well find their profits sheared again. Cotton production increased little in 1964 and included less long staple, but some 9 per cent was added to stocks, much of it in America, where the present level was exceeded only in 1956. Once again therefore there is little prospect of any tightening in the coming months.



BUSINESS □ BRITAIN

OUTLOOK 1965

Less Prosperous New Year

The last two New Years that Britain entered with a crisis level of Bank rate and under prevailing conditions of squeeze were 1958 and 1962. In each of those years the official statisticians were still forecasting a period of steady but not excessive growth; indeed in the first days of 1958 a Chancellor resigned because the Cabinet did not agree to hold down growth sternly enough. But the actual experience in each of them can be picked out in the table overleaf, which shows that in 1958 Britain's real gross domestic product fell by 0.3 per cent and in 1962 it rose by only a minuscule 0.5 per cent. Is there any reason to forecast that the prospect for 1965 is any brighter?

THERE is one main item of expenditure that might be more buoyant in 1965 than in either 1958 or 1962. The squeezes in 1957 and 1961 came at the end of two years of heavy *fixed investment*, which was then already due for a turndown. This time we have had only one year of heavy investment; although it is worth noting that the estimated rise in 1964 alone has been bigger than in 1956 and 1957 combined, and that the Board of Trade's first shot at very rough estimates for manufacturing investment even in the third quarter of 1964 (before the squeeze began) suggested—rather surprisingly—that this sector of fixed investment might conceivably already be at the point of toppling over. The blows to confidence since then must have made businessmen still more chary of placing investment orders for the future. But on the assumption, first, that these blows to confidence do not cause businessmen to cancel orders already placed in the flush period of business optimism in the middle of 1964; and, secondly, that investment in public enterprises and in council housing continues to rise, our statisticians put the expected rise in fixed investment between 1964 and 1965 as a whole at around 3 per cent. This, however, largely amounts to saying that it is in 1966 that fixed investment might feel the main impact of the depressive measures taken in the last three months. Normally, it would be in 1965 but the Chancellor should act to avert this depression in investment in 1966; but in 1965 he may not feel able to.

In the other sectors of national expendi-

BRITISH ECONOMY—REAL GROWTH RATES

Expenditure at constant 1958 prices : per cent changes from preceding year.

	Personal consumption	Government current expenditure	Fixed investment	Exports	Gross domestic product	Imports	Physical increase in stocks £m
1956	+0·9	−0·5	+ 5·6	+4·4	+2·1	+ 0·3	243
1957	+2·1	−1·5	+ 5·4	+2·6	+1·8	+ 2·9	242
1958	+2·5	−2·1	+ 0·3	−1·6	−0·3	+ 0·8	100
1959	+4·6	+2·0	+ 7·8	+2·7	+3·5	+ 6·6	174
1960	+4·1	+2·2	+ 9·9	+5·6	+5·1	+11·9	592
1961	+2·2	+4·1	+ 8·8	+2·8	+3·5	− 0·8	319
1962	+1·8	+2·2	− 0·9	+1·6	+0·5	+ 1·9	101
1963	+4·1	+2·9	+ 1·7	+4·3	+3·3	+ 3·9	133
1964 estimate	+3·2	+1·9	+14·0	+1·4	+3·8	+ 9·2	350
1965 guess	+1·6	+2·2	+ 3·0	+0·8	+1·6	− 2·3	100

ture, official estimates of *physical additions to stocks* in both 1958 and 1962 are now tabulated at a bare £100 million a year; there may well be the same sort of squeeze on stocks in 1965. If so, this would probably cut some £250 million off home demand compared with 1964. On *government current expenditure on goods and services* (remember, this does not include transfer payments like pensions), the Labour government is already committed to keeping a stern watch in the estimates now being prepared in the spending departments. There seems no obvious reason for expecting in 1965 anything much more than the annual rise of around 2 per cent, which has been Britain's experience in four of the last six years. The alarm that is invariably raised at estimates time about the relentless rise in government spending has rarely been justified by the statistical record of what government actually spends.

Personal consumption is the most important element of all. During 1964 personal consumption has been less buoyant than all the prophets were foretelling at the beginning of the year; our present estimates are that it went up by less than 3½ per cent compared with 1963 as a whole, and therefore by little more than 2 per cent between end-year and end-year. There seems every reason to suppose that in 1965 consumption will be less buoyant still. The motor car boom shows some signs of toppling over. There are a lot of price rises in the pipeline, which may impinge on reduced overtime earnings. The 1 per cent rise in retail prices in November alone more than wipes out the extra personal purchasing power that will be created by the excess of next March's pension increases over the insurance stamp and personal tax increases that will come in at the same time. In view of this; and of the general atmosphere of increased economic caution; and of the squeeze on personal bank loans and hire purchase and mortgage payments; and of the fact that by late 1962 Mr Maudling was reflating in a way that external considerations may still be deemed to disallow to Mr Callaghan in 1965—it seems difficult to forecast a rise even as high as 1962's 1.8 per cent in this new year. But this wildly uncertain element is, admittedly, the joker in the pack.

On the basis of the guesstimates explained above, and if the 9 per cent rise in imports in 1964 is replaced by a fall of rather over 2 per cent in 1965 (this may be an underestimate of the fall to be expected), our statisticians calculate: If gross domestic product is to rise by much more than 1½ per cent in 1965, *exports* will have to rise by about 1 per cent between 1964 and 1965 as a whole. Because exports have been falling during 1964, this 1 per cent rise between the two years as a whole would require, on a steady progression, a rise of around 3 per cent between the last quarter of 1964 and the last quarter of 1965. The most disappointing feature of Labour's economic policy so far is that it has done too little to encourage this desperately needed rise in exports. Some people say that the mere holding down of domestic demand in 1965 should automatically "divert more British production to exports." But the awkward fact is that, as the table shows, this hope has not in the past been borne out by experience. On the contrary, all the way from 1956 to 1963, whenever the rate of rise in gross domestic product went up from one year to the next, the rate of rise in exports went up too; whenever it fell, the rate of rise in exports fell too; and 1965 is a year when everybody expects the rate of rise in gross domestic product to slow down.

It is on the figuring discussed above that we have reached our guesstimates for Britain in 1965, shown in the last line of the table. The pessimists on *The Economist's* staff believe that even these guesstimates are too buoyant, and suspect indeed that Britain's gross domestic product in 1965 may actually fall. But even a rise of 1.6 per cent in gdp between 1964 and 1965 as a whole would be less than the increase in productivity that should have resulted from last year's newly installed investment. It follows that *unemployment and short-time working must be expected to rise between* now and next winter, *unless significant new incentives are given to exports* in the rather vague measures that Mr Brown has promised for mid-January, or unless next April's *budget is more expansionary* than anybody at present expects it to be.

Industry '65: Any Steam?

PROVIDED there is no monkeying about with the index of production, for which there are now ten months figures last year, and provided November and December turn out as good as October, British industry, according to Whitehall's statisticians, will have turned out 7 per cent more in 1964 than in 1963. But the growth during the year will have been no more than 3 per cent.

The jump of two points in the index in October prevents the picture looking deadpan gloomy. But no main manufacturing industry will be able to look back on 1964 as a year of sustained growth. Our table gives some idea of relative performances although another choice of periods would alter the trend here and there. This is particularly true for the steel industry: January was a poor month for it and if February is substituted as a starting point, growth in the latest period was only 3 per cent, compared with nearly 18 per cent in the earlier. But no group of industries was turning out more, or noticeably more, in October than in some other earlier month this year. It has been a course of ups and downs.

PERCENTAGE CHANGES*

	2nd qtr., 1963 to Jan., 1964	Jan., 1964 to Oct., 1964
Iron and steel	+ 8	+13
Drink and tobacco	+ 3	+ 5
Chemicals	+ 7	+ 4
Food	Nil	+ 4
Bricks, pottery, glass	+15	+ 4
Engineering and electrical goods	+10	+ 1
Paper, printing and publishing	+11	Nil
Textiles	+ 9	Nil
Vehicles and aircraft	+ 9	Nil
Clothing and footwear	+ 9	− 2
Metal goods, n.e.s.	+14	− 2
Shipbuilding	− 3	− 3
Non-ferrous metals	+14	− 5
Timber, furniture, etc.	+21	− 9

* Seasonally adjusted.

Yet if economists are gloomy about prospects this year, the gloom has not seeped through to industry. Almost without exception, present levels of production are expected to be maintained, at any rate for the first half of the year; economists may talk as if this is the equivalent of quite a severe setback, but seen from the boardroom it means sustaining a gratifying high level of activity. In detail:

STEEL

As Before

EXPECTING no overall increase in production after the past record year with about 26.5 million tons made*, the steel industry estimates that the first half of the year should see it turning out about 13½ million tons of steel—compared with 13.1 million tons in 1964. This is based on the assumption that capital investment will continue at the present rate for at least that long and, while stock-building will probably cease and demand from other steel-using industries may level off (motors), or start to turn down (shipbuilding), the subsequent fall in consumption (of, over the year, perhaps 1.8 million tons) should be nearly offset by the expected decline from 1964's high level of imports—to which a boost was given by the import surcharge. But, beyond

* *Steel-wise, 1964 had 53 weeks.*

these generalities, the industry is not prepared to commit itself for the second half of the year except to think that production will probably drop. For besides the economic uncertainties that will start to cluster about that time, the industry is facing up—not very bravely—to the prospect of nationalisation. And with this hanging over its head, the industry seems to say, who is to know what will happen? But why should anything happen? The country will go on wanting, more or less, steel; the companies will have, more or less, to go on making it.

SHIPBUILDING

Q4 and After

While this week's unexpected announcement that the John Brown shipyard on the Clyde is to build the 58,000-ton Cunarder provides the industry with a boost for the new year, the outlook for the rest of the year can best be described as reasonably busy but with gloomy prospects. Though the figures for 1964 are still incomplete, it looks like being the first year since 1947 that less than a million tons of shipping were completed in British shipyards. There is enough work on hand to keep the big yards reasonably busy throughout the coming year, but the medium and smaller shipyards are not too happy and there is little likelihood that last year's tonnage delivered will be improved upon in 1965 without another Government credit scheme. The order book stands at 2.4 million gross tons—about the same as it was at the end of 1963—but 60 per cent of this is already under construction, compared with 50 per cent a year ago, and both years had the benefit of the Government credit scheme that ended last March. But with a Government-appointed Committee of Inquiry due to examine the shipbuilding industry throughout most of this year it may prove politically expedient to introduce another credit scheme before the year's end in order to avoid increased unemployment before whatever the committee recommends is put into effect.

MOTORS

Are They All Wrong?

Exports will be up in 1965, probably by enough to offset the expected decline in home demand. This decline has been forecast for so long now that it is assumed to be imminent, but regular monthly figures show a steady unwavering demand. At the moment, the omens give forth optimistic answers: second-hand prices are holding up remarkably well, demand for hire purchase facilities is well above all previous levels. The pessimists say the increase in the cost and complexity of h.p. contracts will soon have an effect, magnified by the hope of lower interest rates very shortly. They also think that since the demand for cars is now very largely for replacement, a temporary saturation point will be reached, as it was in France this year, or in America in 1955. Against this can be set the present strength of the market, and the fact that the scrapping rate for cars, some 140,000 in 1963, is absurdly low, and is due to start moving up very shortly. It would be fair to think of some decline, possibly of about 100,000 in home registrations to just under 1 million.

Many outsiders have assumed that the industry will not keep up its increase in exports, about 12 per cent over the year. But prospects for each manufacturer are good in their different ways, just as they are for the commercial producers, and even more, for the parts shipped abroad for assembly overseas. An exception as in the home market, must be made of Rootes' which is likely to have a traumatic year with some fairly savage reorganisation under Chrysler's inspiration. The strength of the rest of the industry was emphasised when the EEC was unsuccessfully urged by the French and the Italians to put cars on to its list of exemptions for the Kennedy round: it was confirmed when the common market resolved to exclude lorries. Had it not done so, and had the duty been duly halved to 11 per cent, little of the European truck industry would have survived. What is so cheering about the 1964 figures is the wide geographical and product dispersal of British exports. The local content in markets like Australia and South Africa is, of course, getting larger, but this helps exports of parts (up nearly 14 per cent in ten months last year at £116 million).

All this euphoria is difficult to quantify—but could mean another 10 per cent rise in exports, above 1964's estimated 725,000 units. This would be accompanied by a greater rise in parts for assembly overseas. It seems to be totally unaffected by the 15 per cent surcharge, which may have led Anglophobes like the Managing Director of Volvo to yell loudly in public, but which has not prevented the French from taking to "le Cooper," or the Swiss to the Cortina. It could even be that, for once, and with some models, a slackening of home demand could release more cars for sale overseas.

CONSTRUCTION

Man Hungry

A gap of £70 million to £90 million was forecast last Autumn by the Government between demand for new construction this year and likely output from the industry, arising from estimates of a 7 per cent increase in demand but only a 5 per cent (at best) increase in output. And the high interest rates now prevailing are not likely to have altered the immediate outlook much. Most of the schemes planned for 1965 have passed the point of no return; but by the end of the year the measures taken now may bring some slackening of the pressure on the construction industry.

The Government's chief concern seems to be the supply of labour. But it is also keeping a close watch on the availability of materials. It is hard to be optimistic about the manpower situation, in spite of all that is being done to improve the labourer's lot. To counter this bottleneck, two productivity raising lines of attack from the Government are likely this year. One, directed at the builders, will be to keep up winter output by rewriting contracts that contain clauses which stop work in certain conditions. The other will be directed at building clients and is likely to take the form of a thinly-veiled threat to withhold Treasury housing grants from local authorities not putting their housing schemes before the National Building Agency, which should mean rather more system building, and a ruthless winnowing of the systems themselves. The official (and most confidently viewed) housing target for this year is 400,000 dwellings completed.

This Week's Indicators

- A yawning deficit on current and long-term capital account of £283 million in the third quarter, more than £30 million over the Bank of England's guess in mid-December. Visible trade gave no real sign of improvement, though imports of machinery have not grown further. The basic deficit for the first nine months of the year was £612 million, split about 50-50 on current and capital account. So the year's deficit is likely to be a good £800 million.
- Another nervous week for sterling as British operators came back late from Christmas and Continentals left for an early, and anxious, new year. The only significance of some quite sharp gyrations in spot sterling was in the precise form in which operators have maintained and extended their short positions. The Bank of England has provided further substantial support in the forward market.
- Bank advances in December continued to rise awkwardly; and sales of £38 million of investments still left the liquidity ratio uncomfortably low at 30.61 per cent.
- Engineering orders still rising faster than deliveries: home market still benefiting more than export trade.

% CHANGES OCTOBER 1963-1964

	Home	Export
Net new orders ...	+11	+2
Deliveries	+6	+2
Orders-on-hand ...	+20	+16

The material situation will still probably be tight: for plasterboard particularly. There should in theory be enough bricks to go round but some small projects are still likely to suffer. And cement supplies may bring new anxieties.

Other ideas to improve productivity are still stuck in the pipeline. Nearest the end are the new building regulations. While the new national code to replace the myriad of local authority byelaws should come into use during the year, it will be a long time before the much more comprehensive code envisioned by the last minister of works becomes more than a beautiful thought.

TEXTILES

Saved by the Surcharge

THE most active part of the textile industry in 1965 will probably again be Lancashire's cotton. For it, more perhaps than any other industry, Mr Brown's 15 per cent has made a big difference; for which Lancashire is duly grateful. For it came just as the first, expected, signs of a downturn in the stock cycle were becoming apparent. In October, stocks were beginning to accumulate and converters were cutting back commitments; the surcharge produced a wave of buying at the threat to imported supplies. How far this will be reversed when the surcharge is removed can only be guessed; for the producers, it can only, at most, return them to their earlier, depressed condition. The other main factor in Lancashire is the continuing movement towards rationalisation. This, too, may indirectly have been postponed by Mr Brown, for the wave of buying may delay in some small companies the urgent awareness of their need for reorganisation. Which would mean, however, that the three or four main "verticalising" companies will have less to feed their appetities and more time to digest what they have—no bad thing.

On the other side of the Pennines the wool textile industry should improve on this year's business—which was a good deal worse than expected—if only because exports (accounting for more than a quarter of production of cloth) are increasing strongly. For both wool and cotton—and for carpets, which had a boom year—the pull of retail sales shows no signs of slackening, even if it also shows as little of increasing. If, however, there is a slackening-off of consumer demand, these industries would swiftly lose their present smiles; carpets first, since furnishings always seem to top any list of domestic economies, but cotton probably most because of the roll-up effect that a removal of the surcharge might have on top.

ENGINEERING

Soggy Patches

THE heavy end of the industry—industrial plant manufacturers and heavy electrical engineers—expect to carry last year's booming level of trade—up 10 to 15 per cent on 1963—through much of 1965. Machine tool manufacturers, who also generally had a good year, do not expect any reduction in this year's improvement over last year—amounting to about 9 per cent. Their export potential (at least) has been improving over the last four years and they are now confident that exports will take care of any short term fluctuations in home demand for the coming year. It is in parts of the electrical and mechanical engineering industries that soggy patches occur. While the heavy electrical suppliers continue to prosper from the Central Electricity Generating Board and others, the manufacturers of electric motors and other equipment for the mechanical engineering industries have not been doing so well. Production has been slightly down on the previous year but there is no indication that 1965 production will fall any further. Mechanical engineering is also divided between the active heavy side of the industry and the rest, which has shown only moderate gains. On the whole, mechanical engineering has done well with increases in production of about 9 per cent over the twelve months—but that rise is not expected to continue.

Over the whole industry, particularly over the heavy end, hangs a pall of uncertainty. For all are waiting to see how government policies will affect investment. But the momentum generated in 1964 will not be immediately dissipated and the industry feels that changes will take some months yet to work through.

CHEMICALS

Surprised Optimism

AT present running near capacity for many of its products, the industry sees no reason why production should not increase by at least its Neddy-given rate (7½ per cent a year). At present it could do rather better, emerging from a year in which production was about 10 per cent up on 1963. This is not foolish optimism: chemical manufacturing is a technology-intensive industry with a dynamism that

The Way Things Went

THE BRITISH ECONOMY—FROM 1963 TO 1964

	In money terms (M) or real terms (R)	Latest figure expressed as 1958 = 100		% changes from same period in 1963: Latest figure	Year to date	Estimated % changes 1963–64: On yearly averages	On end-year figures
Gross domestic product	R	2nd qtr.	121	+4·6	+6·1	+3¾	−½
Industrial production	R	October	129	+5	+7	+7	+3
Manufacturing production	R	,,	130	+5	+7	+7	+4
Personal incomes—total	M	2nd qtr.	146	+7·9	+8·3	...	...
Wages and salaries	M	,, ,,	145	+8·1	+8·6	...	...
Consumer expenditure	M	,, ,,	135	+5·4	+6·5	...	...
,, ,,	R	,, ,,	120	+2·8	+4·5	+3¼	+2¼
Retail sales	M	October	131	+8	+6	...	...
,, ,,	R	,,	124	+4	+3	+3½	+4
Exports of goods & services	R	2nd qtr.	122	+3·4	+3·2	+1½	−1½
Exports of merchandise	R	Nov.	122	+2	+2	+2	−7
Fixed investment—total	R	2nd qtr.	148	+14·1	+19·5	+14	+8
Manufacturing investment	R	3rd qtr.	120	+12·7	+10·0	+10	+7½
Distributive and services investment	R	,, ,,	150	+15·2	+14·2	+11½	+4
Public authorities' current expenditure	R	2nd qtr.	116	+1·8	+1·3	+2	+2
Prices—basic materials		Nov.	107·6	+2·7	+4·5	+4·6	+2·5
—fuel		,,	107·4	−0·1	+0·3	+0·3	Nil
—manufactured goods (wholesale)		,,	113·1	+3·8	+3·2	+3·3	+3·6
—retail		,,	117·3	+4·6	+3·1	+3·2	+4·6
Wage rates (weekly)		,,	124·7	+4·8	+4·6	+4·6	+4·5
,, ,, (hourly)		,,	131·8	+5·3	+5·0	+5·1	+5·0

All series, except the last six, are seasonally adjusted.

SOME PHYSICAL OUTPUT FIGURES FOR 1964

	Latest month	Estimated 1964 output	% change from 1963
Electricity	November	162 billion kwts.	+5
Pig iron	,,	17 million tons	+16½
Crude steel	,,	25·7 ,, ,,	+14
Cement	October	17 ,, ,,	+21
Building bricks	,,	7·9 billion	+10
Newsprint	September	748 thousand tons	+11½
Man-made fibres	October	830 million lb.	+15½
Plastic materials	2nd qtr.	305 thousand tons	+15½
Sulphuric acid	September	3,150 ,, ,,	+9½
Cars	November	1,860 thousands	+13½
Commercial vehicles	,,	463 ,,	+14½
Internal combustion engines (deliveries)	July	386 ,,	+11½
Domestic refrigerators (deliveries)	September	911 ,,	+3½
Washing machines	October	1,200 ,,	−13
Television sets	September	2,400 ,,	+45
Radios and radiograms	,,	2,750 ,,	nil
Woollen fabrics (woven wool and mixture)	October	327 million sq. yds.	+½
Cotton cloth	,,	1,022 million linear yds.	+1
Man-made fibres/mixture cloth	,,	600 ,, ,, ,,	+6½
Footwear (sales)	2nd qtr.	204 million pairs	+7½
Canned meat	3rd qtr.	76 thousand tons	−3½
Canned vegetables	,, ,,	695 ,, ,,	+7½
Canned soup	,, ,,	248 ,, ,,	−12½
Chocolate, sugar, confectionery	September	639 ,, ,,	−½
Beer	,,	30 mill. bulk barrels	+4½
Spirits	,,	119 mill. proof gallons	+20

keeps it growing at more than twice the rate of industry as a whole. Moreover, a lot of heavy capital investment of recent years (particularly from ICI's massive programmes) will be bearing fruit next year.

However, if chemicals grows faster than industry as a whole, it catches colds much more quickly, and fluctuations in the index of industrial production are magnified—profits even more so, because of the industry's capital intensity. If the economy is deflated, the effects would not be noticed in chemicals for some time—they are certainly not apparent now. However, some of the medium-sized firms are said to be anticipating the evils to come by postponing some capital projects. Most cheering for manufacturers, there is no sign of the world overcapacity in chemicals that accompanied the 1961 recession and, releasing vast quantities of marginal production on to the world market (from America in particular), caused such havoc with prices. So that, if growth in chemicals were restricted to, say, 5 per cent the effects could probably be contained.

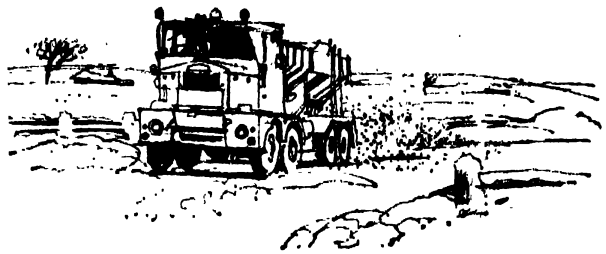
RETAILING

Developer's Dilemma

EXPERIENCE in the past two years has suggested that spending in the shops no longer rises at the same rate as personal spending generally, much of which is going on things the shops that make up the Board of Trade's retail index do not sell. In 1965 the converse to this theory—that expenditure on services, and motoring in particular, may be more sensitive than retail sales to setbacks in consumer spending—may be put to the test. Retailers expect a negligible increase in sales by volume. But the normal dose of cost inflation as usual ought to help their profits—to the extent that their costs are fixed in money terms, and especially where the retailer owns his own freeholds. The distant bogey here is the town centre redevelopment scheme, sponsored by a local authority, armed with its formidable powers of compulsory purchase. Some multiples have publicly resented the level of rents they have been forced to pay, after redevelopment. The fact remains that no town centre scheme has yet flopped because the shops would not let at suitable rents. The obvious conclusion is that many retailers are being brought face to face with present-day economic costs of retail shop space. Some of them may be discovering that their merchandising and pricing policies are inconsistent with these costs and need re-thinking. This process is still only beginning.

But even if retail sales by volume are maintained in 1965, some sections of the trade will lose more ground in the face of competition from the more vigorous elements. Mail order is the chief of these, with annual sales now growing at about 12 per cent a year. Variety chains come next with about 8 per cent. The losers will probably be the smaller independents and

Snow on the Roads



Snow brought its regular chaos to British roads over Christmas, and sometimes the motorist is more to blame than the highway authorities. The United States is held up as the shining example of a country that takes winter in its stride, forgetting that it is partly because American drivers use snow tyres as a routine precaution. Public authorities in this country have, to their credit, radically improved their road clearing methods in the last decade. They collaborate with the Met. office, and prepare their sanders, gritters and salt spreaders at the first warning of ice or snow. If salt can be laid before the temperature starts falling, it prevents the snow compacting—frequently all that is needed to keep the roads clear in the South of England where only an inch or so of snow may fall. Practically all the equipment for this work used in Britain is made here. And, surprisingly perhaps, demand from the snowy countries of Europe is such that Atkinson's of Clitheroe, the giant of the salt spreader business, exports about 25 per cent of its output.

The Ministry of Transport now owns thirty-six big motorways gritters—it plans two for every 12 miles. So it is missing about 14 now, and the length of motorway in use is growing—slowly. For trunk roads, it has 104 smaller vehicles, and is aiming at two small and one big machine for every thirty miles. The Ministry appoints the county councils as agents to keep the trunk roads clear; it gives a grant towards the cost incurred clearing classified roads, the unclassified roads are entirely the counties' responsibility. The Ministry also loans out equipment to county councils and gives financial assistance for upkeep of depots. But most of the equipment used by local authorities seem to be their own: Surrey, for instance, has fifteen 7-ton salt spreaders of which only three are on loan.

For deeper snow, the counties have equipment ranging from crudely constructed wooden shovels that farmers can attach to a tractor, through straight bladed ploughs to blowers and rotary ploughs. The new equipment that the Ministry is buying is dual purpose spreader or plough. Some of the most advanced machines are owned by the northern highway authorities; it is easier for them to justify the expense than the southern counties where there may quite possibly be too little snow for the machine to be used—and that means no grant from the Ministry. Northumberland, for instance, spent £120,000 a year ago on eight rotary snow ploughs of Swiss and Canadian design. The machines were assembled in Britain, but in this field British designers are no match for foreign competition.

A heavy snow fall or ice still causes trouble on side roads; but this is a simple matter of priorities. The road clearing gangs must deal with the major roads first; by the time they get to a residential road the inhabitants may have given up and walked. Trouble spots still remain on some steep slopes, bridges, ramps and such like. And here conventional methods may not be adequate. The Ministry appreciates this; last October it thoughtfully sent out a circular to local authorities pointing out the advantages of electrical heating elements buried in the road surface. But, although this whole matter of road heating and its costs has been under careful scrutiny, the circular was not offering any further financial assistance. Which means that the cost of heating most urban roads is still the responsibility of the local council. And for most local authorities the costs are prohibitive. They vary widely. The bill, at £4,800, for heating the Hammersmith flyover in the winter of 1962-63 so shocked Hammersmith Borough Council that, as a protest, it cut off the electricity. (The LCC now pays.) Per square yard the cost was just under 6s. 6d., but the following winter the cost was down to 2s. 6d. The much less exposed area of the Hyde Park underpass cost only 2s. 7d. for the cold winter and a mere 1s. 7½d. last winter. Arbitrary distinctions about who pays for what class of road make heating the Hammersmith flyover a local affair, while the heating bill, expected to be £20,000 in a normal winter, for the Chiswick flyover (which is a continuation of the same road out of London) will be paid by the Ministry because this section is classed as part of the M4 and all motorway costs are a ministerial responsibility.

the sleepier department stores. The independents in particular are least able to cope with the pressure for a five-day staff working week, which is likely to intensify in 1965. Finally, 1965 might provide the break-through for out-of-town shopping. The slow progress so far is only partly due to scepticism on the part of retailers themselves. Any projected scheme encounters violent opposition from nearby towns fearing that the out-of-town scheme will prosper at their expense ("stab in the back"). The last word lies with the Minister and the projected Haydock scheme in Lancashire ought soon to reveal the attitude of the new Government. But time, economic growth and the motor car are all on the side of the pioneers.

WHISKY

Spiritual Pressure

DISTILLERS, mainly of whisky, have been helped by the surge in demand abroad since the war, and the climb back to pre-war levels of consumption (but surprisingly not above) at home. There are now signs that production is out-stripping demand to a rather embarrassing degree. Production was over 110 million proof gallons in the "distilling year" to the end of September; two-thirds of which was grain, the rest malt. This represents a tripling of production in ten years, and has imposed a considerable strain on the supply of wood for the casks in which the spirit matures, and led in turn to big building programmes. The period of years for which (at present rates of consumption) stocks now maturing would last, has in consequence begun to lengthen. Ten years ago distillers held seven years stocks: now, with demand not entirely keeping pace with the supply of raw spirit, they are probably holding more than nine years. Over a third of their stock is under three years old, and the chairman of Distillers has warned that home sales have been static since the spring.

So what will happen when current production starts to become mature enough to sell? Suppose that, in the meantime, the threat from Japan—which apparently has the ideal misty, soft-peat-water conditions for distilling on one of its Northern isles—matures? No one would now dare suggest that a MacNippon-type whisky would necessarily, or for long, be inferior to the Scottish-made product. At the moment the Japanese are just discovering the real stuff, importing 41 per cent more this year than last. Of course, some of the production (about 3.6 million gallons this year) goes to the making of other spirits, such as gin. And it is certain that an increasing amount will continue to be shipped in bulk to the United States (our biggest market, accounting for over half our exports), where there are of course considerable tariff advantages in shipping in cask and bottling on the spot. So much so, in fact, that this year Distillers itself has had to do this, and the group is also marketing two "light" whiskies for the American market. But distillers in general had been hoping that home demand would keep rising, as it did for two years after 1962: this looks less and less likely, due not only to the increase in duty but to the fierce competition from other spirits, notably vodka.

HIRE PURCHASE

Over-protection?

THE new Hire Purchase Act that came into force on January 1st certainly increases the public's protection against unscrupulous and overpushful sales methods. Unfortunately, it leaves some other people's protection undiminished: dealers' protection from the harsh winds of competition thanks to the ever higher commissions that the finance houses press upon them; and hire purchase's own protection from the competition of healthier, cheaper forms of consumer credit. A lot of this harmful protection is provided by the Moneylenders' Act. Mr George Darling, minister of state at the Board of Trade, said this week that the whole complex of legislation affecting consumer credit needed to be reviewed and reformed. But he offered no hope of action in this session of Parliament, and not much in the next. As Mr Darling said, all the existing legislation has grown up to protect the consumer, and changes have to be approached cautiously. But caution should not be allowed to lead to inaction. A bad system of consumer credit is a drag on the economy that Britain can ill afford.

At present the finance houses are debating whether the new Act is likely to make credit sales a cheaper form of lending than hire purchase. The Board of Trade apparently thinks that it will, if the finance houses improve their procedures for assessing creditworthiness. The board also hopes that the finance houses will begin to advertise specifically to attract customers into a direct relation with them, which should pave the way for an expansion of their personal loan activities. The board is trying to improve understanding of what is involved by distributing a million copies of a pamphlet, *Hire-Purchase: What you need to know* . . . throughout the country. If this leads to a greater use of personal credit rather than hire purchase, it will be all to the good.

TELEVISION

Cigarettes and Cherry Brandy

ADVERTISING on television appeared to decline slightly in the third quarter of last year, but in reality remained at the level of the first six months, 11-12 per cent above 1963. What happened was that on July 31st, the 11 per cent advertising levy came off, to be replaced by the television profits tax. The position is complicated by the one-week television strike in July. So the industry's great fear, that advertising would fall with the end of the levy, has proved illusory.

All the same, television advertising is not flourishing as mightily as that of the London evening papers which were 32.5 per cent up on 1963, or the national Sundays, 23 per cent up (without the full benefit from the *Observer* colour supplement, which only came in September). Within television, as peak times in the most attractive areas became fully booked demand has spilled over to the less populous provinces—none more than Television West and Wales with a 20 per cent increase on the quarter, helped by its absorption of the North Wales station earlier last year.

As to the advertisers themselves, the cigarette companies seem to be indulging in one last fling before some sort of government curb. Earlier last year it was widely thought a ban on tobacco advertising on television was imminent and plans were drawn up to use other media: this would have meant (and might still mean) a vast increase of cigarette advertising in the press, and on the consciences of newspaper owners. As it is, cigarette advertising was up 38 per cent in the quarter compared with a year before—and is 27 per cent up in the first nine months to over £9 million. Car makers, including a number of foreign makes, are advertising more, so are the Unit Trusts, up a spectacular 69 per cent. Neither of these may continue on this scale after the 15 per cent surcharge, and the lack of interest this winter in the Stock Market. But they are unlikely to fall as far as domestic appliance advertising which suffered very badly from the disappearance of Rolls-Razor and Duomatic, with their heavy advertising outlay.

One curiosity is the slow growth of liqueurs advertising on television. Hard liquor has never been advertised on television, by agreement among the distillers, blenders and importers: the only break was a couple of years ago when an imported Russian vodka broke the code. Now not only is Advocaat featured, but so is Bols Apricot Brandy and that classic Grant's Morello Cherry Brandy: does someone think, perhaps, they are fruit cordials?

BUSINESS INTERNATIONAL OUTLOOK 1965

UNITED STATES

How Much Deceleration?

New York

FOR 1965 as a whole, the American economy will advance significantly. Gross national product should hit $660 billion, compared to $623 billion in 1964, a rise of 6 per cent. Expressed in constant dollars, the *1965 advance should be about 4½ per cent, somewhat lower than the average rise of 1961-1964.* Almost all forecasts for the 1965 economy can be contained in the range of plus or minus $5 billion around the $660 billion figure.

But there is considerable disagreement about the timing of the advance. The year should start out with a huge and unsustainable rise of $15 billion or more in GNP, which will bring it to $650 billion, or within 1½ per cent of the year's projected total. The further rise beyond the first quarter is likely to be sharply lower. The economy should ordinarily be able to absorb this slowdown in the rate of growth, helped by a cut in excise taxes effective about mid-1965 amounting to $3 billion. But there are risks involved, and these slower gains portend serious problems for 1966, which will call for further expansionary fiscal measures.

Strikes at General Motors and Ford held back auto and truck output, and hence sales, in the closing months of 1964. These will be made good in the opening months of 1965, with peak output scheduled. Steel production, which was close to a record 127 million tons in 1964, was over a 140 million ton rate by the end of the year. This should reach a crescendo by next April, as steel users hedge against a possible strike on May 1st. The impact of stock additions in autos and steel will be substantial, and the total building of all stocks should be the largest since early 1960. Thereafter, accumulation will diminish rapidly, but, since there are as yet no excesses, not actually turn into liquidation.

This slowdown in stock building in the second half of 1965 represents an important reason why the index of industrial production is likely to advance further in the early months of the year, but show little or no growth after the second quarter. Last year's rise was over 6 per cent.

The main impetus to economic expansion will come from a *further rise in business spending* for new plant and equipment. These outlays, in the GNP accounts, were up 11 per cent in 1964 over 1963, and the 1965 gain should be at least as strong. The survey of the National Industrial Conference Board shows capital appropriations approved by large manufacturers at a new high for the third quarter of 1964. For the first three quarters of 1964, these appropriations were up more than a third over the 1963 rate. Since they generally foreshadow spending by perhaps nine months in the future, manufacturers' capital outlays for 1965 could be up one-fifth, continuing the gains reported in the second half of 1964.

Yet even in capital goods, the *expansion will be losing momentum after mid-year.* For example, manufacturers forecast their 1964 fourth quarter appropriations down abruptly. Even more important, manufacturing capacity utilisation will be declining by the second half of 1965, and this should have a dampening effect on new capital projects for the sector. Capital outlays in other sectors, however, will be advancing more moderately than they will be in manufacturing. Their programmes for the second quarter of 1965 now show a 7 per cent rise over the 1964 average, and are less likely to be affected by fears of *possible over-expansion* as the year draws to a close.

By common consent, housing is not a leading candidate for expansion in 1965, and the decline in the second half of 1964 is troublesome. At best, the forecast is for little, if any, change in the number of private non-farm housing starts in 1965, from the 1,520,000 of 1964.

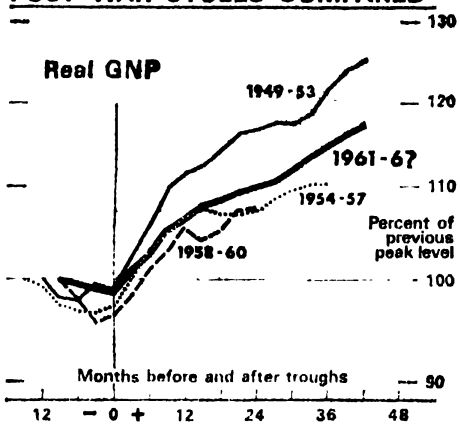
Nor will foreign trade be a greater stimulant to domestic expansion in 1965 than in 1964: rather, a reduced one. In 1964, the excess of exports over imports was no less than $7 billion, up some $2½ billion over 1963. This year, *net exports will be doing well to reach $6 billion,* and some analysts even have lower sights. Imports from abroad, which are closely geared to the pace of the domestic economy, should be slowing later in the year. But the rise in exports may tail off even more, as world trade is expected to grow more slowly.

The consumer, after his 1964 splurge, will be getting back to normal in 1965. Last year he was given a $10 billion tax cut all at once, beginning in March (withholding rates were reduced to reflect both the 1964 and the 1965 tax cuts) and by the third quarter he had taken full advantage of it, as evidenced by the personal *saving ratio falling back to a normal 7.1 per cent.* Here, too, growth is expected to slacken in the second half of the year, primarily in the shape of *lower auto demand.* Sales in the first quarter of 1965, on industry estimates, will be close to a 9 million annual rate (including imports), as strike losses are made good, but then may decline. The excise tax cut should help to bolster many types of spending later in the year. Contrary to some expectations, however, the consumer is not likely to act independently of other sectors, i.e., he will not, in this judgment, lower his saving ratio appreciably.

Government policy will, on balance, play a neutral role in 1965, despite many excursions and alarums. The Federal Reserve authorities, who necessarily move in slow steps, may be tightening credit a little under the impact of the first quarter surge in business, but subsequently, even when economic growth flags, may not be able to loosen credit very much either, given the payments pressures. The fiscal authorities will be using up the "normal" growth in federal government revenues by a $3 billion rise in budget expenditures and a $3 billion cut in excise taxes. They are already being encouraged to do so by such conservative bastions like the Morgan Guaranty Bank who argue that this step by itself will ensure continued economic gains, and leave the economic future as bright as ever.

These views are widely shared in Wall Street and in the business community. One of the real dangers in the outlook may well be excessive confidence in the ability of fiscal policy to keep the economy moving forward at a steady rate. Washington may simply not be able to deliver enough in time to prevent a period of slower growth later in 1965 which could even be followed by a turndown in business in 1966. Basic economic facts like a possible end to the current capital goods boom and high level stagnation in housing may prove more stubborn than many realise. *The business outlook beyond the next few months is more uncertain than it has been for many years.*

POST-WAR CYCLES COMPARED



The present American business upswing to be the longest of all the post-war expansions, and the strongest of any except the Korean war boom of 1949–53.

RUSSIA

Economy Ex-Khrushchev

RUSSIA's current seven-year plan ends in 1965. Planned rates of growth for national income have not been achieved, *but the economy has still gone forward at a respectable rate:* last year's controversial estimates by the Central Intelligence Agency still look much too low. The official estimate of growth in 1964 is now 5 per cent, which is in line with our own estimate (though not the CIA's) of what happened in 1962 and 1963. The target for 1965 is 8 per cent, which may prove no more realistic than 1964's target of 7 per cent. When the new prime minister, Mr Kosygin, presented the budget to the Supreme Soviet in December, it emerged that the target of a 17.5 per cent increase in gross industrial output in the last two years of the plan had had to be reduced to 15.8 per cent, as this rose by only 7.8 per cent in 1964. Investment completions in 1964 were only 7.4 per cent up on 1963, compared with a planned increase of 13.6 per cent. This suggests major difficulties, and a *widespread failure to complete investment projects.*

This year, the planners hope to push up the volume of state investment by 11.3 per cent, against only 6.8 per cent in 1964. This will be much more than the projected rise in national income (however unrealistic), but even so it is hoped to increase consumption substantially (by 7.7 per cent, or 7.3 per cent per person) largely through a big increase in the output of the food industry, following upon the good harvest of 1964. There are also to be some savings on defence, which would help.

The average wage is to rise by 4.5 per cent in 1965, against an average for the previous six years of 2.4 per cent. Mr Kosygin has laid great stress on improvements in the quality of goods and in the volume of services provided, and has also promised more housing: the plan for 1965, 84 million square metres, still leaves housing far below the very optimistic plans announced earlier.

Steel output, as the table shows, has not approached the revised plan for 1965 (1960 version), but is to do better than had been envisaged in the two-year plan announced in December, 1963. The same is true of electricity. While oil has done very well, the gas industry has fallen far below expectations. For this reason, and perhaps also because the original plan for coal was cut back too far, a quite serious fuel shortage has developed. This was acknowledged by Mr Kosygin, who announced a 14 per cent rise in investment in the coal industry.

Significantly, output of mineral *fertilisers*, while certainly a great improvement over recent years, is *well below Mr Khrushchev's much publicised but perhaps unattainable plan.* It is also striking that all the consumer goods in the table are very far from reaching the goals envisaged in the original seven-year plan, though they have been amended upwards compared with last year. However, planned sales of refrigerators in 1965 are to reach 1,800,000, representing a 76 per cent increase over 1964 and far exceeding the original target for 1965 (1,450,000). Unless there are to be very large imports, this could be evidence of a substantial enlargement of capacity in consumer durables; Mr Kosygin mentioned in the same context television sets and washing machines, without citing figures.

The biggest change in the investment programme for 1965, as might be expected, is in chemicals. The budget speech refers to "an increase in expenditure on basic and circulating funds" of the chemical industry of only 14 per cent. Admittedly this is not the same as investment, but it points to a much smaller increase in investment than the 30 per cent planned a year earlier. It is likely that when a frank account of Mr Khrushchev's economic policies is published in the USSR, it will have much to say about the disorganising effect of *excessive political pressure to expand the chemicals investment programme,* at the cost of damaging other sectors of industry and unbalancing the plan. However, the importance of chemicals will not be denied by the new leadership.

Investment in agriculture has also lagged badly, for all Mr Khrushchev's speeches exalting its importance. The total actually spent in 1964 seems to have been around 4½ billion roubles, more than a fifth below target. It is hoped to raise this to 5.7 billion in 1965, still below the 6.0 billion budgeted earlier this year.

	1965 (1959 version)	1965 (Dec. 1963 version)	1965 (Dec 1964 version)
Steel (million tons)	88.5 (96)	89.3	90
Rolling mill products (tons)	n.a.	69	70
Coal (tons)	606	553	n.a.
Oil (tons)	235 (240)	240	242
Electricity (billion Kwh)	479 (520)	508	510
Gas (billion cub. met.)	150	128	128
Mineral fertilizer (million tons)	35	35	33.5
All cloth (million sq. metres)	10,470	9,100	9,220
Footwear (million pairs)	515	470	477
Sugar (million tons)	9.6	n.a.	8.6

Figures in brackets show targets as revised in 1960

FRANCE

Trouble Ahead?

Paris

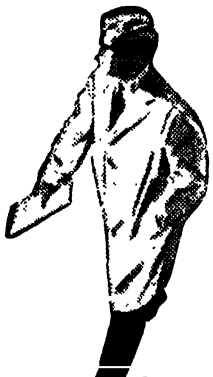
IF 1964 was better than expected, *1965 could be worse.* Only a 4 per cent rise in the national product was expected last year; 5 per cent was achieved. Industrial production alone was probably about 6 per cent up on 1963. Some sectors have risen much more than the average: steel (by 11 per cent), oil, chemicals. Some 365,000 houses should have been finished in 1964, compared with only 330,000 in 1963. In the less buoyant sectors, the auto industry has produced 5 per cent fewer vehicles than in 1963; little rise was evident in textiles or heavy capital goods. In agriculture, wheat production topped 135 million quintals against 100 million the previous year; and the wine harvest was excellent in quantity as well as in quality. Even with a low maize and barley harvest, the volume of agricultural production was probably about 5 per cent above that of 1963.

But this high level of production has not been accentuated by any revival in investment activity. While total investment in France last year was up 6.6 per cent as against 5.9 per cent in 1963—the first acceleration since 1961—the gain was more apparent than real. Buoyant construction activity reflected large local authority programmes and, at least as important in the year to year comparison, last year's much milder weather. Investment outlays of nationalised enterprises rose 8 per cent. Those of private companies were up only 3.4 per cent and are likely to *rise still less in 1965—despite a more optimistic official forecast.*

The first complete year of the "stabilisation plan" launched in September 1963 by Messrs Pompidou and Giscard d'Estaing did not see a return to stable prices, but managed to cut the pace of price inflation to half speed. Thus the annual growth of retail prices dropped from an annual 6 per cent to 2 per cent at the beginning of the year, but it was back to 3½ per cent after the summer—even though the government has actually stiffened price controls on processed products and increases in public utility tariffs and rents have been deferred.

One of the most notable gaps between forecasts and reality was in external payments. *The visible trade gap widened,* where it was officially expected to disappear; *yet despite this France's reserves showed a notably bigger increase* than had been officially forecast (not very convincingly, it is true). Imports in 1964 rose by around 15 per cent and exports by only 10 per cent. Trade with the other common market countries continued to increase strongly; it represents at the moment 48 per cent of French exports and 45 per cent of its imports.

In spite of this trade deficit, the French balance of payments has remained obstinately in surplus. The official reserves have risen by about $600 million to a little over $5,000 million. France has not built up such a store since the fat years between the two wars. This reflects the strong flow of foreign investment into France, which continues in the face of all the Gaullist worries of foreign infiltration in French industry.



A man sometimes feels he's just a face in the crowd, a cold statistic. But the 'General Accident' has grown because it has never forgotten that its clients are people, not numbers; that though efficiency is essential, so is understanding. 'General Accident' insurance service provides both.

people like to insure with

General Accident

GENERAL ACCIDENT FIRE & LIFE ASSURANCE CORPORATION LTD
GENERAL BUILDINGS · PERTH · SCOTLAND
GENERAL BUILDINGS · ALDWYCH · LONDON WC2

BACKGROUND TO CRISIS

The Treasury under the Tories 1951-1964

Samuel Brittan 6s

Ex-cabinet ministers and political experts have combined in widespread praise for this brilliantly timed analysis of Britain's financial headquarters and the factors bearing on the current economic crisis

Sir Edward Boyle of the Observer

'Mr Brittan is an enthusiast and idealist of clear-cut convictions . . . he is an exceptionally good-tempered controversialist, and his book is marked throughout by scrupulous fairness and a concern for truth rather than ideology.' *Observer*

Quoodle (Iain Macleod) of the Spectator

'A fascinating account. . . . It is as enthralling, as full of suspense, and, I fear, as sadly predictable in its outcome as a Perry Mason thriller. Even as a late 1964 entrant it must be on the short list for the best political book of the year.' *Spectator*

Nigel Birch of the Sunday Telegraph

'Anyone who buys this book will get his full six-shillings worth . . . apart from a broad hint misunderstood here and there, the occasional wrong attribution of a remark and one or two faults of emphasis, the history in *The Treasury Under the Tories* is surprisingly accurate.' *Sunday Telegraph*

William Rees-Mogg of the Sunday Times

'A substantial and thorough account. . . . This is a useful and even an important work, a book which needed to be written while memories were still fresh. Mr Brittan has many perceptive things to say about the structure of the Treasury.' *Sunday Times*

A Pelican Original published by Penguin Books

For a complete list of Penguins in print write to Dept. TT, Penguin Books Ltd., Harmondsworth, Middlesex.

These securities having been sold,
this announcement appears as a matter of record only.

NEW ISSUE

$25,000,000

European Investment Bank

5½% Dollar Bonds of 1964, Due December 15, 1984

Kuhn, Loeb & Co. Incorporated — The First Boston Corporation — Lazard Frères & Co.

Morgan Stanley & Co. — Dillon, Read & Co. Inc.

Algemene Bank Nederland N.V. — Amsterdamsche Bank N.V. — Banca Commerciale Italiana

Banca d'America e d'Italia — Banca Nazionale del Lavoro — Bank of London & South America Limited

Banque de Bruxelles S.A. — Banque de la Société Générale de Belgique S.A. — Banque de Paris et des Pays-Bas

Banque Lambert S.C.S. — Banque Nationale pour le Commerce et l'Industrie — Bayerische Vereinsbank

Berliner Bank AG — Berliner Handels-Gesellschaft — Brinckmann, Wirtz & Co. — Commerzbank AG

Comptoir National d'Escompte de Paris S.A. — Creditanstalt-Bankverein — Crédit Commercial de France S.A.

Crédit Lyonnais S.A. — Credito Italiano — Den Danske Landmandsbank Aktieselskab — R. Henriques Jr.

Kjøbenhavns Handelsbank — Kredietbank N.V. — Lazard Frères & Cie. — Samuel Montagu & Co. Limited

Morgan & Cie. S.A. — de Neuflize, Schlumberger & Cie. — Sal. Oppenheim Jr. & Cie. — Pierson, Heldring & Pierson

Privatbanken i Kjøbenhavn Aktieselskab — Rheinische Girozentrale und Provinzialbank — de Rothschild Frères

N. M. Rothschild & Sons — Rotterdamsche Bank N.V. — J. Henry Schroder Wagg & Co. Limited — Skandinaviska Banken

Société Belge de Banque S.A. — Société Générale — Stockholms Enskilda Bank — Svenska Handelsbanken

C. G. Trinkaus — De Twentsche Bank N.V. — S. G. Warburg & Co. Limited — Banque Internationale à Luxembourg Société Anonyme

Caisse d'Épargne de l'État Luxembourg — Bergens Privatbank — Christiania Bank og Kreditkasse — Den norske Creditbank

Blyth & Co., Inc. — The Dominion Securities Corporation — Goldman, Sachs & Co. — Harriman Ripley & Co. Incorporated

Kidder, Peabody & Co. Incorporated — Lehman Brothers — Carl M. Loeb, Rhoades & Co. — Merrill Lynch, Pierce, Fenner & Smith Securities Underwriter Limited

Smith, Barney & Co. Incorporated — White, Weld & Co. — Dean Witter & Co. — Paribas Corporation

New York, N. Y., December 23, 1964

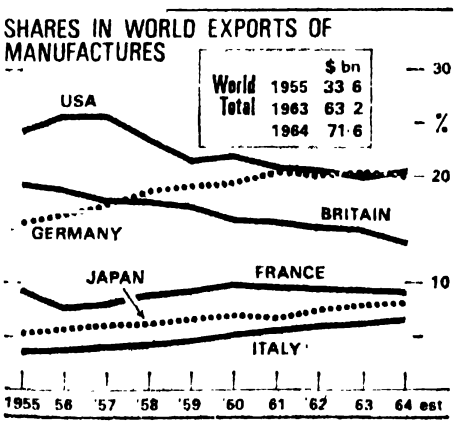
French exchange reserves have also been boosted by the pooling of foreign exchange within the franc zone, which brought in almost $200 million.

The economy's unexpected buoyancy also brought in additional receipts for the Treasury, and reduced the budgetary *impasse* to almost nothing, (compared with the estimated 5,000 million francs and 8,000 million in the previous year). The money supply rose by only 4 per cent instead of 10 per cent as in 1963. So by traditional precepts the French economy's 1964 balance sheet was very favourable; rapid expansion, balanced internal finance, external surplus finance positive.

Nonetheless, French experts are apprehensive about the immediate prospects. 1965 looks bad. The *rise in industrial production petered out in the autumn* and nothing indicates a change of course. Reductions of working hours or small-scale dismissals are being announced. Even steel orders are slowing down. The latest surveys among industrialists show that those who foresee an up-swing in their production number only 10 per cent more than the pessimists, while this proportion was 33 per cent a year ago.

Meanwhile the growth of wages is slowing down, to 2.5 per cent per year in real terms, compared with 5 per cent at the beginning of 1964. The Poincaré type budget passed by parliament limits the expansion of public spending in 1965 to less than 7 per cent in value (i.e. 4 per cent in volume).

Official figures for private investment seem, as noted above, decidely optimistic. Two other worries prevail. *Exports may rise more slowly*, if difficulties in the British market foreshadow a general slackening in world trade. Secondly, *price increases could be stronger than expected.* Yet, 1965, being a year with *two elections* (municipal elections in spring and presidential in the autumn), the government could be tempted to soften the severity of its financial austerity. The official hope is that in 1965, France will finish its financial cure and be ready to resume quicker growth. It is not certain that this cure will be finished quite so quickly or that convalescence will follow immediately.



GERMANY

Unruffled Boom

Berlin

If 1964 was not an economically superlative year for Germany, compared with the successes of the 50's, it was *conceivably the best that could be expected in the changed conditions of the 60's.* Early in the year when, as a result of the growing export surplus, home demand for capital goods also increased, there was a very real danger that the economy's enviable record of relative price stability would be badly upset after all. In the event, just at the right time, the entire economic picture altered: more through good luck than sophisticated manipulation. The growth of exports slowed as a result of slackening expansion in France and actual falls in output in Italy. Imports accelerated. Amounts set aside for the defence budget were not spent for military and technical reasons. And the unions, afraid of being held responsible for price increases in the election year 1965, kept their wage demands modest. The economy, then, moved smoothly, with an ideal adjustment of supply and demand, and with every prospect of enjoying another excellent year in 1965.

There is little prospect of any sudden re-emergence of large export surpluses this year, although Germany will doubtless benefit from any recovery in Italian imports. *The major impetus to expansion will continue to come from domestic demand.* Consumer demand is almost bound to rise more rapidly in 1965 than it did last year, even if individuals continue to increase their savings ratios. Not only are wages and salaries rising rapidly. Private disposable incomes will also be boosted by tax cuts and pension increases this year.

These changes will place a load on the financial position of public authorities, but in 1965 the Federal government will have a stronger role as consumer and investor than in 1964. And the fact that 1965 is an election year has softened the government's resistance to increased spending.

Buoyant private consumption and public outlays themselves would be quite enough to encourage a further increase in industrial investment Moreover, *the degree of utilisation of plant capacity had reached about the level of the boom year of 1960 by the end of 1964*, so that more investment is needed simply to accommodate incoming orders, and the pressure to invest in labour-saving equipment also remains strong.

In spite of lagging foreign trade, then, demand as a whole in 1965 should rise at about the same rate as in 1964, 6 per cent. And this could well be too much. Certainly available margins of capacity and labour will be tighter this year and last year's enormous gains in productivity will not be so readily matched. Output this year may rise 5-5½ per cent against 6.3 per cent in 1964. Imports will undoubtedly continue to rise strongly but not sufficiently to completely close the gap between supply and demand. The rise in wholesale prices that began late last year will under these circumstances almost certainly continue with greater momentum, and equally certainly will work its way through to the consumer.

ITALY

Forward Again?

Rome

For the Italian economy, *1964 ended better than it began.* On foreign account there was spectacular improvement. At home, the achievement was mixed: the economy has been brought into better balance, but it is not yet clear whether it can soon recapture the mood of vigorous expansion that has characterised the last 15 years. The official expectation is that 1965 will be a year of recovery, hesitant for some sectors at the start, but gathering speed progressively. At the cost of a fairly mild recession this winter—industrial production in September was about 6 per cent below end-1963—the government believes that rapid growth is once more compatible with monetary stability.

Perhaps optimistically, the budget ministry's estimates forecast a 4 per cent increase in gross national product for 1965 as a whole —less than the desired long-term growth rate, but reflecting a speed-up in the course of the year from the present depressed levels of production. Officials expect consumption to increase by the same amount, and a marked recovery of investment in plant and machinery, particularly directed at increasing productivity. Building investment is likely to do less well because of the time needed to prepare new work administratively.

The balance of payments showed a heavy deficit of $436 million on current and long-term capital transactions in the first quarter of 1964 and at that stage alarmed officials were talking of a deficit of $1,000 million of even $1,600 million for the year as a whole. However, the deficit was reversed in April and for the full year a surplus of not less than $600 million is now expected against a deficit of $1,244 million in 1963 (three quarters on current account alone). Domestically, the rise in prices slowed down and the labour market became more elastic. Considerable margins of effective spare capacity were established.

By the start of autumn the improvement was considered large enough to justify reflationary action: the state took over part of the social services burden carried by firms, a fund was set up to finance small and medium-scale enterprise, special credit lines were established for public works and the special purchase tax on cars was abolished. The credit squeeze was relaxed somewhat. About the same time there were signs that the drop in both industrial production and in imports was beginning to level off.

Recovery in 1965 will naturally mean a marked rise in imports, perhaps by more

than 12 per cent, which *could cause a new deterioration in the balance of payments*. But the good performance of exports and the help of invisible earnings should maintain balance on current and long-term capital account together in 1965.

The strong rise in output through 1963 carried the 1964 total up too, despite the decline in the course of the year. Helped by a rise of 4 per cent in agricultural output, gross national product in 1964 was probably about 3 per cent higher than in 1963 in real terms—still the smallest yearly increase since 1952. But the excess of imports over exports, which reached $980 million in 1963, or 2.3 per cent of gross national product, virtually disappeared in 1964, so that the increase in resources available internally fell to about 1 per cent. Consumption, which has remained at end-1963 levels, probably showed a real increase of 3 per cent over 1964 as a whole. But *investment fell for the first time in 15 years*, by 5-7 per cent.

BENELUX

Benelux Buoyant

Brussels

INFLATIONARY pressures in **Belgium** eased a little in the last two months of 1964 and, although there is nothing decisive yet in the indicators, the impression is spreading that the *business cycle is at or near its peak*. The rise in wages in 1964 is estimated at 8.5 per cent, the rise in prices at 4.5 per cent. Although the rise in wage levels compared with the corresponding quarter in the previous year reached a maximum of 10 per cent in the third quarter the upward pressure is now thought to be noticeably less in industry, although not yet in services. Prices too are now considered to be less of a worry.

Consumer spending increased very rapidly during 1964. Nor has there been any sign of slackening in the rate of investment, although it should be remembered that a few very large projects spread over a number of years, such as the Sidmar steel plant at Ghent, account for a considerable proportion of the total.

Belgium faces a general election in the spring. The economic situation is likely to be a less important factor in electioneering than the question of guarantees for the Walloon minority in parliament. On the financial plane the year began with a sharp warning from the National Bank that the Government's diversionary manoeuvre in borrowing abroad because local lenders were being scared off by the previous year's tax reform was a serious threat to monetary stability. In fact M. Dequae, the finance minister, has succeeded in raising practically all his £280 million on the home market, although at the cost of *raising interest rates to well over 6 per cent*.

Luxemburg has not escaped the inflation disease. During the year Luxemburgers saw their cost of living, which is virtually decided for them by foreign manufacturers, rise by 6 per cent, but increased incomes pushed new motor registrations up 30 per cent in the first three quarters. Luxemburg's living depends basically on the fortunes of the steel industry, which pushed its production up by 13 per cent in the first three quarters after stagnating through 1963. Much attention this year will be devoted to the safeguarding of another important Luxemburg industry—acting as host to European institutions. One of the most important tasks of the new Government is to exact a *quid pro quo* if the merger of the European executives involves moving the High Authority of the Coal-Steel Authority out of the Grand Duchy.

Dominating the **Dutch** economy over the last 12 months has been the *unprecedentedly steep rise in wages*, which has brought Holland's wage costs nearer levels of its two neighbours, though a margin still remains. Wage costs in 1964 have risen by some 17 per cent, reflecting big increases granted in autumn 1963. Just before Christmas further big wage claims looked like ending in deadlock, which was narrowly averted by a government compromise involving a 5 per cent increase which together with fringe benefits will bring a 6.8 per cent increase in wage costs.

Holland's big wage rise brought the expected deterioration in the trade balance, but this was partly offset by increases in visible earnings. In addition the tightening of credit, and the rise in interest rates to nearer the European level, sucked in some foreign capital. But the credit restrictions seem to have had *disappointingly little effect in slowing down the domestic boom*, and surging production during the last quarter upset the government's calculations that the pressure on labour supplies would ease before the end of the year. There is talk of a possible rise in Bank rate early in 1965 : and of control of building licences.

SOUTH AFRICA

Neddy on the Veld

Cape Town

SOUTH AFRICA'S post-Sharpeville boom has already begun to slow down this year and despite the distinctly optimistic quarterly review put out by the Reserve Bank this week, all the evidence suggests that the *pace of expansion is likely to decline somewhat further* until the country begins to reap the full benefit of the exceptionally heavy capital investments of the past three years. It is against this background that Dr Verwoerd's Economic Advisory Council published in mid-December South Africa's first economic development programme covering the period 1964-69. South Africa's planners have advised Dr Verwoerd and his cabinet to endorse a growth target of 5½ per cent per annum. Two other targets were considered by the council—4½ per cent which the planners considered would have added to the total of unemployed and to the republic's gold and foreign exchange reserves ; while 6 per cent would have been too great a strain.

The middle rate of 5½ per cent would, they estimate, leave reserves by 1969 about £60 million lower than at the end of 1963 and bring the number of unemployed down from 329,000 in 1963 to 191,000 on the assumption that there are 20,000 net immigrants each year. Their assumption of the immigrant rate may well prove to be conservative but the real key to South Africa's labour problem lies in the statistics that show that in 1969 there will in fact be 239,000 unemployed non-whites and 47,000 vacant posts for whites.

The suggested growth target compares with an average of just over 4½ per cent in the 18 years to 1963, a rate of 7½ per cent in 1963 itself, and one of probably just under 6 per cent in the year now ending. Economic reality suggests that if the target is to be achieved the government would need to *intervene in the economy far more pervasively* than it traditionally has, or now shows any signs of doing. And it would also need to revise its thinking on "job reservation." In the view of at least one South African economist, whose opinions on these matters should carry the very highest weight, the average for the five years is more likely to be about 4½ per cent, with a rate of slightly under 4 per cent in the coming three years and an accelerated rate after that, when the latest bout of capital investment really begins paying off.

This more modest outlook, which still postulates a perfectly satisfactory rate of expansion, is supported by trends that have become increasingly visible in recent months. The economy now is increasingly running into limitations inevitably created by the momentum of its expansion, as well as curbs that are being officially imposed against the inflationary tendencies that have lately begun to show up. The limits of existing capacity have largely been reached, and in transportation, the building industry, and in the supply of skilled labour, distinct bottlenecks have developed. After remaining remarkably stable to the end of 1963, wholesale and consumer prices began rising noticeably this past year, and although this partly reflected rising food prices caused by droughts, it also showed up, more importantly, the demand pressure created by earlier wage increases. This inflationary pressure is now generally expected to assert itself even more strongly. Hence the South African Reserve Bank's action last month in raising its discount rate from 4 to 4½ per cent.

With liquidity running down, partly under the influence of a decline in gold and foreign exchange reserves, interest rates should continue to move up. *Fiscal policy, too, is expected to be brought into play to curb over-heating*. In his last budget, Dr. T. E. Dönges, the minister of finance, spoke of "taking our foot off the accelerator": in his next, in March, it is generally believed that he will apply a slight touch to the

brake. The implication here is that he will actually budget for a surplus, although even the "balanced" budget introduced nine months ago is now expected to produce, in fact, a surplus of anything up to £40 million.

SCANDINAVIA

Too Much Boom

Stockholm

RAPID growth was achieved in all the Scandinavian economies in 1964; and while inflationary pressure troubled all the countries in varying degrees, it was less intense than in several other European countries. Available forecasts indicate that economic activity will remain on a high level also in 1965, but that the *rate of growth seems likely to taper off somewhat.*

In **Sweden** the rapid economic progress that has characterised the economy in the first half of the sixties, has continued and may well set a record in 1964, exceeding 6 per cent, as against some 4 per cent in 1962. Without doubt the supply of labour for many years ahead will be much less favourable; so that the encouragingly rapid strides made by the Swedish economy in these last few years could still prove to have been *only a strange and brief interlude.*

The main element in last year's 6 per cent growth has been the *extraordinary export performance.* Thus, the value of Swedish exports will roughly exceed 1963's total by nearly 15 per cent. Although this is partly explained by an increase in export prices by 3 to 4 per cent, and was matched by a similar rise in imports, it is still impressive. But a slackening is likely in 1965, even if world demand as a whole were to go on rising briskly, since last year's upsurge was partly geared to a cyclical rise in stocks abroad affecting such major Swedish products as steel, timber and pulp.

While consumer demand also was on a steep upgrade in 1964, industrial investment was not. Indeed, after marking time for two or three years *it actually fell by 3 per cent* in 1964. Recent investment plans do not indicate a revival in 1965; however, these surveys generally fall below actual spendings and 1965 could witness a *belated upturn* in capital expenditures, particularly since *profits appear to have taken a turn for the better.*

Under the pressure of strong external and internal demand Sweden's labour market has been very tight. In recent years the increase in wage costs has been around 9 per cent and thus more than twice that in productivity. In 1964, however, the difference shrank. Prices have, of course, gone up, but not to an extent that has given rise to alarm. An annual increase by somewhat more than 3 per cent has been the average so far in the sixties and 1964 closely fitted into this pattern.

But in 1965 *scarcity of all production factors including manpower will slow up the expansion,* particularly in industry, and, on the basis of present forecasts, will reduce the growth rate to 4½ per cent. At the same time the inflationary pressure may very well become more intense and *necessitate a further tightening of credit and fiscal policy.*

Norway's economy too has been characterised by considerably more rapid expansion in the sixties than in the fifties. In 1960-64 growth has averaged 5 per cent per annum and last year touched 6 per cent.

For 1965, prospects are for a slightly more modest rate of growth in production, of some 4-5 per cent, as demand bumps up against limits of plant capacity and manpower. Imports no doubt will again rise rapidly, tipping Norway's current account of the balance of payments into deficit. Nevertheless, prices, which last year rose by 7 per cent, will climb still further. Centralised wage negotiations are already under way and this time round increases are likely to be far greater than the modest 2½ per cent a year granted for 1963-64.

After sluggish growth in 1963, in the wake of stabilisation measures, vigorous expansion again got under way in **Denmark** last year, triggered by booming investment. Unemployment, which was still running at high levels only a few years ago, has now been eliminated almost entirely. So here, too, pressures on prices can be expected to intensify this year despite a further weakening of export demand—which could produce an awkward trimming of the slender reserves.

Like Norway, Denmark is facing a major round of wage negotiations this spring and the mood of the unions is uncharacteristically militant. The government is not likely to intervene. In any case its hand had been weakened by the decision of the Economic Council that the economy could stand wage increases of 6 per cent, even though productivity is unlikely to rise by more than 3-3½ per cent. The only answer to this is a tougher fiscal policy—interest rates are already at a postwar high. The move most widely canvassed is the introduction of a value-added tax in place of the present less broadly based purchase tax.

OIL

Opec's Divided Agreement

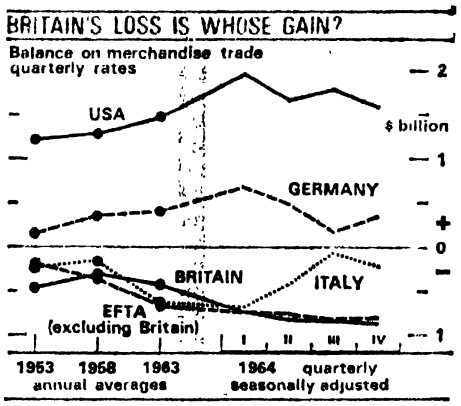
LONG before this week when the organisation of petroleum exporting countries published the resolutions from its December conference at Jakarta it was known that Iran, Kuwait, Libya, Qatar, and Saudi Arabia would accept the offers of royalty expensing in their concessions made to them by the major international oil companies at the end of October. These Middle Eastern governments had to accept the offers by December 31st to get the extra three and a half cents per barrel that the offers would give them, backdated for the whole of 1964. It was less certain, but obviously likely, that Iraq would refuse the offer; it has larger arguments unfinished with the companies and the timetable pressure on it to accept an offer on this OPEC issue that it considers inadequate was less powerful.

What remained to be seen was just how OPEC would bridge this basic disagreement between the members involved on the first major issue it has ever pressed through to a settlement with the oil companies. In the event—and after bitter conference arguments, reflected in the tortured phrasing of its final resolution on royalties—it decided to remove the issue from the conference agenda and leave the decisions on it to each of the governments concerned. Two OPEC governments not directly concerned, Venezuela and Indonesia, had agreed with Iraq's view that the offers were inadequate and that "the non-financial provisions of the companies' offers constitute a clear infringement upon its sovereignty."

The terms of these offers have never been published, but it seems that, in return for the extra financial benefits they provided, the companies had managed to impose, on paper, certain conditions that they did not have under the existing concessions: notably a "most favoured nation" clause. This should give them some protection against more favourable provisions granted by these Middle East governments to other concessionaires. It will be interesting to see if this clause works as well as the "most favoured nation" clauses in some existing concessions which, in theory, give the governments the same sort of protection the other way.

Iraq's reluctance to give anything in exchange is not surprising. But are not companies agreeing to give away their shareholders' money to buy an uncertain period of peace entitled to get something for this in the fine print?

Having agreed not to agree on royalties, OPEC has turned back to its original *raison d'être*—stopping prices falling. It decided to set up an economic commission to study and recommend action on this—not excluding proration. This looks inevitably like finding something not immediately committing for its divided members to agree about on paper. It may be more than that. Nevertheless, the meeting at Jakarta has left the future role and effectiveness of OPEC in some doubt—not only for outsiders but for the members, and for the headquarters staff themselves, who are now engaged in putting the pieces back together.



BUSINESS INVESTMENT OUTLOOK 1965

WALL STREET

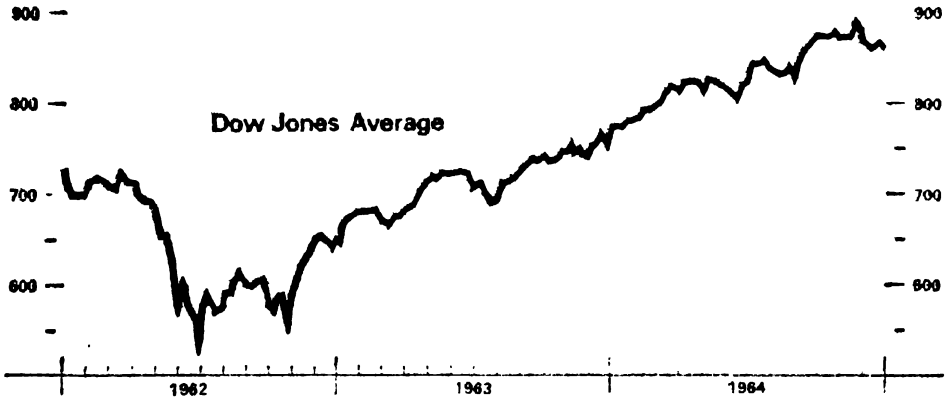
End of the Bull Market?

New York

THE question on Wall Street as 1964 ends is the same as it was when the year began: how long can share prices keep marching upward, by gradual steps but in almost unbroken rhythm? The most likely answer too seems to be the same as a year ago: for some while yet. But it must be hedged about with distinctly more qualifications, which could imply the end of the long bull market before the end of the long economic boom on which it is founded.

In any event, the rise from here may be somewhat slower. Indeed, there are signs —perhaps illusory—that the bull market, now in its 30th month, may already be slowing down a bit. The rise in the year just ended has been most impressive; without a single real setback the Dow-Jones Industrial average rose about 14 per cent, from 762.95 at the end of 1963 to an end-December level of about 870, bringing the rise over the whole life of the bull market so far—that is, since the June 1962 low—to over 62 per cent. Still, the percentage rise was a bit less than in 1963, and the average did not pierce 900 as bulls were quite certain it would a few months ago. The major reason is that 1964 did not close with the vigorous year-end rally that marked 1963. The average hit its high for the year, in mid-November, at 891.71, and then dropped, despite the expected year-end spate of dividend increases and stock splits—suggesting perhaps that the market is becoming a bit jaded, and that investors are developing some new worries that might slow down the rise somewhat.

This very moderation of the boom is the best argument for its continuance. For the second straight year *the rise in share prices has matched the rise in American corporate profits* with astonishing exactness; the composite price-earnings ratio of the 30 stocks in the Dow-Jones average at year-end was 19, precisely what it was a year earlier and almost what it was two years earlier. Indeed, the single-minded concentration of investors on corporate profits was easily the most remarkable feature of 1964: the market shrugged off a whole series of events—the Presidential election campaign, the downfall of Premier Khrushchev, the unexpected and longish strikes at General Motors and Ford—which in classic Wall Street theory "should" have caused all kinds of havoc. On the opposite side, while there were disquieting outbreaks of wild speculation, and on a greater scale than in 1963—in Syntex early in the year, in Canadian mining shares in the spring, and most spectacularly in Communications Satellite Corporation right at the end—these were confined to individual issues, or groups, and never infected the general market. All this suggests strongly that share prices are in no danger of collapsing of their own weight, as they did in 1962. The rise so far has been solidly based on good business and profits, and if the market is to crash after a speculative orgy, *the orgy will have to come first.*



Yet all this also suggests that share prices are welded to the corporate profit outlook —on which there are more doubts, and therefore more reasons for market hesitancy. Investors generally do expect profits to keep rising for a while, but perhaps not so rapidly; there is much fear of rising labour costs, *while the fear—or hope—of compensating price inflation has practically disappeared* for the moment. And there is an uneasy feeling (see page 57) that after mid-year the long business boom will be in need of new stimulants not now in sight.

Also, while investors have developed nerves of unaccustomed steel towards political events, and towards any strikes except the most cataclysmic—a point to remember now that talk of a possible steel strike next May fills the Wall Street air—they have, on the record of 1964, become acutely sensitive to certain other types of unforeseen events, and this introduces another major qualification. Thus shooting anywhere in the world produces a market reaction, and the August bombings in the Tonkin Gulf produced a rather sharp one.

Even more, investors are afraid of sterling devaluation, and accompanying world monetary upsets; the sterling crisis a month ago jolted the market, and has left some traders still shaken and looking, rightly or wrongly, for signs of a new one. Most of all, Wall Street seems almost to live in terror of a general rise in American interest rates, which it believes might choke off the boom. Scattered increases in bank charges on business loans a few weeks ago triggered the most severe stock-price break since President Kennedy's murder, and even after President Johnson's immediate intervention got them quickly rescinded, the market took a couple of weeks to get over its scare. Should any of these things recur in 1965, or seem likely to, *all bets on a continuation of the bull market are most emphatically off.* And given the delicate position of America's own payments balance renewed pressure on interest rates can surely not be ruled out.

LONDON

Not a Jolly Year

In April, 1961, The Economist-*Extel Indicator rose to a peak of about* 425: *it did so again in September,* 1964. *In July,* 1961, *and November,* 1964, *it fell to* 375 *at the time of a* 7% *Bank Rate* (*it was back* to 387.3 *by end-December*). *By June,* 1962, *it was down* 20% *more to about* 300. *What price December,* 1965?

AT this level, it is true the dividend yield is still ¼% higher than three years ago. Again, in 1961-62 the property, finance, hire purchase, banking and insurance sections of the market took a terrific caning, from which they have never fully recovered; no section of the market is exposed as far as these were three years ago. Yet, this Government, for all its worthy intentions, may under pressure, of "sterling first" be no quicker on the reflationary draw than the Tories. Market movements are likely to take place against a generally deflationary background for at least the first half of the year, and the idleness of markets will probably keep the comparatively wide swings to which London has got used these last few months.

The increasing amount of sheer investment and mathematical skill needed, and

the lowness of turnover, may lead to more mergers among stockbrokers: but there is a fear that not enough will happen in this field—that as elsewhere substantial over-capacity will remain, however ill-equipped technically to cope with modern conditions. Certainly the credit squeeze, and increasing discipline by the Stock Exchange Council, will lead to more little local difficulties in the smaller firms: again, the Council will certainly find itself embroiled with some eminent and successful company chairman in its praiseworthy attempts to extract more meaningful information from companies.

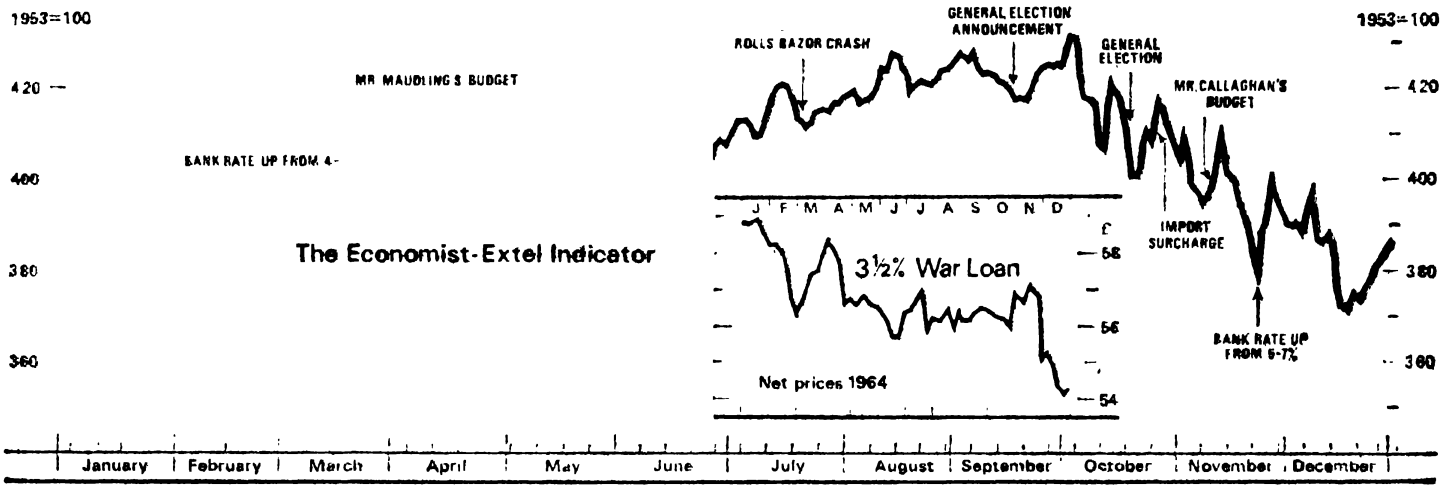
The first results of the return of funds to this country would obviously be seen in the short-dated gilt-edged market. At the moment, with foreign money absent, the 7-day corporation rate has been up to 8¼%, absorbing money "normally" in the shorts market. With the return of funds the insurance companies would have some inducement to maintain their flow of funds into longer-dated stocks, which has been so helpful a tendency for gilt-edged over the last two years. The Bank of England is solidly behind the whole market at somewhere near the present price range, and gilt-edged could be the star turn of the year, especially if, as seems likely, American pressure leads to successive reductions in Bank rate. A definite capital gains tax rate, and a surge back of rapidly cooling hot money, could even prepare the market for the issue of steel rehabilitation stock within the next eighteen months.

Equities are much less easy to forecast, although it is likely that by the end of the year the indicator will be much as it is now, but rising, after a fall of up to 30 points to below 350 around budget-time. However cheering profits' statements may be in the first half of the year company chairmen are likely to become increasingly pessimistic in their forecasts of future profits. There are no sections of the market that look particularly vulnerable: those, like building and electrical, with earnings yields under 8%, are unlikely to be seriously disturbed. Both groups were particularly firm on Thursday. But there could be shake-outs in individual shares, with Associated Electrical Industries and Elliott Automation thought to be particularly vulnerable. Shares that have suffered recently from the size of their overseas interests are unlikely to remain entirely friendless; nor are numerous shares in aircraft, motors and general engineering which have reorganised themselves to some purpose. Many of these (like Hawker Siddeley, B.S.A. and Rover) are cheap on present prospects, and may look more so when the export incentives are announced in the next few weeks.

Some sections of the market, like stores, may have a very quiet year, interrupted by take-overs (on newly-revealed asset values?) and by declines in the vulnerable-looking department store shares, like Debenhams and House of Fraser. The same hush could surround the whole financial section, where all passions, for and against, seem now spent. The benefits of reorganisation, particularly among composite insurance companies are slow to materialise. The Pru's capital scheme and share split announced on Thursday afternoon could be the forerunner of others from life insurance companies.

In some of the foregoing fields take-overs may be more difficult: a general shortage of cash, the increasing unattractiveness of share scrip, and vastly improved defensive techniques could limit activity despite the obvious scope for mergers. But there is one field where none of these factors may limit the scope, and that is properties. With around 230 companies quoted, many of them rather ageing one-man bands, the scope is tremendous. Companies like Land Securities, run very professionally, with a steady flow of institutional money and a need for immediate income, could welcome others into the fold, but at prices well below asset values.

Whatever events, or non-events, there may be, technical skills will command an ever-increasing premium. A good deal of professionalisation has taken place over the last few years, but it has been largely concentrated in the already advanced brokers and merchant banks, but with some of the biggest notorious laggards. This cannot continue for ever.



THE indicator has the unique feature of combining 50 stocks in an unweighted arithmetic average of their price relatives, rebased each year and then linked back to the original base of the indicator, namely, the average of mid-monthly prices in 1953. The accompanying table shows that of the present 50 stocks only 13 stood at the end of 1964 above the level of December 31, 1963, which has been the base date for the past year.

Each year-end, the constituent shares of the index are reviewed and revised where necessary. And for 1965 two shares, Joseph Lucas and Tate and Lyle, have been replaced by Richard Costain and J. Lyons "A."

CONSTITUENT SHARES : DECEMBER 31, 1963=100

Viyella Int.	147·4	BICC	96·3	J. Lucas	86·3
Leyland Motors	133·1	Unilever	96·2	Shell Transport	85·9
Rolls-Royce	126·0	P. & O.	96 1	Legal & General	84·8
GEC	120·9	Watney Mann	95 2	Tate & Lyle	83·4
British Petroleum	114·2	Hawker Siddeley	94 8	Distillers	82·6
Courtaulds	110 8	IPC	94 6	Debenhams	82 5
Stewarts & Lloyds	110 3	Assoc. Port. Cement	94 3	ICT	81·4
Imps.	109 5	BAT	93 9	Coats, Patons & B.	79 4
Prudential 'A'	108 2	Rank Organisation	93 8	Marks & Spencer 'A'	77·2
United Steel	107 5	Assoc. British Foods	93 4	Vickers	74·8
Midland Bank	106·4	London Brick	91·1	Woolworth	69·3
Bowater	101 8	Tube Investments	90 7	British Oxygen	68·3
Guest Keen	100 7	ICI	90·6	UDT	63·5
Turner & Newall	99·2	GUS 'A'	90·3	City Centre	61·1
Thorn Electrical	97 5	Beecham Group	89·7		
Dunlop	97 2	Metal Box	89 6	The newcomers :—	
Boots Pure Drug	97 0	Allied Breweries	88 0	J. Lyons 'A'	97 1
BMC	96 5	AEI	86 9	R. Costain	88·5

Mergers and Take-overs in 1964

IN 1964 the pace of bids and mergers slackened markedly. Against a background of drooping stock market prices and tax uncertainties in the latter months of the year, this was hardly surprising. And again in 1964 bidders (and particularly Mr Clore) were often surprised by the "know how" of other companies and groups of shareholders in staving off unwanted bids and bids which were thought to be pitched too low. As last year, textiles were the most popular acquisition, with the interest spreading to wool textiles.

January. There were three big take overs still in the melting pot at the end of 1963. Thorn failed to gain control of Westinghouse Brake and Signal. The promise from the Hazell Sun printing group of a "constructive recommendation" in reply to the bid from the News of the World turned out to be a proposed merger with Purnell. This was the final outcome, and the companies merged as the British Printing Corporation, but not before the News of the World had embarrassed both groups by a surprise revised and higher offer for Hazell Sun shares. Trafalgar House finished with only substantial minority stakes in the property trio, City and West End Properties, Consolidated London Properties and Metropolitan Properties. The tangle ended later in the year, for a bigger offer gave Trafalgar control of City and West End and it sold off its shares in the other two companies at a good profit. Mr Clore, in a transatlantic bid, acquired a controlling interest in the New York-based Consolidated Laundries. Unilever and others paid out £6.3 million for Commercial Plastics with Whitecroft Holdings (formerly Bleachers Association) the main seller with a profit of just under £1 million on a £2¼ million deal. Just as well this did not take place after this April.

February. The bathmakers Allied Ironfounders and the Scottish based Federated Foundries merged. Feathers began to fly in the battle for control of Buxted Chicken, opened by a bid from Nitrovit and countered by one from the Ross Group, sponsored and financed by Spillers, which had a 10% stake in Buxted. Cockfighting had nothing on this for ferocity. Nitrovit (now renamed Allied Farm Foods) won, and peace was restored late in the year when Spillers sold out its stake in Buxted to the new group. Mr Clore became a banker and took a 14% stake in M. Samuel for £1.9 million. The shares jumped to 68s. on the news, Mr Clore paid just over 64s. and now they stand at 53s. Through Sears Holdings he also made a bid for the 18% minority holdings in British Shoe. But among this 18% were some big institutional investors and, strongly led from over the border, they forced Mr Clore to drop his idea. Lines Brothers, the Triang toy firm, successfully made a cut price offer, at less than half the pre-bid price, for Meccano, in dire need of reconstruction. Mr Joe Hyman of Viyella made the first of his many bids in 1964—for Clegg and Orr.

March. P & O and Anglo Norness got together to operate and build bulk tankers. Pasolds, the makers of Ladybird children's clothes, spread its wings and, through its acquisition of the Scottish-based Donaldsons Textiles, hoped to enter the teenage market. A sporting mix-up found the Hurst Park Syndicate, with Terry Downes a major shareholder, bidding for the Dale Martin wrestling promoting group. But this is the nearest Downes is likely to find himself to the wrestling ring, unlike some past boxing champions.

April. As in 1963 this seems to be the close season for bidders. Even in these days when merchant banks have largely replaced their past solidity with versatility it was slightly surprising to find Samuel Montagu buying a minority stake in the northern based Adrega supermarket chain. ICI took a 20% interest in the Klinger textile machinery and processed yarn group. At the end of the month however came the biggest deal of the year with the news already forecast in *The Economist* that ICI was to exchange its 37½% stake in Courtaulds (acquired in its abortive take-over attempt two years before and worth about £130 million) for Courtaulds' half share in British Nylon Spinners.

May. The month started with a flurry and with the news that United Drapery Stores and Montague Burton were having talks on the possibility of a closer association between the two groups. But within two days of this news came the announcement that talks had broken down. Take-over rumours still surrounded Burton at the end of 1964. Charrington made a £1 million bid for Woodhead Brewery and Granada paid £1½ million to Pearl Assurance and City Centre to raise its stake in Barranquilla Investments property group to 64%. Spillers having failed with broilers made a strong bid to be top dog by paying £6¾ million for the old Glasgow family business of Robert Wilson, a big competitor in the market for dog and cat foods. Two of the larger stockbroking firms, James Capel and Nathan and Rosselli, announced plans to merge.

June. Chrysler's partial bid for a 30% stake in Rootes caused a short lived political storm. (It seems unlikely that Chrysler's stake will remain a minority one for too long—though this would cause a political hurricane.) Viyella really stepped into the big time with a £9 million bid for Bradford Dyers. Rank Organisation made twin bids to further diversify its leisure interests. It acquired Pullin Group, the instrument makers, to strengthen its photographic side but the £30 million bid for the Mecca dance hall group was spurned. Reed Paper made a £8½ million offer for Field Sons & Co., the Bradford carton manufacturer and colour printer. A sharp jump in Field shares ahead of the bid led to a Stock Exchange "leak" enquiry. GEC stepped on the gas by bidding for Cannon Holdings.

July. The two largest companies in the television rental industry, Radio Rentals and Rentaset, announced plans to merge. Beecham Group sold its sweets interests, James Pascall and Murray, to Cadbury Brothers for £1¼ million and showed a loss of £700,000 on the deal. Dutton's Blackburn Brewery was yet another "umbrella" company to be fully absorbed by Whitbread. The creeping diversification of the tobacco giants was taken a significant step further with British American Tobacco's bid for Tonibell. The textile shopping spree really got under way. Viyella bid £2½ million for Combined English Mills, the third largest Lancashire spinning group, and Courtaulds £36 million for the top two, Lancashire Cotton and Fine Spinners and Doublers.

August. Dixons Photographic snapped up the Bennett chain of photographic shops at the appropriate moment, when Bennett announced a loss. Mills and Rockley and the privately owned David Allen came together to control one third of Britain's poster sites. UDT and Provident Clothing started a joint venture, Paybonds, an extension of Provident's own voucher operation. A final solution to the affairs of the State Building Society and the companies in the miscalled Jasper group came through an offer from a company, created by Mr Maxwell Joseph, for the shares of the building society and for the minority shares in the Jasper companies.

September. More than one company wanted to "walk the Barratt" way and in the end it was Stylo Shoes, the friendly but lower bidder, that won the day and brought another defeat for Mr Clore, bidding through the British Shoe Corporation. Viyella made its 13th offer in ten months—a £1 million bid for the privately-owned Makerfield Mill. Lord Thomson started the bid battle of the year with the bid by the

Thomson Organisation for the Outram Scottish newspaper group. It brought him into opposition with Sir Hugh Fraser, on the board of Outram and clearly also a master at musical chairs. After the offer Sir Hugh took over the chairmanship of Outram.

October. But he resigned from the chair and from the board when his industrial holding company, Scottish and Universal Investments, made a counter bid. After numerous higher offers from both sides SUIT's gained control and Sir Hugh rejoined the board as Chairman and as forecast set up a joint company with the Beaverbrook group to run Glasgow's two evening papers. Jokai Tea started a bewildering series of tea mergers bidding for three other tea planting companies. Assam Dooars bid for two more. Tesco at the second attempt achieved its merger with the Charles Phillips grocery group and the other big giver of Green Shield stamps in the grocery trade. Woolcombers, the largest combers in the trade, moved into top-making with a £3 million bid for six private companies.

November. Trust Houses by exchanging its Lockhart industrial catering subsidiary for John Gardner shares brought its stake in this food group to a controlling 56.7%. Williamson Holdings took in seven more tea companies. The British South Africa company, its royalties acquired by the Zambian government, agreed to a merger with Central Mining and Consolidated Mines Selection Trust to make it a £120 million London based mining finance group. The guiding hand of Mr Harry Oppenheimer's Anglo American Corporation could be seen in this.

December. Associated Television has made bids for Moss Empires and Stoll Theatres, which paradoxically have lost most of their audiences to the "box." A result of this bid is that the Beaverbrook Group is taking a stake in ATV by buying some of the ATV shares held by Moss Empires. There were two mergers in the motor trade, Holt Products and Romac, and Bristol Street Motors and Spurling Motor Bodies. Finally Sir Hugh Fraser and his SUIT's recouped some of the expenditure incurred in keeping Outram Scottish by selling 51% of its Scottish knitwear interests for £2½ million to William Baird. But Baird's textile appetite was not sated and it also bid £1.8 million for Clifford Williams, a clothing supplier to Marks & Spencer.

APPOINTMENTS for further announcements see pages 71, 72, and 73.

UNIVERSITY COLLEGE OF WALES

ABERYSTWYTH

Applications are invited for an additional post of ASSISTANT LECTURER or LECTURER in the DEPARTMENT of INTERNATIONAL POLITICS (Professor Alan C. W. Martin). Preference will be given to candidates with an interest in general political approaches to international relations, as the programme of the Department is intently broad to permit specialisation in teaching and research.

Funds for foreign travel are available. Salary according to qualifications and experience within the ranges:

Lecturer: £855 – £2,505

Assistant Lecturer: £1,050 x £75 – £1,200

Forms of application and further particulars may be obtained from the Registrar, to whom applications should be sent by January 18, 1965.

UNIVERSITY OF THE WEST INDIES

AMENDED ADVERTISEMENT

Applications are invited for the post of Director of the Institute of Social and Economic Research in Faculty of Social Sciences. Appointee will be responsible for the Institute's research programme. Candidates should be qualified in Economics or Sociology or Political Science. Salary in range £3,050-£4,000 p.a. Child and entertainment allowances. F.S.S.U. Housing at 10 per cent of salary, if available, or allowance in lieu. Family passages. Study leave every three years. Detailed applications (eight copies), naming three referees, by February 15, 1965 by persons living in the Americas and Caribbean area, to Registrar, University of the West Indies, Kingston, Jamaica, and by all others to Secretary, Inter-University Council for Higher Education Overseas, 41 Bedford Place, London, W.C.1. Further particulars may be obtained similarly.

SOUTH OF SCOTLAND ELECTRICITY BOARD

Applications are invited for the following superannuable posts in the PLANNING & ECONOMICS SECTION of the Chief Commercial Officer's Department at Board Head Office.

ASSISTANT COMMERCIAL OFFICER (RESEARCH and STATISTICS)

REF. A 12/64

The successful applicant will supervise a team which will be engaged in statistical, consumer, market, and load cost research. His duties will include load estimation, weather correction of consumption and demand data, and mathematical and analytical studies. This post offers considerable scope for a man of initiative with proved ability to undertake research into problems concerning both the generation and distribution of electricity.

Applicants should possess an honours degree in statistics, mathematics, economics and/or engineering. Experience in the Electricity Supply Industry would be an advantage.

The commencing salary will be £2,395 rising to £3,070 per annum.

SENIOR ASSISTANT ENGINEER (TARIFFS and ECONOMICS)

REF. C 16/64

The duties of this post will include the formulation of policies covering tariffs, special terms and arrangements and the economics of new projects. There will be opportunities for research work in these and allied fields.

Applicants should have had considerable experience in the Electricity Supply Industry. They should preferably have an honours degree in engineering, statistics or economics, and be corporate members of the Institution of Electrical Engineers.

The commencing salary will be £2,130 rising to £2,825 per annum. Applications quoting appropriate reference number should be submitted on the standard form, obtainable from the Secretary, South of Scotland Electricity Board, Cathcart House, Inverlair Avenue, Glasgow, S.4, and should be returned not later than January 20, 1965.

PFIZER INTERNATIONAL SUBSIDIARIES

Assistant to Financial Controller

Pfizer International, who have recently formed a Headquarters in Nairobi, Kenya, to administer their pharmaceuticals, animal health, consumer and cosmetics business throughout the African Continent, require a qualified Accountant, aged 25–35, to assist the Financial Controller. He will be responsible for the preparation of management reports, budgets and budgetary control, and product profitability statements. He will also assist the Controller on Company financing, tax and supply projects at the Headquarters and this work may necessitate visits to the individual markets.

This post, which will offer adequate promotion opportunities, calls for a man preferably with previous commercial experience. It offers excellent salary and conditions of service which include non-contributory Pension and Life Assurance Schemes and annual home leave of one month. Full details will be discussed at initial interviews.

Applications are invited and, in the first instance, should be addressed to:-

Recruitment Officer,
Pfizer Limited,
Sandwich, Kent.

STATISTICAL RESEARCH OFFICER

A prominent Group of Machine Tool Companies requires a Statistician at their London headquarters. He will be responsible for—

1. Setting up and maintaining a central record and analysis of sales.
2. Collecting information on U.K. production and trade figures, including exports and imports of machine tools, and comparative overseas production.
3. General market research and reporting

Applications will be considered from those who have recently graduated in an appropriate subject, or have had 1/2 years' experience in industry in a statistical department.

Starting salary £1,250-£1,450; pension scheme.

This is a new appointment where the successful applicant would be given great scope in developing his function. He would also have an opportunity of getting to know the industry in an international setting.

Reference Number 583.

Please apply in confidence quoting reference number to

CS Clive and Stokes Limited

Appointments & Personnel Consultants

27 ALBEMARLE STREET · LONDON W1

GUINNESS

Lord Elveden reports record results

The Annual General Meeting of Arthur Guinness Son & Company Ltd. will be held on January 21st, 1965, at Park Royal Brewery, London, N.W.10.

The following are the salient features of the circulated Review of the Chairman, Viscount Elveden:

Sales of Guinness reported last year were the highest in our history. This year we have beaten this record. In the Republic of Ireland, despite greater competition in the beer market, our sales continue to show a modest growth. In Northern Ireland, we had a successful year; in fact our barrelage was the highest on record.

In Great Britain our sales of both extra stout and draught have continued to make good progress. Sales of draught Guinness have greatly increased with a major expansion in the number of outlets where it may be obtained. We intend to make every effort to extend the coverage during the current year.

Financial Results: The increase in sales of our brewing companies has led to an improvement in profits, which despite further substantial increases in costs, were 16 per cent. up on last year and are the highest yet recorded. All our brewing activities contributed to this result, which is slightly better than the forecast I gave last June.

The non-brewing companies again increased sales, but overall profits were lower.

The total group profit before taxation amounted to just over £9¼ millions, being 10 per cent. above last year's figure of £8.4 millions. The group profit after taxation has risen from £4·2 millions to £4·8 millions.

Dividend: An interim dividend of 8 per cent. has already been paid, and in view of our excellent trading results the Directors recommend a final dividend of 13 per cent., making a total distribution on the new Ordinary capital of 21·0 per cent. compared with the equivalent rate of 19·2 per cent. paid last year.

Overseas: This has been an eventful year. The decision was taken to brew in Malaysia and the Guinness Malaysia Brewery is now under construction. Our Nigerian Brewery continues to expand its sales steadily. For the first time in our history we have arranged for Guinness to be brewed under contract, and Guinness is now being produced in South Africa, Australia and New Zealand under our close technical control. Sales to date in these markets are most encouraging. Sales of Dublin brewed Guinness to the world at large have continued to expand—a remarkable achievement in a year when it became impossible to export to Ghana, formerly our third best overseas market. We are in the process of forming, with a leading Japanese brewer, a joint marketing company for the purpose of expanding sales of Guinness throughout Japan. We have further strengthened our representation in the United States by the formation of the Guinness Harp Corporation.

Harp Lager: As Stockholders know, our Harp partners are Courage, Barclay & Simonds, Scottish & Newcastle Breweries, and Bass, Mitchells & Butlers. I am very pleased to say that we have had a good year, and can report substantial increases in trade, better even than our expectations, in Great Britain and Ireland.

Irish Ale Breweries, in which we are associated with Ind Coope, has had another successful year's trading, notable for a very substantial increase in sales.

After reviewing the other activities of the Group, the Chairman concluded: At the end of a specially successful trading year, when the quality of Guinness has been kept uniformly higher than ever before, let us not forget to salute the famous Guinness Head, whose essential role as part of what we regard as the best drink in the world has this year been preserved, we hope for ever, in the Courts!

The Economist DIARY

For the better ordering of the working day, and for the comfort and delectation of secretaries, there is nothing to equal it.

A week's appointments at an opening; a book that lies open flat on the desk

Bound throughout in red leather; title blocked in gold. Size: 10" x 8".

A memorandum book, an appointments register and a complete reference book

A diary lay-out specially designed for use at Board level

All information easily found by means of handy thumb-indexes

72 pages of facts and figures covering the world; 32 pages of maps

Price for U.K. only, including postage and purchase tax **47/6**

Price overseas by surface mail. Air rates on request **45/-**

ILLUSTRATED PAMPHLET
From DIARY DEPT.,
THE ECONOMIST,
25 ST. JAMES'S STREET,
LONDON, S.W.1.
Whitehall 5155

An American Edition, price $12.50, is available from Brooks Brothers, 346 Madison Avenue, New York 10017

THE ROYAL BANK OF CANADA

(Incorporated in Canada in 1869 with limited liability)

W. EARLE McLAUGHLIN,
Chairman and President

A. F. MAYNE,
Executive Vice-President

J. H. COLEMAN,
Chief General Manager.

R. W. SHANNON,
General Manager,
(International Division)

Condensed Annual Statement

30th November, 1964

ASSETS	Nov. 30, 1964	Nov. 30, 1963
Cash on hand and due from banks (including items in transit)	$1,103,669,387	$ 916,375,817
Government of Canada and provincial government securities, at amortized value	964,187,336	1,103,926,298
Other securities, not exceeding market value	687,529,959	580,076,960
Call loans, fully secured	395,529,305	470,728,736
Total quick assets	$3,150,915,987	$3,071,107,811
Other loans and discounts	2,538,404,471	2,141,900,104
Mortgages and hypothecs insured under N H A	232,780,658	252,504,138
Bank premises	65,485,456	60,012,041
Liabilities of customers under acceptances, guarantees and letters of credit	232,816,783	181,267,413
Other assets	11,194,849	7,144,201
	$6,231,598,204	$5,713,935,708

LIABILITIES		
Deposits	$5,655,229,787	$5,191,490,398
Acceptances, guarantees and letters of credit	232,816,783	181,267,413
Other liabilities	19,232,018	23,318,016
Total liabilities to the public	$5,907,278,588	$5,396,075,827
Capital paid up	66,528,000	66,528,000
Rest Account	256,000,000	250,000,000
Undivided profits	1,791,616	1,331,881
	$6,231,598,204	$5,713,935,708

HEAD OFFICE: MONTREAL

Over 1,100 branches in Canada, the Caribbean area and South America

Offices in New York, London and Paris

Special Representatives: U.S.A. - Chicago, Dallas, Los Angeles

Europe: Paris Far East: Hong Kong

Correspondents the world over

LONDON BRANCHES

City Office:
6, LOTHBURY, E.C.2
J. F. Smith, Manager
W. S. Hunter, Asst. Manager
C. F. Stuart, Asst. Manager
H. A. Crawford, Asst. Manager

West End Office:
2/4, COCKSPUR STREET, S.W.1
R. B. Murray, Manager
F. W. Embury, Asst. Manager

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail,

UK £6 overseas £6 - 10s.;

By air see below

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. Airmail is invariably more expensive but usually quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended.

	Airmail	Air Freight		Airmail	Air Freight
Australia	£13 10s.	—	Iran & Iraq	£11 0s.	£9 10s.
Canada:—			Israel	£11 0s.	—
Quebec & Ont. Provs.	£12 10s. or Can. $38	£9 15s. or Can. $30	Japan	£13 10s.	—
Other Provs.	£12 10s or Can. $38	£10 10s. or Can. $31·80	Jordan	£11 0s.	—
Ceylon	£12 10s.	£10 0s.	Lebanon	£11 0s.	—
China	£13 10s.	—	Malaya	£12 10s.	—
East Africa	£12 10s.	£10 0s	N. Zealand	£13 10s.	—
Egypt	£11 0s.	—	Nigeria	£12 10s.	£9 10s.
Europe	£10 0s.	—	Pakistan	£12 10s.	—
Ghana	£12 10s.	£9 10s.	Philippines	£13 10s.	—
Gibraltar, Malta	£7 5s	—	Rhodesia	£12 10s.	—
Hongkong	—	£12 10s.	S. Africa	£12 10s.	£10 0s.
India	£12 10s.	£10 0s.	Sth. & Cen. America	£12 10s.	—
Indonesia	£12 10s.	—	Sudan	£11 0s.	£9 10s.
			USA	£12 10s. or $35	£10 10s. or $29·50
			W. Indies	£12 10s.	—

SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS:

AUSTRALIA: John Hinton & Co., 50 Miller Street, Sydney, New South Wales; Gordon & Gotch (Australasia) Ltd., 411/515 Little Collins Street, Melbourne, C1. BELGIUM: W. H. Smith & Son, 71 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Croze, C.X.P. 3683-Zc-00, Rio de Janeiro. CANADA: Wm. Dawson Subscription Service, 587 Mount Pleasant Road, Toronto 7, Ontario. CEYLON: The Lake House Bookshop, 100 Parsons Road Fort Colombo. DENMARK: Bjnar Munksgaard, 6 Norregade, Copenhagen K. EGYPT: Librairie Hachette, 45 bis Rue Champollion, Cairo. FINLAND: Akateeminen Kirjakauppa, 2 Keskuskatu, Helinki. FRANCE: W. H. Smith & Son 248 Rue de Rivoli, Paris. GERMANY: W. E. Saarbach, Gertrudenstrasse 36, Köln 1; Conwn Grosso-verlich GmbH, Hamburg 1, Danziger Strasse 35a, Hamburg. GHANA: Travel Service Ltd., P.O. Box 401, Accra. GREECE: Librairie Kauffman, 28 Rue de Stade, Athens. HOLLAND: N.V. Vijf Van Ditmar's Import, Schiestraat 32-46, Rotterdam 4. HONGKONG: The Advertising & Publicity Bureau, Ltd., 707-706 Marina House. INDIA: Patrika Syndicate Private Ltd., Gole Market, New Delhi, 1, or 12/1A Lindsay Street, Calcutta 16 or 23 Hamam Street, Bombay 1; Central News Agency, 23/90 Connaught Circus, Post Box 074, New Delhi. IRAN: International Press Agency of Iran, P.O. Box 1125, Teheran. IRAQ: Coronet Bookstore, Mutjaba Building, Southgate, Baghdad. ISRAEL: Bronfman's Agency, Ltd., 2 Ishkolov Street, P.O. Box 1109, Tel-Aviv. ITALY: Messaggerie Italiane, Via Lomazzo 52, Milan 12. JAPAN: Kurt H. Bachmeyer Associates, Meiji Heights, 26 Kitaya-cho, Shibuya-ku, Tokyo; Maruzen & Co., P.O. Box 605, Tokyo Central. JORDAN: Joseph I. Bahous & Co., P.O. Box 66, Amman. KENYA: East African Standard, P.O. Box 30080, Nairobi. KOREA: Foreign Publications Supply Co., P.O. Box 238, Kwang-Hwa-Mun, Seoul. LEBANON: The Levant Distributors Co., Place de l'Etoile D. Assefly Building, Beirut. MALAYA: Messrs Marians & Sons Subscription Dept., 74 Orchard Road, Singapore, 9. NEW ZEALAND: Gordon & Gotch (NZ), Ltd. P.O. Box 584, 75 Anzac Avenue, Auckland; Gordon & Gotch (NZ), Ltd., 32 Waring-Taylor Street, Wellington. NIGERIA: Atlas Nigeria Ltd., 6 Labinjo Lane, P.M.B. 2120, Lagos. NORWAY: A/S Narvesens Litteraturjeneste, P.O. Box 115, Oslo. PHILIPPINES: Morris Corporation, P.O. Box 1451, Manila. POLAND: Ruch Ul Wilcza 46 Warszawa 10, Poland. RHODESIA: Kingstons Ltd., P.O. Box 2374, Salisbury, S. Rhodesia. SOUTH AFRICA: American & Overseas Publications, P.O. Box 3025, Port Elizabeth; Central News Agency, Ltd., P.O. Box 10799, Johannesburg. SPAIN: Distribuidora International, Duque de Sexto, 36, Apartado 9156 Madrid. SUDAN: Khartoum Bookshop, P.O. Box 968, Khartoum. SWEDEN: Wennergren-Williams A.B., Norden-flychtsvägen 70, Stockholm. SWITZERLAND: Agence Aeberhard Case 123 Berne Transit. TANGANYIKA: The Tanganyika Standard, P.O. Box 33, Dar es Salaam. TURKEY: Librairie Hachette, 469 Istiklal Caddesi, Beyoglu-Istanbul. UGANDA: East African Standard, P.O. Box 1656, Kampala. UNITED STATES: The Economist, 415 Madison Avenue, New York 17, N.Y.; British Publications Inc., 40 East 60th Street, New York 22, N.Y.; The Economist, National Press Building, Washington 4, D.C.; National Publications Co., 4055 Wilshire Blvd., Los Angeles 5, California. VENEZUELA: Distribuidora Bamingo C.A., Quinta Oasis, Segunda Transversal Norte, Urbanizacion Guaicaipuro, Apartado No. 2589, Caracas.

THE STRAND HOTEL LIMITED

BOARD'S PROGRESSIVE POLICY

The fifty-seventh Annual General Meeting of The Strand Hotel Ltd. was held in London on December 29th, Sir Samuel Salmon, the Chairman, presiding. The following is his Statement which has been circulated with the Report and Accounts for the year ended September 30, 1964.

The consolidated trading balance shows an increase of £39,826 over the previous year. Income tax on the year's profits has been provided for at the proposed new rate of 8s. 3d. in the £ and but for this the consolidated profit, which is virtually the same as last year, would have been some £14,000 higher. This year again £100,000 has been placed to the General and Contingencies Reserve. The Board recommends a dividend of 30 per cent for the year on the Participating Preferred Ordinary shares.

During the period under review our hotels have exceeded last year's high level of occupancy. This is particularly significant, for over the past few years some 2,500 bedrooms have been added to London's hotel accommodation; it shows that the public continues to choose our hotels out of the widening range available, and we find this very encouraging.

In these days, hotels and the service they offer are judged by international standards and hotels in this country, in order to maintain the tradition of hospitality, must provide service at least equal to that offered anywhere else in the world. It is a measure of our success to this end that visitors from overseas are coming to us in increasing numbers and that last year over £2 million of our turnover came from this source.

In the field of costs and prices, we have faced some difficult problems during the year. Staff costs have risen and in the hotel business the ratio of staff to customers is particularly high. Certain price increases have had to be made, but some of the effect of increased costs has been offset by new methods of operation which either reduce these costs or create more revenue.

At the Regent Palace we have recently completed the new "Regent Bar" on the ground floor with entrances from the street and the main foyer; its ease of access has helped to make the new bar extremely popular, especially as an amenity for the hotel's residents and restaurant customers.

The Ariel Hotel at London Airport was built in the belief that not only would air travel continue to grow but that an increasing number of travellers would come to appreciate the comfort of staying the night in a soundproof room at the Airport and the release it can afford from "timetable anxiety." We have not been disappointed, for the Ariel's business has continued to improve in spite of increased competition.

The Albany Hotel, as a new hotel in the central development of Birmingham, met with an excellent reception when it opened two years ago. It has now established itself and is making steady and encouraging progress. Because of the increasing noise from night-time motor traffic, we are installing double windows and this should be completed by the end of the winter.

Our associated hotel, the Cumberland, has completed the ground floor alterations to which reference was made last year, and the new entrance hall, reception services, restaurants and bars have attracted very favourable comment. The programme of restyling the bedrooms and bathrooms is now well under way and those so far completed have had an enthusiastic reception.

The trend towards expansion continues in the hotel industry and we ourselves are currently examining possibilities of new development; we are always ready to explore any project which will be profitable for the Company.

The report and accounts were adopted.

LONDON

STRAND PALACE HOTEL

REGENT PALACE HOTEL

LONDON AIRPORT — ARIEL HOTEL

BIRMINGHAM — ALBANY HOTEL

Associated with

CUMBERLAND HOTEL *(LONDON)*

ELLIS LTD (KENSINGTON)

HEATING, PLUMBING, DRAINAGE, VENTILATION, AIR CONDITIONING, GAS, SPECIALIST ELECTRICAL INSTALLATIONS, FIRE PREVENTION (INCLUDING SPRINKLERS).

Year Ended August 31 1964.

	Actual	Prospectus Estimate
Profits before Taxation	£270,351	£250,000
Profits Tax 15%	40,200	37,500
Income Tax (1965 6 @ 8s. 3d.)	112,743 (7s. 9d.)	96,875
Net Profits after Taxation	117,408	115,625
Dividend	17%	16%

Salient points from the Statement by the Chairman, Mr Charles H. Ellis.

Volume of work carried out during year a record for the Company. Work in Progress at 31 8 1964 and Contracts agreed but not commenced, showed an increase over 1963 figures.

Annual General Meeting Winchester House, Old Broad Street London E C 2 at 11 30 a m. January 21 1965

Copies of the Annual Report available from the Secretary

ELLIS (KENSINGTON) LTD.

KENDRICK PLACE, LONDON, S.W.7.

Binding Cases

Binding cases for THE ECONOMIST *are available from* TASIBIND LTD. *The cases are in stiff, dark blue cloth covers, and are gilt-lettered on the spine; they provide an extremely effective and firm binding and will hold 13 issues of the normal edition together with the quarterly Index, or 26 issues of the air edition with two quarterly Indexes. The year can be stamped on the spine. The cost per case, post free throughout the world, is 14s. Orders, stating requirements clearly and enclosing a remittance, should be sent,* **not** *to* THE ECONOMIST, *but to—*

TASIBIND Ltd.

(Dept. F). 84 Newman St., London, W.1

J. GLIKSTEN & SON, LTD.

Timber Producers and Importers

Extracts from the Report for the year ended June 30, 1964

	1964	1963	1962
	£	£	£
Capital and Reserves	5,723,655	5,471,904	5,222,687
Group Profit before Taxation	1,176,778	697,105	676,485
Taxation	680,400	322,624	365,227
Ordinary Dividend (32½%) ...	238,875	209,016	209,016
Capital Dividend (tax free) ...	30,000	Nil	Nil
Net Current Assets	4,115,756	3,459,600	3,305,186
Bonus Issue	1 for 8	1 for 7	Nil

With the exception of one company operating in British Honduras, all our trading units showed improved results. Group sales for the year increased by approximately 25 per cent and in the first quarter of the current financial year both sales and profits exceed those for the same period last year.

The Economist

Guide to Weights and Measures

This Guide was compiled by the Statistical Department of The Economist for use within our own office; it was decided to publish it as a book to serve a wider public. The Guide has now been out of print for some years but requests for copies still come in. It has therefore been decided to revise and extend the Guide and to publish a second and up-to-date edition.

In 96 pages it provides facts and figures on the weights and measures of the world. For the most widely used units, tables of equivalents are given; for units that are used only in certain countries and trades, conversion factors are given.

The Guide, price 17/6d. (U.S. $2.45) post free for cash with order, is obtainable from:

Publications Department, The Economist, 25 St. James's Street, London, S.W.1.

APPOINTMENTS

TRENT UNIVERSITY

PETERBOROUGH, ONTARIO.

Assistant or Associate Professor of Economics to teach undergraduate courses, to conduct research, and to assist in the planning of the Economics programme at advanced levels.

Trent University was founded in 1963 and admitted its first undergraduates in September, 1964. The university is organised on the collegiate system, and teaching is carried out largely by tutorials and seminars. The university is located within the city of Peterborough, but has acquired an attractive campus of 1,500 acres astride the Otonabee River, just outside the city limits. The first men's college is scheduled for completion on the new site in July, 1966, while the first women's college, the science building, and the library will be completed by 1968. Expansion to 3,000 undergraduates and 500 graduate students is expected by 1980.

The level of appointment will be appropriate to qualifications and experience. The present minimum salary for an Assistant Professor is $7,500.00; for Associate Professor $9,500.00. There are generous schemes for retirement pensions, sickness benefits, and disability pensions. Assistance for removal expenses will be provided to the successful applicant.

Requests for further information, and applications, including a curriculum vitae and the names of three referees, should be sent to The President, Trent University, Peterborough, Ontario, Canada.

UNIVERSITY OF OXFORD

ST. ANTONY'S COLLEGE

RESEARCH FELLOWSHIPS

The College proposes, if suitable candidates present themselves, to elect to two or more Research Fellowships in the general fields of Modern History, Politics and Economics with special reference to Europe (including one Fellowship in German History), Russia, the Middle East, the Far East and Latin America. The Fellowships are tenable for two years in the first instance, but may be extended for a further one year at the discretion of the College. The stipend is £800 for the first two years and £900 for the third year. In addition, Fellows will receive the following benefits in kind: free accommodation, meals in College during Full Term, and if married either accommodation in a College flat or a housing allowance. The selected candidates will be required to take up their appointments not later than October 1, 1965.

The choice of the College is not necessarily limited to those candidates who apply.

Applications should be sent to the College Secretary, St. Antony's College, Oxford, from whom further particulars may be obtained, not later than March 1, 1965, accompanied by a statement of the applicant's career, qualifications, particulars of proposed research and names of two referees.

ST. PAUL'S GIRLS' SCHOOL

BROOK GREEN, HAMMERSMITH, W.6

A limited number of FOUNDATION SCHOLARSHIPS and EXHIBITIONS will be available in 1965. The regulations and the particulars of the examinations can be obtained from the High Mistress at the School. Candidates born after June 30, 1954 must register by Friday, January 22, 1965; older candidates by Friday, March 26, 1965.

UNIVERSITY OF AUCKLAND

NEW ZEALAND

EXTENSION LECTURESHIPS IN THE DEPARTMENT OF UNIVERSITY EXTENSION

Applications are invited for the above-mentioned posts. Candidates should hold good degrees, preferably in one or more of: Literature, History, Economics, Sociology, Geography.

The salary will be in accordance with the scale for an Extension Lecturer Grade II, viz: £1,400 per annum rising to £2,000 per annum. Commencing salary will be in accordance with qualifications and experience.

Further particulars and information as to the method of application should be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in New Zealand and London, on *March 1, 1965.*

AHMADU BELLO UNIVERSITY NORTHERN NIGERIA

INSTITUTE OF ADMINISTRATION

Applications are invited for Lectureship in Production Management and Personnel Administration from candidates holding B.Sc.(Econ.), or B.Comm. Teaching experience essential and active business experience an advantage. Secondment welcomed. Salary within scale: £1,200 x £75 — £1,650/£1,725 x £75 — £2,175 p.a. but possibility of supplementation considered. Family passages: children's, car and outfit allowances; superannuation; subsidised accommodation, annual overseas leave where applicable. Detailed applications (six copies), naming three referees, by January 25, 1965, to Secretary, Inter-University Council for Higher Education Overseas, 34 Bedford Place, London, W.C.1, from whom full details may be obtained.

PLANNING MANAGER

Cambrian Airways Limited invites applications for the post of Planning Manager who will be based at Cardiff (Rhoose) Airport at the Head Office of the Company.

The Planning Manager will be directly responsible to the Managing Director for producing both long and short term appreciations in the fields of new aircraft requirements, economic and commercial research investigations and other similar aspects of airline operations.

The post requires a person of sound and mature judgment; of necessity the successful applicant will hold an appropriate Degree and will have had practical experience of economic analyses and research together with a good working knowledge of statistics and accounts. It would obviously be of great advantage if such experience had been gained in the aviation industry.

The salary for the post will depend upon the qualifications and experience of the successful candidate.

Application, marked "Confidential" should be made to the Company Secretary, Cambrian Airways Limited, Cardiff (Rhoose) Airport, Near Barry, Glamorgan.

STATISTICIAN required by the British Non-Ferrous Metals Federation to compile and publish statistics of industrial activity in non-ferrous metal mining and manufacturing on a world wide basis. A degree in Economics or mathematics with some statistical experience will be an advantage, but knowledge of metals is not necessary.—Apply to the Director, The British Non-Ferrous Metals Federation, 6 Vicarage Road, Birmingham 15.

UNIVERSITY OF NOTTINGHAM

Applications are invited for TWO ASSISTANT LECTURESHIPS in the DEPARTMENT OF ECONOMICS, one of which is a new appointment in Econometrics. Salary within the range £1,050 to £1,275 p.a., according to qualifications and experience, plus membership of the Federated Superannuation System for Universities. Conditions of appointment and form of application, which should be returned by January 23, 1965, from the Registrar.

PUBLISHER'S VACANCIES

Publicity Manager (apply Mr. P. N. Godfrey).

Assistant to Educational Manager, definite prospects of advancement (apply Mr. F. J. Butler).

George Philip & Son Ltd., Victoria Road, London, N.W.10. Ligar 451

UNIVERSITY OF SOUTHAMPTON

Applications are invited for the post of Lecturer or Assistant Lecturer in Latin American History. Candidates should have a research interest in South or Central America and a knowledge of Spanish or Portuguese. Salary Scales: Lecturer, £1,400 x £85 — £2,505 with a merit bar at £2,165; Assistant Lecturer £1,050 x £75 — £1,275. The initial salary will depend on qualifications and experience. Further particulars should be obtained from the Deputy Secretary, The University, Southampton, to whom applications (seven copies from United Kingdom applicants) should be sent not later than February 13, 1965.

For further announcements see pages 67, 72 and 73

VICTORIA UNIVERSITY OF WELLINGTON

NEW ZEALAND

SENIOR LECTURER IN POLITICAL SCIENCE

Applications are invited from suitably qualified persons for the above-mentioned post. A specialist in the government and politics of developing countries is sought. Knowledge of the South Pacific and/or of South-east Asia would be desirable.

The salary will be £2,300 per annum rising to £2,500 per annum, initial salary being determined according to the qualifications and experience of the appointee.

Approved fares to Wellington will be allowed for the appointee, his wife and his dependent children, in addition actual removal expenses will be allowed within specified limits.

Further particulars and information as to the method of application may be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in New Zealand and London, on *February 1, 1965.*

OPERATIONAL RESEARCH AT LANCASTER

The Department of Operational Research at the University of Lancaster continues to expand. During the next year we shall be increasing our graduate students from 14 to 35 and shall be starting the undergraduate course in O.R. techniques. Our programme of outside project work will double in extent. All this means that more experienced staff are needed. We shall probably want to recruit up to eight more Senior Lecturers, Lecturers or Assistant Lecturers to undertake research and teaching and to direct a wide range of practical studies. All should have either practical experience of O.R. and or experience in one of the following fields:

Behavioural Science

Mathematical Programming

Simulation Techniques

Computer Logic

Economic Model Building

Salaries in the range £1,050 to £3,150.

Further information in confidence from —

Professor B. H. P. Rivett,
Department of Operational Research,
University of Lancaster,
St. Leonard's House,
Lancaster.
(Telephone: Lancaster 65292)

LIVERPOOL REGIONAL HOSPITAL BOARD

MANCHESTER UNIVERSITY MEDICAL CARE RESEARCH UNIT

Applications are invited for three new posts in HOSPITAL PLANNING AND ADMINISTRATION at the Liverpool Regional Hospital Board to make up a team which will work under the joint direction of the above Sponsors on the medical needs for hospital and other care in the Liverpool Region. This team is expected to develop into the establishment of a permanent Operational Activities Unit.

Candidates should be graduates with a background in statistics, economics, sociology, social administration, operational research or related fields; for one post wide experience and qualifications in hospital administration will be acceptable. The salaries will range up to that of Assistant Secretary (£1,729-£2,075) and will depend upon qualifications and experience.

Further information and application forms can be obtained from Dr. R. F. L. Logan, Director, Medical Care Research Unit, University of Manchester, Darbishire House, 295 Upper Brook Street, Manchester 13. Applications should be forwarded to the Secretary, Liverpool Regional Hospital Board, 55 Castle Street, Liverpool 2, by January 16, 1965.

UNIVERSITY OF IBADAN NIGERIA

NIGERIAN INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

Applications are invited for the following posts:

(a) Research Professors, (b) Senior Research Fellows, (c) Research Fellows, (d) Junior Research Fellows in Sociology, Economic Planning, Agricultural Economics, Statistics and Econometrics, Public Finance and International Economics, (e) Administrative Secretary. Candidates for post of Administrative Secretary must be graduates with administrative experience.

Salary scales: (a) £3,000 p.a. (b) £2,275 x £75 — £2,575 p.a. (c) and (e) £1,200 x £75 — £1,650 (bar) £1,725 x £75 — £2,175 p.a. (d) £950 x £50 — £1,150 p.a. Appointments to start as soon as possible. Family passages. F.S.S.U. Children's and car allowances. Part furnished accommodation. Regular home leave. Detailed applications (six copies) naming three referees by January 30, 1965, to Secretary, Inter-University Council for Higher Education Overseas, 33 Bedford Place, London, W.C.1, from whom full particulars may be obtained.

GOVERNMENT OF MAURITIUS

HEAD OF ECONOMIC PLANNING UNIT

Applications are invited for the above-mentioned post in the proposed Unit, which will be located initially within the Mauritian Ministry of Finance, but may subsequently be transferred to the Premier's Office (the Premier at present holds the Finance portfolio).

The duties will include: preparation and review of the Development Programme; preparation of an annual Economic Survey; preparation and co-ordination of applications for economic and technical assistance; studies for and advice to the Government on both sectors of the economy; and the training of local staff. Candidates should have a good Honours degree in Economics, and should have experience in economic administration and the preparation of development plans.

Appointment will be on contract/gratuity terms for one tour of twenty-four months in the first instance, with option to renew on both sides. Gross emoluments (subject to local tax) £4,140 p.a. Gratuity at rate of 25 per cent. of substantive emoluments. Free passages for officer and family, generous leave; educational allowances; government supplied housing at low rental.

Apply in first instance, with summary of personal particulars to

Room 301,
MINISTRY OF OVERSEAS DEVELOPMENT,
Eland House, Stag Place,
London, S.W.1,

giving full name and quoting reference RC 236/111/01.

ENGINEER JOURNALIST

to go out to industry and seek the information designers of capital machinery need, writing himself and editing contributions from specialists. Engineering degree, H.N.C. or equivalent and experience in mechanical engineering design office essential. Good prospects; starting salary not less than £1,200 p.a. Write full details to Editor, Machine Design Engineering, 77 Charlotte Street, London, W.1.

CENTRAL ELECTRICITY GENERATING BOARD SOUTH WESTERN REGION

SOUTH WALES DIVISION

Vacancy No. 221/O/64

3rd ASSISTANT ENGINEER (OPERATIONAL RESEARCH)

Applications are invited for the superannuable N.J.B. appointment of 3rd Assistant Engineer in the Operational Research Section of the Generation Services Department, Divisional Headquarters, Cardiff.

SALARY: Grade 8, Scales 11/13: £1,410 to £1,[illegible]85 per annum.

Applicants should be qualified in engineering or in some other discipline which could be related to operational research work. The work of the section is varied and interesting and is undertaken at any of the Generating Board's installations in South Wales.

Experience in statistical analysis would be an advantage.

Special application forms obtainable from the Personnel Department, Central Electricity Generating Board, Lwyn-y-Eddwen Road, Gabalfa, Cardiff, to be returned by January 9, 1965.

BRITISH GRADUATE of top American Business School (Wharton) seeks career opportunity where his qualifications will prove an aid to rapid advancement. Background includes five years building industry, N.S. cavalry commission, Rugby School, wide travel experience. Degree specialisation in marketing and finance with broad knowledge [illegible] accountancy, economics, statistics, syst[illegible] analysis, etc. Available for interview in U[illegible] in May and for employment commencing J[illegible]. Any interesting offer considered; small ca[illegible] available for investment. Write W. [illegible] 3 21 Sansom St., Philadelphia 19104, U.S.[illegible]

A Market Research Assistant

is required by a leading manufacturer of industrial rubber, plastics and engineering products for the Company's Head Offices in Westminster.

Candidates, men or women, who are Graduates in Economics with some relevant experience, are preferred but G.C.E. "A" level or equivalent with substantial experience might be acceptable.

Please apply in writing with full personal details to Staff Manager (Ref. MR/LR), BTR Industries Ltd., Herga House, Vincent Square, London, S.W.1.

UNIVERSITY OF BRISTOL

CHAIR IN ECONOMIC THEORY

The University proposes as soon as possible to make an appointment to a Chair of Economic Theory within the Department of Economics and tenable from August 1, 1965.

Suitably qualified candidates are invited to submit applications to the undersigned, from whom further particulars of the appointment may be obtained, by January 30, 1965.

H. C. BUTTERFIELD,
Registrar and Secretary

Senate House, Bristol 2.

UNIVERSITY OF READING

READERSHIP IN ECONOMICS

Applications are invited for a Readership in the Department of Economics as part of the University's expansion programme in the social sciences. Preference will be given to candidates with teaching and research interests in economic theory and/or quantitative economics, though candidates working in other fields are not precluded from applying. The appointment will date from September 30, 1965, or such other date as may be arranged.

Further particulars may be obtained from the Registrar (Room 22, O.R.B.), The University, Reading, by whom applications must be received not later than January 9, 1965.

WORKERS' EDUCATIONAL ASSOCIATION

Applications are invited for the post of District Secretary of the Workers' Educational Association, West Lancashire and Cheshire District. Salary £1,050 rising by seven increments of £50 and four increments of £75 to £1,700. Commencing salary according to age, qualifications and experience of successful candidate. Further particulars and application forms from the District Secretary, W.E.A. West Lancashire and Cheshire District, Burton Chambers, 38-40 Church Street, Liverpool 1.

Closing date for applications January 18, 1965.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for appointments to a Lectureship and to an Assistant Lectureship in International Relations from October 1, 1965. Candidates should be graduates in any of the Social Sciences, especially International Relations, History, Politics, Philosophy or Economics. The salary scale for Lecturers is £1,400 x £85 — £2,165, thereafter subject to review, x £85 — £2,505 a year, plus £60 a year London Allowance; and for Assistant Lecturers £1,050 x £75 — £1,275 a year, plus £60 a year London Allowance, with superannuation benefits in both cases. In assessing the starting salary consideration will be given to age and experience.

Applications, with the names of three referees, should be received not later than February 5, 1965, by the Assistant Secretary, London School of Economics and Political Science, Houghton Street, London, W.C.2, from whom further particulars may be obtained.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for appointment to Rees Jeffreys Research Fellowship in Transport. The Fellow appointed will be required to pursue, with a view to publication, research within the field of the Fellowship, which is defined as the economics, administration, organisation and regulation of transport (which includes air and sea transport as well as inland transport). Salary within the range £2,500 to £3,500 a year with superannuation benefits; tenure for three years but in the case of a candidate with substantial [illegible] ative or [illegible] sew[illegible] [illegible]n made [illegible] Research [illegible] [illegible]ed from [illegible]hool [illegible] W.C.2 [illegible] received not later than February [illegible], 1965.

UNIVERSITY OF EAST AFRICA

MAKERERE UNIVERSITY COLLEGE UGANDA

Applications are invited for (a) CHAIR OF ECONOMICS and (b) Two LECTURESHIPS IN ECONOMICS, all vacant in June 1965. Appointment on secondment or permanent terms or on contract terms carrying 25 per cent gratuity (or 15 per cent if in F.S.S.U.). Salary (including expatriation allowance): (a) minimum of £3,300 p.a. (b) £1,[illegible]50-£2,3[illegible] [illegible]. Family passages; education allowances; home leave every two years; subsidised housing. Detailed applications (six copies) naming three referees by February 18, 1965, to Secretary, Inter-University Council for Higher Education Overseas, 33 Bedford Place, London, W.C.1, from whom full details may be obtained.

UNIVERSITY OF SOUTHAMPTON

Applications are invited for the post of Lecturer or Assistant Lecturer in the Department of Econometrics in connection with the development of post graduate studies. Preference may be given to candidates with special interests in the economic aspects of mathematical programming though others with more general interest in econometrics may apply. Salary Scales: Lecturer £1,400 x £85 — £2,505 with a merit bar at £2,165; Assistant Lecturer, £1,050 x £75 — £1,275. The initial salary will depend on qualifications and experience. Further particulars should be obtained from the Secretary and Registrar, The University, Southampton, to whom applications (seven copies from United Kingdom applicants) should be sent not later than January 16, 1965.

NEW ZEALAND

UNIVERSITY OF CANTERBURY

Christchurch

LECTURER IN ACCOUNTANCY

Applications are invited for the above-mentioned position. Candidates will normally be expected to possess a university degree and a recognised professional qualification in accountancy but consideration will be given to applicants with one of these qualifications. Lecturing experience and/or practical experience in some fields of accounting are desirable qualifications.

The salary will be at the rate of £1,300 per annum rising to £2,000 per annum, commencing salary in accordance with qualifications and experience.

Approved fares to Christchurch will be allowed for an appointee, his wife and children; in addition, actual removal expenses will be allowed within specified limits.

Further particulars and information as to the method of application should be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close in New Zealand and London on January 31, 1965.

The Economist Intelligence Unit

wishes to make further appointments to its Research Staff. Candidates must have a good honours degree, preferably, but not necessarily, in economics or statistics, and should have had at least two years' experience in industry, commerce or finance. A qualification in accountancy could also be useful. The work of the EIU is mainly international and for most research and advisory staff there are opportunities for overseas travel. A good knowledge of at least one foreign language would therefore be an advantage.

These posts are competitive and we need men with initiative who are of the calibre for early promotion to the grade of Research Consultant and above. Starting salary according to qualifications. Please write fully, giving particulars of salary record, to:

The Managing Director,
27 St. James's Place,
London, S.W.1.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER IN SOCIAL ANTHROPOLOGY in the Faculty of Economic and Social Studies. Preference will be given to candidates with field experience in the Far East, but candidates with experience in other parts of Asia or in Africa will be considered. Salary on the scale £1,400 x £85 to £2,505 per annum with membership of F.S.S.U. Initial salary according to qualifications and experience. Applications should be sent not later than January 31, 1965, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

For further announcements see pages 67 and 71

UNIVERSITY OF SOUTHAMPTON

DEPARTMENT OF HISTORY

Applications are invited for the post of Lecturer or Assistant Lecturer in Eastern or Central European History. Candidates should have a research interest in Russian (or other Slavonic), Turkish, or German history since the 17th century. Salary Scales: Lecturer, £1,400 x £85 — £2,505 with a merit bar at £2,165; Assistant Lecturer, £1,050 x £75 — £1,275. The initial salary will depend on qualifications and experience. Further particulars from the Deputy Secretary, The University, Southampton, to whom applications (seven copies from United Kingdom applicants) should be sent not later than January 31, 1965.

EDITOR OF VENTURE. Fabian monthly on matters with the developing world. Part or full time appointment considered. Salary £800-£1,000 for full time position. Closing date for applications, Thursday, January 14th.—Full details: General Secretary, Fabian Society, 11 Dean's Yard, Tothill Street, London, S.W.1.

INVENTORY CONTROLLER

required by progressive manufacturing company employing some 1,500 persons in three factories and several branch offices throughout the U.K.

The successful candidate will, after acquainting himself with the job and the company's procedures, assume full control of the warehousing and inventory control activities. These include responsibility for production planning, stock control, maintaining a continuous balance of inventory in order to meet customer and branches on a minimum stock basis.

Applicants, not under [illegible] years of age, should have at least five years' industrial experience, and should preferably be [illegible] (Econ.), A.C.W.A. [illegible] Some knowledge of [illegible] control, whilst an asset, is not essential.

This is a senior appointment carrying a good commencing salary plus the usual fringe benefits, and offers excellent career prospects.

Please write, giving full personal details, including current salary level, to Personnel Manager, British American Optical Company Limited, Radlett Road, Watford, Herts.

UNIVERSITY COLLEGE CORK

VACANT PROFESSORSHIP OF ECONOMICS

The Governing Body invites applications for the above. Before submitting applications for the post, candidates should obtain from the undersigned particulars as to the requirements for the filling of the office. Latest date for receipt of applications for admission to the necessary qualifying examination in Irish is 12 noon on January 30, 1965.

JAMES HURLEY,
December 17, 1964. *Secretary*

UNIVERSITY OF EDINBURGH

DEPARTMENT OF SOCIAL ANTHROPOLOGY—LECTURESHIP

Applications are invited for the posts of Lecturers in the Department of Social Anthropology. Candidates should possess field work experience, preferably in this country, as well as overseas.

Salary Scale £1,400 x £85 — £1,740; Bar £1,825 x £85 — £2,505 per annum, with placement according to qualifications and experience, and with superannuation benefit.

The successful candidates will be expected to take up duty on October 1, 1965.

Further particulars may be obtained from the undersigned, with whom applications (six copies), giving the names of two referees, should be lodged not later than January 28, 1965. A candidate from overseas may submit one copy of his application.

CHARLES H. STEWART,
Secretary to the University
December, 1964.

EDUCATION, BUSINESS AND PERSONAL

TOP PEOPLE'S secretaries are well placed generally by STELLA FISHER BURLAU in the Strand.

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc. Econ. (three if entrance is included) at moderate fees. 1,716 Wolsey Hall students passed London University B.Sc. Econ. exams. 1940-1963. Tuition also for G.C.E., Law, Statistical, other Exams.—Prospectus (mention examination) from L. W. Shaw Fletcher, C.B.E., LL.B., Principal, Dept. P.17,

WOLSEY HALL, OXFORD

WANTED: Complete years of "Economist," preferably with indexes.—H. Pordes, 529a Finchley Road, London, N.W.3. HAM 0878.

SECRETARIAL Training for Women especially university graduates and older students; 6-month and intensive 13-week courses.—Write Principal, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

Home Study Courses
B.Sc. (ECON.), LLB.

and other external degrees of the University of London. Also Accountancy, Secretaryship, Law, Costing, Banking, Insurance, Marketing, G.C.E., and many (non-exam.) courses in business subjects including the new Stockbrokers and Stockjobbers course.

Write today for details or advice, stating subject in which interested, to:

METROPOLITAN COLLEGE

(Dept. G9/2), St. Albans,
or call at 30 Queen Victoria Street, London, E.C.4. City 6874. (Founded 1910)

FINANCIAL NOTICE

THE BRITISH SOUTH AFRICA COMPANY

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

A letter describing the events which led to the transfer, on October 24, 1964, of the Company's mineral rights in Zambia to the Government of that country, has been posted to all the registered stockholders of the Company.

If bearer shareholders require copies, application should be made to the Secretary of the Company at 11 Old Jewry, London, E.C.2.

December 22, 1964.

NOW AVAILABLE

The most comprehensive Economics [illegible]

A Dictionary of Economics and Commerce

[illegible] Explanations of over 4,000 terms, compact [illegible] saving reference book for Accountants, Company Secretaries, Economists, Librarians, and Students.

"THE MANUAL OF MODERN BUSINESS EQUIPMENT"

[illegible] Executives, Office [illegible] up-to-the-minute equipment [illegible] £8.8.0.

TO: MACDONALD & EVANS LTD.
Bloomsbury Street, London, W.C.1. Tel: HOLborn [illegible]

"A DICTIONARY OF ECONOMICS & COMMERCE"
Please send me .... copy/copies at a cost of 35s. per copy (plus post and packing fee)

"THE MANUAL OF MODERN BUSINESS EQUIPMENT"
Please send me a complete set of booklets in presentation binders £8.8.0. (inclusive of post and packing) . . . . (list individual booklets may be purchased separately. Details on application.) [illegible]
I enclose remittance/cheque/P.O. £.....

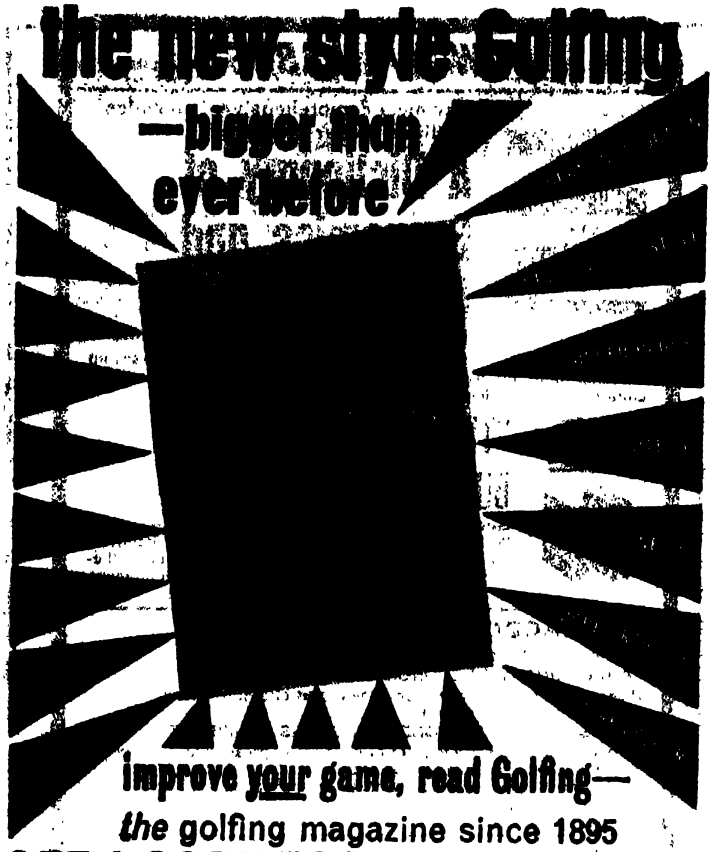
NAME .....
ADDRESS .....
..... E1

We know Australia

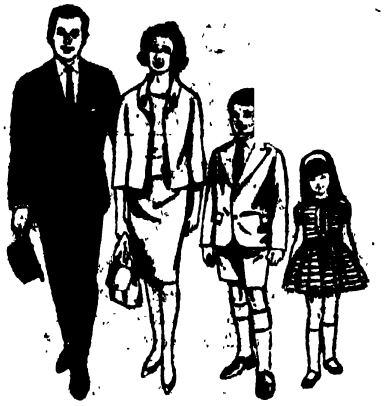
Yes, we know Australia and so we should, for probably nowhere else is a bank so closely integrated with every phase of life in the country it serves. Throughout Australia, the Territory of Papua and New Guinea, and in the British Solomon Islands, there are branches of the Commonwealth Trading Bank. Our knowledge of these areas is, in consequence, extensive, first hand and up-to-date. That knowledge, and our complete range of banking services, we place at the disposal of all who may find them helpful. Your enquiries are invited.

COMMONWEALTH TRADING BANK OF AUSTRALIA

Chief London Office: 8, OLD JEWRY, E.C.2 and at Australia House, Strand, W.C.2
Head Office: SYDNEY, N.S.W., AUSTRALIA



GET A COPY TODAY !! only 3/-
From your local newsagent or direct from Golfing, Caterham, Surrey.



A FAMILY WITH A FUTURE
WITH
TEMPERANCE PERMANENT
BUILDING SOCIETY
(Member of the Building Societies Association)

Start your family on the right path by opening a Savings Account today. Interest will be earned at 3½%, plus ½% bonus for regular subscriptions. Write for full details, Reference R.6.

222/227 Regent Street, London, W1.
Phone: REGent 7282 (10 lines)
Branches and Agencies throughout the country.

GLOBAL BANKING SERVICE

Contributing to Japan's economic expansion has been one of the Bank of Kobe's many notable achievements. As one of the select authorized foreign exchange banks, its international network of correspondents provides world-wide banking service. For your every banking need it pays to consult with the experts of the Bank of Kobe first.

THE BANK of KOBE, LTD.

Head Office: Kobe, Japan
150 Branches throughout Japan
Overseas Offices: New York Agency
London Representative Office

the OECD OBSERVER

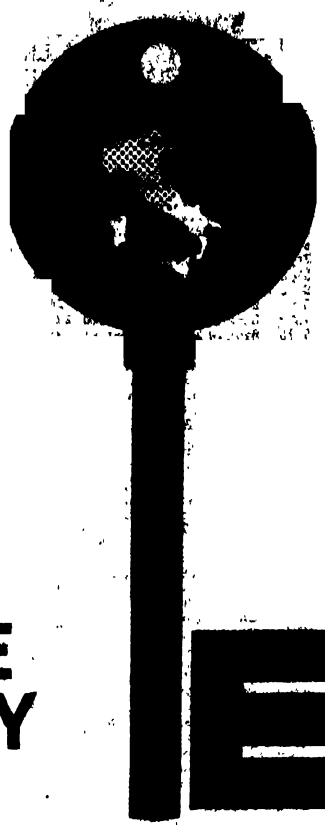
obtainable from:
HER MAJESTY'S STATIONERY OFFICE
P.O. Box 569, London S.E.1
or the Government Bookshops in London, Edinburgh, Manchester, Birmingham, Cardiff, Bristol and Belfast, or through any bookseller
44 pages with illustrations. Single copy: 3s.
Yearly subscription (6 issues): 15s.

Appearing in the 13th issue December 1964:

The Western industrialised nations and the developing countries, by Thorkil Kristensen, Secretary-General of O.E.C.D. — Buying and selling foreign securities — Trends of demand in beef production — A practical approach to solving regional problems — Current problems and policies — Increasing the productivity of older workers — Scientific research in Yugoslavia, by Dr. Ivica Maridic — Research on utilisation of agricultural products — Meeting of the O.E.C.D. Council of ministers

Published by:
Organisation for Economic Co-operation and Development

Free catalogue of other OECD titles is available from Her Majesty's Stationery Office (P7B), Cornwall House, Stamford Street, London S.E.1



THE WAY IN

The way in, the key to the European Common Market is South Italy. Of all the benefits the prospective investor can reap by investing in the Italian Mezzogiorno, the fact that it is not only an integral part of the Italian economy but of the European Economic Community as well, is surely one of the most attractive. Another is its strategic location at the heart of the Mediterranean basin with rapid access to the growing Middle Eastern and African markets. And statistics prove that South Italy has the greatest labour potential in all Europe, bright young men and women, quick to learn and eager to be a part of your business future, many of them having returned from specialized training in the great northern Italian and European industrial centres. You can learn all about the further investment advantages of the Italian Mezzogiorno by getting in touch with us, the Institute for Assistance to the Development of South Italy (IASM). We can tell you why, on all accounts, South Italy is the best way, the key to your future business success.

For information write to:

INSTITUTE FOR ASSISTANCE TO THE DEVELOPMENT OF SOUTHERN ITALY

In Italy: Via Collina, 27 - ROMA - telephone 482901 - **In the U.K.:** A.I.C. Associated Industrial Consultants, Knightsbridge House, 197 Knightsbridge, LONDON SW 7 - **In W. Germany:** Terra International Services, Talstrasse 22/24, DUESSELDORF - **In the U.S.A.:** Commercial Offices of the Italian Embassy 2401, 15th Street N.W., WASHINGTON, D.C. - 666 Fifth Avenue, NEW YORK, 19 N.Y. - 785 Market Street, Room 604, SAN FRANCISCO, CALIFORNIA - Italian Trade Commissioners: 67, East Madison Street, Suite 1601, CHICAGO 3, ILLINOIS - 649, So. Olive Street, Suite 1202, LOS ANGELES 14, CALIFORNIA - 131, International Trade Mart. Camp, Street, NEW ORLEANS 12, La - **In Japan:** Coral Inc. 12-15 Takagi-Cho, Aoyama, Minato-Ku, TOKYO

THREE GOLDEN OPPORTUNITIES to SHOULDER YOUR WAY into SOUTH AFRICA'S GOLDEN ECONOMY

South Africa, already the largest consumer of energy in Africa—and fifteenth largest in the world—is installing almost 4,000 megawatts of additional generating capacity a year. This means additional energy consuming machinery, measuring and control equipment, test and research equipment and plant of all kinds.

THE ELECTRICAL ENGINEERS' EXHIBITION
June 10th — 14th

THE NUCLEAR, SCIENTIFIC & ELECTRONIC EXHIBITION
September 16th — 22nd

THE MECHANICAL ENGINEERS' EXHIBITION
October 21st — 27th

in JOHANNESBURG 1965

SEEE

Transvalia House, P.O. Box 2900. Tel.: 724-4772. Telegraphic—'EXHIBITION' Johannesburg—SOUTH AFRICA.

Special Facilities.

Stands built and painted, publicity and public relations, contacts with South African commercial and industrial leaders, all included in rental of 22/- per sq. ft.

Specially drawn for the RNLI by Eric Fraser FSIA

FULL SPEED AHEAD

In spirit, you can partner the coxswain as he steers his boat on her errand of mercy. Your donations are in the true tradition of the life-boat service and its sole support.

Donations and legacies to:
ROYAL NATIONAL LIFE-BOAT INSTITUTION
42 GROSVENOR GARDENS · LONDON · S.W.1.
Treasurer: The Duke of Northumberland, K.G. *Secretary: Stirling Whorlow, Esq.*

RNLI

STOCK PRICES AND YIELDS

LONDON STOCK EXCHANGE INDICES

1964	The Economist-Extel Indicator (1953=100) Noon	Close	Yield %	Financial Times (1935=100) Ord. Index	Yield %	FT-Actuaries Indices (April 10, 1962=100) 500 Shares	Yield %	2½% Consols Yield	Bargains Marked
Dec. 22	373·9	[illegible]	5·25	324·9	5·62	103·40	5·42	6·30	8,405
" 23	373·9	[illegible]	5·33	326·4	5·59	103·87	5·39	6·30	7,212
" 24	377·4	378·3	5·31	328·3	5·56	104·49	5·36	6·30	4,145
" 28	379·8	380·9	5·27	330·9	5·52	105·09	5·33	6·30	3,889
" 29	381·0	380·0	5·29	329·1	5·55	104·70	5·35	6·30	6,230
" 30	380·4	383·2	5·24	331·8	5·50	105·40	5·32	6·31	7,518

Economist-Extel: High, 431·5 (October 1); Low, 371·6 (December 18).
Financial Times: High, 377·8 (October 1); Low, 322·6 (February 3).
FT-Actuaries: High, 118·77 (August 13); Low, 103·24 (December 18).

BRITISH FUNDS AND GUARANTEED STOCKS

Prices, 1964 High	Low	British Funds and Guaranteed Stocks	Price, Dec. 23, 1964	Price, Dec. 30, 1964	Net Red. Yield, Dec. 30, 1964§ £ s. d.	Gross Red. Yield, Dec. 30, 1964 £ s. d.
98 11/16	97⅝	Savings Bonds 3% ... 1955-65	97⅝	97 21/32	4 18 11	6 19 2 l
93 9/16	90 13/16	Savings Bonds 2½% ... 1964-67	90 29/32	90 13/16	5 13 3	6 16 11 l
92¼	88	Funding 3% ... 1966-68	88	88 1/16	5 10 6	6 16 7 l
94¾	88 7/16	Conversion 3½% ... 1969	88 7/16	88 7/16	5 1 1	6 14 9
98½	95⅜	Victory 4% ... 1920-76	95⅞	95⅞	3 6 1	5 2 0‡
89 9/16	84¼	Savings Bonds 3% ... 1960-70	84⅜	84⅜	5 2 2	6 11 5 l
95⅛	90¼	Funding 4% ... 1960-90	90⅛	90 5/16	3 11 7	5 7 6 l
81 13/16	74¾	Savings Bonds 3% ... 1965-75	74¾	74 13/16	4 18 6	6 9 5 l
79 13/16	72¼	Treasury 3½% ... 1977-80	72⅜	72 7/16	4 11 6	6 6 11 l
96⅛	88¾	Funding 5¼% ... 1978-80	88¾	88 13/16	4 1 8	6 8 8 l
78 13/16	72¼	Treasury 3½% ... 1979-81	72½	72 9/16	4 11 0	6 7 8 l
98 15/16	90⅝	Funding 5½% ... 1982-84	90⅝*	90 11/16*	3 18 6	6 6 8 l
97 9/16	92¾	Funding 5¾% ... 1987-91	92¾	92⅞	3 17 4	6 8 7 l
63⅜	56¾	Redemption 3% ... 1986-96	57	57⅛	4 5 5	6 2 10 l
67⅛	60¼	Funding 3½% ... 1999-2004	60½*	60½*	4 1 6	6 3 7 l
95⅜	87¾	Treasury 5½% ... 2008-12	87⅞	87 15/16	3 16 8	6 8 8 l
67	61½	Consols 4% ... after Feb. 1957	63⅛	61 9/16*	3 16 1	6 9 4 f
60	54¼	War Loan 3½% ... after 1952	54⅛	54 7/16	3 15 10	6 9 4 f
59⅜	54½	Conv. 3½% ... after Apr. 1961	54¾	54⅞	3 15 8	6 9 9 f
51⅜	46⅜	Treasury 3% ... after Apr. 1966	46½	46¾	3 16 1	6 10 5 f
43⅜	39½	Consols 2½% ...	39½*	39 9/16*	3 14 3	6 6 4 f
43½	39½	Treasury 2½% ... after Apr. 1975	39½	39 9/16	3 15 0	6 8 6 f
85 3/16	78½	British Electric 3% ... 1968-73	78½	78 9/16	5 1 0	6 10 7 l
80⅜	73	British Electric 3½% ... 1976-79	73	73 3/16	4 11 10	6 7 4 l
64⅛	57½	British Gas 3% ... 1990-95	57¾	57 11/16	4 5 7	6 2 3 l
67	60¼	British Transport 3% ... 1978-88	60⅜*	60 7/16	4 10 3	6 4 8 l

DOMINION AND CORPORATION STOCKS

Prices, 1964 High	Low	Dominion and Corporation Stocks	Price, Dec. 23, 1964	Price, Dec. 30, 1964	Red. Yield, Dec. 30, 1964 £ s. d.
90¼	87¼	Australia 3¼% ... 1965-69	87¼	87½	6 14 0 l
103	97¾	Australia 6% ... 1974-76	97¾	98	6 6 6 l
70	65½	Ceylon 4% ... 1973-75	66½	66½	7 4 0 l
102¾	98	New Zealand 6% ... 1976-80	98	98¼	6 7 0 l
85	69	Northern Rhodesia 6% ... 1978-81	80½*	81*	8 0 6 p
95¼	92½	South Africa 3½% ... 1965-67	93	92⅞	6 19 0 l
66	53½	Southern Rhodesia 4½% ... 1987-92	54½	55½	9 1 6 l
89	80½	Agricultural Mortgage 5% ... 1959-89	80½	80½	6 10 0 l
94¾	88¾	Birmingham 4¼% ... 1967-70	88¾	88¾	6 11 0 l
97	91	Bristol 5% ... 1971-73	91	91	6 5 6 l
98¼	89½	Corporation of London 5½% ... 1976-79	89½	89½	6 7 0 l
49¼	41⅞	LCC 3% ... after 1920	44½	44½	6 13 6 l
94	85½	LCC 5% ... 1980-83	85¾	85½	6 8 0 l
98⅜	90	Middlesex 5¼% ... 1980	90	90	6 7 6

ORDINARY STOCKS

Prices, 1964 High	Low	Last Two Dividends (a) (b) (c) %	%	Ordinary Stocks	Price, Dec. 23, 1964	Price, Dec. 30, 1964	Yield, Dec. 30, 1964 %	Cover
				BANKS, DISCOUNT & HP				
56/6	45/-	10 c	5½ a	Barclays ... £1	[illegible]	55/-	3·82**	...
44/11¼	37/7½	4·8 b	[illegible]	Lloyds ... £1	[illegible]	43/3	5·02**	...
19/9	16/7½	14 c	7 a	Martins ... [illegible]	[illegible]	17/10½	3·92	...
56/6	44/6	10 c	6 a	Midland ... £1	[illegible]	54/3	4·42**	...
72/7½	59/6	14 c	7½ a	Nat. Provincial ... £1	[illegible]	66/3	4·23	...
52/8¼	42/6	6⅔ b	5 5/9 a	Westminster 'B' ... £1	[illegible]	47/-	4·26**	...
60/-	49/3	4 a	8 b	Australia & N.Z. ... £1	52/-	52/-	4·62	...
39/9	34/-	9·1 c	3½ a	BOLSA ... £1	34/3	34/3	5·50**	...
£25 11/16	£22 3/16	$2·10 c	$2·15 c	Bank of Montreal ... $10	£24⅜	£24 3/16	2·97	...
58/9	49/3	5‡‡ a	5‡‡ b	Bank of New S. Wales ... £1	54/9	55/-	2·91	...
38/9	32/7½	5 a	6 b	Barclays DCO ... £1	37/6	38/-	5·79	...
54/9¾	47/-	7½ b	7½ a	Chartered ... £1	47/-	47/-	6·38	...
£22¾	£19¾	11/- b	5/- a	Hongk'g. & Shang. ... $25	£22⅝	£22⅝	3·54	...
53/-	41/-	7½ a	10½ b	Nat. Com. Bk. Scot. ... 10/-	44/-	44/6	4·04	...
£29⅝	£26 1/16	$2·40 c	$2·55 c	Royal Bk. Canada ... $10	£28⅞	£28 7/16	3·00	...
57/6	43/9	17½ c	7½ a	Standard Bank ... £1	55/3	55/3	6·33	...
36/-	24/9	16½ b	7½ a	Hambros ... 5/-	24/9	25/-	4·80	...
34/-	28/9	13 c	21 c	Montagu Trust ... 5/-	28/9	28/9	3·65	...
68/6	53/-	5½ b	4 a	M. Samuel ... £1	53/-	53/-	3·58	...
71/-	50/-	9 c	3½ a	Schroders ... £1	50/-	50/-	3·60	...
54/9	45/-	6¼ b	6¼ a	Union Discount ... £1	46/-	46/3	5·41	...
15/4½	10/3	11 c	4 a	Bowmaker ... 5/-	10/6*	10/3*	5·37	1
19/3	12/10½	12½ b	5 a	Lombard Banking ... 5/-	16/10½	17/9	4·93	...
17/3	12/-	5 a	12½ b	Mercantile Credit ... 5/-	12/3*	12/3*	7·14	1¾
24/-	14/6	30 c	9 a	United Dominions Tst. ... 5/-	15/-‖	14/6	1·03	1½
				BREWERIES, Etc.				
16/3	13/-	13 c	5 a	Allied Breweries ... 5/-	13/3	13/6	4·81	1½
18/3	15/6	4 a	12 b	Bass, Mitchells & B. ... 5/-	16/4½*	16/6*	4·85	1¾
16/3	13/6	13½ c	5 a	Charrington United ... 5/-	14/3	14/9	4·75	1½
29/1½	22/4½	5 a	6½ b	Distillers ... 10/-	22/6*	25/3*	4·95	1¾
24/3	18/9	8 a	13 b	Guinness ... 5/-	19/-*	19/9*	5·32	1¾
20/9	15/10½	5 a	11½ b	Harveys ... 5/-	17/3*	17/3*	4·78	1¾
69/-	59/6	5 a	8 b	Scottish & Newc. Brew. £1	61/3	61/9	4·21	2
19/2¼	16/2¼	4⅔ a	11⅓ b	Watney Mann ... 5/-	16/6*	16/6*	4·85	2
19/-	15/-	11 b	5 a	Whitbread 'A' ... 5/-	15/3	15/3	5·25	1¾
				BUILDING, PAINT, Etc.				
62/3¾	52/9	8 6c	3½ a	Associated Portland ... £1	54/-	55/-	3·14	2¼
28/4½	22/7½	10½ c	4½ a	British Plaster Bd. ... 10/-	23/10½	23/6	4·47	1¾
35/-	23/-	18 c	8 a	Richard Costain ... 5/-	26/-	25/9	3·50**	2
13/6	9/-	8½ b	3½ a	Crittall Mfg. ... 5/-	9/-	9/-	6·67	2
17/3	13/-	24 c	8 a	International Paints ... 4/-	13/4½	14/6	6·62	1¾
25/-	20/6	14 6c	5 a	London Brick ... 5/-	21/3	21/-	3·48	2½
28/6	23/3	12½ c	5 a	Rugby Portland ... 5/-	23/3*	23/7½*	2·65	3
23/7½	17/1½	7½ a	12½ b	Wall Paper ... 5/-	19/1½	19/9	5·06	2¼
				CHEMICAL				
24/4½	17/10½	15 8c	6 a	Albright & Wilson ... 5/-	20/3	20/7½	3·83	1¾
22/6¾	17/-	10 b	5 a	Borax Defd ... 5/-	19/3	19/6	3·85	2
50/6	39/6	4½ a	7½ b	Fisons ... £1	48/6	49/6	4·85	1¾
49/6	41/3	10 c	5 a	I C I ... £1	41/9	43/1½	4·64	1¼
19/7½	14/-	8¾ b	3¾ a	Monsanto ... 5/-	14/1½	14/3	4·39	1½
				DRAPERY & STORES				
18/-	14/2¼	10 c	4 a	Boots Pure Drug ... 5/-	15/9	15/9	3·17	2¼
34/6	21/-	2 a	6 b	Montague Burton ... 10/-	23/-	24/9	3·23	1½
46/4½	35/-	6¼ a	15 5/12 b	Debenhams ... 10/-	37/6	38/4½	5·65	1½
48/9	34/6	47 c	11¼ a	Grattan Warehouses ... 5/-	34/9	35/9	4·20**	1¾
47/11¼	39/9	31·8 c	10 a	GUS 'A' ... 5/-	42/9	42/10½	3·71	2
33/9¾	23/10½	18⅓ b	14⅙ a	House of Fraser ... 5/-	24/9	25/4½	6·40	1¼
15/10½	12/10½	9½ b	5 a	Lewis's Invest. Tst. ... 4/-	13/-	13/1½	4·42	2
48/1½	32/9	25⅝ c	8¾ a	Marks & Spencer 'A' ... 5/-	33/6	35/4½	3·65	1½
36/9	27/6	24 c	8 a	United Drapery ... 5/-	28/-	28/4½	4·23	1¾
33/-	21/6	20 c	5½ a	Woolworth ... 5/-	22/9	23/-	4·35	1½
				OIL				
64/4½	46/8¼	†8⅓ b	†3⅓ a	British Petroleum ... £1	54/6	54/7½	6·64	2¾
61/10½	48/9	†11⅓ c	†4 7/12 a	Burmah Oil ... £1	50/6	50/3	7·36*	1
£19	£16 5/16	29 1c	13 a	Royal Dutch ... 20 fl.	£17⅛	£17 1/16	3·40	2¼
42/1½	32/9	†18⅓ b	†11⅔ a	Shell Transport ... 5/-	34/1½	34/6	7·10	2¼
31/-	23/9	...	...	Ultramar ... 10/-	26/3	26/9	...	...

NEW YORK PRICES AND INDICES

	Dec. 23 $	Dec. 30 $		Dec. 23 $	Dec. 30 $		Dec. 23 $	Dec. 30 $
Atch. Topeka	32⅝	33	Chrysler	[illegible]	60⅜	Inter. Paper	32½	32¾
Can. Pacific	54½	56⅛	Col. Palmolive	[illegible]	49¾	Kennecott	91⅜	90¾
Pennsylvania	37¾	37½	Crown Zeller.	51½	[illegible]	Litton Inds.	77⅜	75⅜
Union Pacific	42½	42¾	Distillers Seag.	[illegible]	30½	Monsanto	85¾	85⅞
Amer. Electric	44½	44⅛	Douglas	[illegible]	29¼	Nat. Distillers	26⅜	26½
Am. Tel. & Tel.	66⅝	67⅛	Dow Chemical	76½	76	Pan-American	28½	28½
Cons. Edison	93¼	96¼	Du Pont	[illegible]	[illegible]	Procter Gamble	81⅞	81¼
Int. Tel. & Tel.	59½	58⅞	East. Kodak	[illegible]	[illegible]	Radio Corpn.	31¾	33½
Western Union	30¼	30¼	Ford Motor	[illegible]	53¾	Sears Roebuck	131¼	130¼
Alcoa	[illegible]	60	Gen. Electric	91¾	90½	Shell Oil	59	59
Aluminium	[illegible]	28¾	General Foods	81¾	80⅝	Socony-Mobil	91½	92½
Amer. Can.	42¾	42⅞	General Motors	96	97⅛	Stand. Oil Ind.	42⅛	42¼
Am. Smelting	51	50	Goodyear	45⅞	44⅞	Stand. Oil N.J.	90	89¾
Am. Viscose	90½	90¾	Gulf Oil	59	58¼	Union Carbide	127½	126
Anaconda	53	52⅞	Heinz	45	44¾	U.S. Steel	50½	51¼
Beth. Steel	35	35⅜	Int. Bus. Mach.	411	411¼	West. Electric	44	43¾
Boeing	68¾	[illegible]	Int. Harvester	74⅛	73⅜	Woolworth	26⅞	27⅜
Celanese	74¾	74⅞	Inter. Nickel	[illegible]	83¼	Xerox	99½	100

Standard and Poor's Indices (1941-43=10)

1964	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Dec. 2	88·56	3·00	46·21	4·28	73·68	3·18	86·95	4·18
" 9	88·15	3·02	45·49	4·34	74·11	3·16	87·16	4·16
" 16	88·20	3·02	45·44	4·35	74·42	3·15	87·46	4·13
" 23	88·94	3·00	45·72	4·35	74·32	3·21	87·16	4·16
" 30	89·12	2·99	45·64	4·36	74·18	3·21	87·06	4·17

425 Industrials:—High, 91·29 (Nov. 20, 1964). Low, 79·74 (Jan. 2, 1964).

FOREIGN AND OVERSEAS STOCKS

FRANCE	Dec. 23 Frcs.	Dec. 30 Frcs.	GERMANY	Dec. 30 %	Dec. 23 %	HOLLAND	Dec. 23 %	Dec. 30 %
Air Liquide	687	702	A.E.G.	501	502	A.K.U.	497½	506
Banque de Paris	322	326·5	Bad'che. Anilin.	572½	579½	Amster. Rot. Bk.	Fl. 65·8	Fl. 66·5
Citroen	144	152	Bayer	623½	629¼	Bijenkorf	759	773
C. F. Petrole	239	242	Commerzbank	479	479	Heinekens	449	447½
Cie G. d'Elect.	521	520	Deutsche Bank	539	544½	Interunie (Fl.50)	Fl.206	Fl.206
Machines Bull	126·3	127	Hoechst Farb.	527	529	K. N. Hoogoven	554	567½
Pechiney	209	209	Kundenkredit	397	395	Kon. Zout-Ket.	937	960
Printemps	226·5	227	Loewenbrau	1,070	1,080	Philips (Fl.25)	Fl.151·7	Fl.152
Rhone-Poulenc	343·8	349	Mannesmann	213½	215	Robeco (Fl.50)	Fl.230	Fl.230
S.I.M.	321	321·5	Siemens	556	560¾	Thomassen & D.	648	660½
Saint-Gobain	248	260·5	Thyssen-Huette	197⅞	194	Valeurop	Fl. 69·6	Fl. 69·6
Usinor	133	136·5	Volkswagen	538½	532	Zwanenberg	1,060	1,049
Index	94·1	94·9	*Herstatt Index*	102·53	102·88	*Index*	352·1	354·9
High	107·2	(13.1.64)	*High*	111·46	(6.4.64)	*High*	356·4	(15.1.64)
Low	83·4	(25.6.64)	*Low*	99·88	(2.1.64)	*Low*	326·5	(23.7.64)
Dec. 31, 1963=100.			*Dec. 31, 1959=100.*			*1953=100.*		

ITALY	Lire	Lire	BELGIUM	Frcs.	Frcs.	SWEDEN	Kr	Kr
Ass. Generali	77,375	73,300	Arbed	5,070	5,180	Alfa Laval B.	335	342
Breda	3,860	3,763	Bque. Nat. de Bel.	11,800	11,900	Asea	359	366
Edison	2,078	2,030	Bque. Soc. Gen.	3,915	3,995	Elektrolux	188	190
Fiat	1,710	1,687	Cockerill-Oug.	1,894	1,914	Ericsson B. Kr. 50	191	203
Finsider	784	771	Esperance Long	4,500	4,570	Skand. Banken	187	190
La Centrale	9,580	9,350	Hoboken	5,300	5,450	Sv. Cellulosa	253	257
Montecatini	1,528	1,492	Innovacion	4,180	4,155	Sv. Handelsbank	201	203
Motta	13,140	12,500	Photo Gavaert	2,890	2,925	Tandstk. B Kr. 50	165	166
Olivetti	1,899	1,816	Sidro	1,034	1,056	*Index*	231·18	234·71
Pirelli S.p.A.	3,155	3,061	Soc. Generale	15,175	15,450	*High*	235·74	(4.9.64)
Rinascente	480·25	458	Sofina	9,400	9,560	*Low*	204·30	(2.1.64)
Snia Viscosa	3,988	3,862	Un. Miniere 1/10	852	910	*Dec. 29, 1956=100.*		
Index	394·73	383·11	*Index*	131·44	133·15	**NORWAY**	%	%
High	552·61	(3.1.64)	*High*	137·92	(23.11.64)	Bergens Priv'bk.	187½	187½
Low	382·92	(21.7.64)	*Low*	125·02	(24.6.64)	Borregaard	185	190¼
1950=100.			*Dec. 31, 1953=100.*			Norsk Hydro	247½	250

* Ex dividend. † Tax free. ‡ Assumed average life, 7 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Equivalent to 8·0 sterling.
(a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Ex all. (h) After Rhodesian tax. (l) To latest date. (n) Interim since reduced or passed.

LONDON : NEW YORK : FRANCE
GERMANY : HOLLAND : ITALY
BELGIUM : SWEDEN : NORWAY

Prices 1964 High	Low	Last Two Dividends (a) (b) (c)		Ordinary Stocks	Price Dec. 23, 1964	Price Dec. 30, 1964	Yield Dec. 30, 1964 %	Cover
				ELECTRICAL & RADIO				
51/8	[illegible]	[illegible]	[illegible]	[illegible] ...£1	[illegible]	[illegible]	[illegible]	[illegible]
78/6	65/3¼	[illegible]	6 a	BICC ...£1	67/3	[illegible]	[illegible]	[illegible]
15/9	12/-	[illegible]	[illegible]	Crompton Parkinson ...5/-	[illegible]	[illegible]	[illegible]	[illegible]
82/-	[illegible]	[illegible]	[illegible]	[illegible] ...10/-	[illegible]	[illegible]	[illegible]	[illegible]
30/11¼	[illegible]	[illegible]	[illegible]	EMI ...10/-	[illegible]	[illegible]	[illegible]	[illegible]
24/9¾	[illegible]	[illegible]	4 a	Elliott-Automation ...5/-	[illegible]	[illegible]	[illegible]	[illegible]
50/-	[illegible]	[illegible]	[illegible]	English Electric ...£1	[illegible]	[illegible]	[illegible]	[illegible]
41/3	[illegible]	[illegible]	[illegible]	General Electric ...£1	31/6	[illegible]	[illegible]	[illegible]
69/3	43/9	[illegible]	[illegible]	C. A. Parsons ...£1	49/3	[illegible]	[illegible]	[illegible]
145/-	[illegible]	[illegible]	[illegible]	Philips Lamp Works 10 fl.	[illegible]	[illegible]	[illegible]	[illegible]
44/9	[illegible]	[illegible]	[illegible]	Plessey ...10/-	[illegible]	[illegible]	[illegible]	[illegible]
26/3	[illegible]	[illegible]	30 c	Pye (Cambridge) ...5/-	[illegible]	17/3	[illegible]	[illegible]
51/-	[illegible]	[illegible]	25 b	[illegible] ...5/-	[illegible]	[illegible]	[illegible]	[illegible]
50/7½	[illegible]	[illegible]	[illegible]	A. Reyrolle ...£1	[illegible]	[illegible]	[illegible]	[illegible]
93/3	[illegible]	[illegible]	22½ c	Thorn Electrical ...5/-	[illegible]	67/6	[illegible]	[illegible]
				ENGINEERING				
45/9	38/3	4½ b	4½ a	Babcock & Wilcox ...£1	39/6	41/-	[illegible]	[illegible]
41/3	32/-	4 a	7 b	John Brown ...£1	33/3	33/4½	[illegible]	1¼
10/-	7/-	[illegible]	[illegible]	Cammell Laird ...5/-	7/0¾	7/0¾	[illegible]	2
38/4½	22/3	20 b	10 a	Internat. Combust. ...5/-	22/9	22/9	[illegible]	[illegible]
29/3	19/3	[illegible]	2½ a	Swan Hunter ...£1	19/6	19/6	10·26	[illegible]
10/6	7/-	[illegible]	3 a	John Thompson ...5/-	7/-	7/1½	6·14**	1¾
33/7½	27/7½	[illegible]	16¼ b	Coventry Gauge ...10/-	[illegible]	31/6*	5·18	2
51/-	40/-	[illegible]	12 a	Alfred Herbert ...£1	41/-	41/-	8·21	1½
32/-	21/6	12½ a	11¼ b	Acrow (Eng.) 'A' ...5/-	22/-	22/-	5·25**	1½
32/3	24/-	17½ b	7½ a	Allied Ironfounders ...5/-	25/3	24/-	5·21	2
24/0¾	19/11½	15 b	5 a	Averys ...5/-	[illegible]	[illegible]	[illegible]	1¾
19/6¾	14/1½	4 a	6 b	BSA ...10/-	17/10½	17/10½	5·59	1¼
14/6	11/6	14 c	6 a	George Cohen ...5/-	13/-*	13/10½*	5·77**	1¼
14/-	10/11½	[illegible]	6 b	Davy-Ashmore ...5/-	[illegible]	[illegible]	4·76	2
52/-	44/10½	11⅓ c	5 a	Guest, Keen ...£1	49/3	48/6	4·67	2
21/1½	14/3	4 a	12 b	Head Wrightson ...5/-	14/3	[illegible]	[illegible]	2
63/5¼	52/7½	11⅓ c	5 a	Metal Box ...£1	55/9	55/6	4·04	1½
19/6	15/9	4 a	13 b	Ransome & Marles ...5/-	15/9	[illegible]	[illegible]	2
41/9	33/11½	[illegible]	[illegible]	Renold Chains ...£1	38/9	36/9	[illegible]	1¾
67/3	58/-	7 a	8 b	Tube Investments ...£1	59/-	59/6	5·04	2
31/1½	21/4½	[illegible]	2½ a	Vickers ...£1	21/7½	22/10½	8·74	1
50/-	40/8¼	2½ a	9¼ b	Ward (Thos. W.) ...£1	41/-	41/9	5·38	2
21/6	11/3	10 a	[illegible]	Wellman Smith Owen 5/-	12/3	12/11½	7·22	1
18/6	12/6	16 b	5 a	Woodall-Duckham ...5/-	14/-	14/-	7·50	1½
				FOOD & TOBACCO				
32/-	26/10½	12½ c	14 c	Allied Suppliers ...10/-	29/9	30/-	[illegible]	2¼
8/1½	6/4½	28½ c	12 a	Assoc. British Foods. 1/-	7/1½	7/-	4·07	2
46/6	35/-	8 b	4 a	Bovril ...£1	35/-	35/3	6·81	2
13/-	10/4½	†12½ a	†5 b	Brooke Bond 'B' ...5/-	[illegible]	[illegible]	[illegible]	[illegible]
8/11¼	7/-	6¼ a	7½ b	Fitch Lovell ...2/6	7/1½	7/1½	4·82	2½
11/1½	[illegible]	8⅓ b	12⅓ a	International Stores. 5/-	10/3	10/3	[illegible]	2
93/3	72/6	12½ b	5 a	J. Lyons 'A' ...£1	77/-	[illegible]	[illegible]	2
35/4½	30/6	15 c	5½ a	Ranks Hovis ...10/-	30/6*	30/6*	4·92	2
36/6	30/-	14 c	7 a	Reckitt & Colman ...10/-	32/3	[illegible]	[illegible]	2
15/4½	12/10½	11½ c	3½ a	Spillers ...5/-	13/7½	13/9	[illegible]	2¼
39/3	30/6	9·9 a	8 c	Tate & Lyle ...£1	31/6	30/6	[illegible]	2
8/10½	6/1½	25 c	12 [illegible]	Tesco Stores ...1/-	8/3	[illegible]	[illegible]	2¼
14/11¼	10/10½	13·6 c	5 a	Unigate ...5/-	13/3*	13/6	[illegible]	[illegible]
58/-	47/9	[illegible]	†10⅝ b	Brit. Amer. Tobac. ...10/-	49/3	[illegible]	[illegible]	[illegible]
25/4½	20/5¼	11·4 b	5 a	Gallaher ...10/-	23/4½	23/-	6·80**	2¼
50/6	39/-	15⅔ c	6 a	Imperial Tobacco ...£1	[illegible]	[illegible]	[illegible]	2
				INSURANCE				
6¼	5⅛	[illegible] c	43⅓ a	Britannic ...5/-	5⅛	5⅛	4·47	...
48/3	39/9	25 b	20 a	Commercial Union ...5/-	39/9	[illegible]	[illegible]	...
6³⁄₁₆	4⅞	†26⅔ c	†26⅔ c	Equity & Law Life ...5/-	[illegible]	[illegible]	[illegible]	...
68/9	46/9	25 b	12½ a	General Accident ...5/-	48/9	47/3	3·97	...
40/3	27/9	[illegible]	[illegible]	Guardian ...5/-	27/2	25/3	[illegible]	...
12⅛	8⅝	50 b	50 a	Legal & General ...5/-	[illegible]	9	2·78	...
162/6	112/6	13 b	11 a	Northern & Empl. ...£1	112/6	112/6	4·27	...
11¼	9³⁄₁₆	†95 b	†20 a	Pearl ...5/-	9³⁄₁₆	9¹⁄₁₆	5·14	...
26½	21	†291⅔ c	†125 a	Prudential 'A' ...4/-	23¾	[illegible]	4·08	...
40/-	33/6	[illegible] b	15 a	Royal ...5/-	35/6	34/6	4·59	...
95/-	72/9	11¾ b	7½ a	Royal Exchange ...£1	72/9	[illegible]	[illegible]	...
				MOTORS & AIRCRAFT				
17/10½	11/9	5 a	5 b	Birfield ...5/-	13/1½	13/11½	[illegible]	3½
18/-	13/8¼	20 c	20 c	British Motor ...5/-	14/1½	14/6	6·90	1¾
47/6	26/9	10 c	12½ c	Jaguar Cars 'A' ...5/-	28/3	29/6	2·12	6¾
11/9	6/1½	4 c	4 c	Rootes Motors 'A' ...4/-	6/4½	6/9	2·37	3
53/6	37/2¼	9 c	2½ a	Leyland Motors ...£1	49/-	51/-	3·92**	1¾
24/-	[illegible]	[illegible]	[illegible]	Bristol Aeroplane ...10/-	16/1½	17/3	7·83	2
39/6	27/4½	7 b	5 a	Hawker Siddeley ...£1	28/4½	29/9	8·07	1¾
39/-	23/8¼	7½ b	[illegible]	Rolls-Royce ...£1	32/6	32/4½	6·18	2
37/-	27/3	12¼ a	[illegible] b	Dowty Group ...10/-	27/9	28/3	4·62	2
31/6	25/7½	13·8 c	5 a	Dunlop Rubber ...10/-	27/7½	27/10½	4·95	1½
40/3	32/9	7½ a	5⅚ b	Joseph Lucas ...£1	33/6	34/6	[illegible]	2½
22/10½	13/3	20 c	9 a	Pressed Steel ...5/-	17/-	17/6	5·71	¾
35/3	27/7½	6 a	13½ b	Triplex Holdings ...10/-	28/-	28/3	4·42	2½
				PAPER & NEWSPAPERS				
49/6	38/-	20 b	5 a	Financial News ...5/-	42/3	42/3	2·96	2¾
72/-	56/-	30 b	7½ a	Financial Times ...5/-	60/-	60/-	3·13	2½
20/0	15/-	14 b	[illegible]	Internat. Publishing ...5/-	16/3	16/3	6·15	1½
31/6	26/-	10 b	14 a	News of the World ...5/-	27/3	27/9	5·41	2
64/6	49/-	11 c	4 a	W. H. Smith & Son 'A' £1	52/9	52/9	4·17	2
24/3	16/-	14 b	10 a	Thomson Org'n. ...5/-	19/-	19/-	6·32	1½
51/9	40/-	6¼ b	5 a	Bowater Paper ...£1	41/3	42/6	[illegible]	1½
25/3	19/6	22½ c	10 a	British Printing ...5/-	20/3	20/3	5·56	1¾
36/-	27/6	40 c	13⅓ a	Bunzl Pulp ...5/-	29/-	29/-	2·59**	4¼
65/7½	52/3	11 b	5 a	Reed Paper ...£1	54/-	55/9	5·74	1½
61/6	43/-	10 b	4 a	Wiggins Teape ...£1	43/-	44/6	6·29	2
				STEEL				
38/-	26/-	6 a	10 b	Colvilles ...£1	28/-*	27/6*	11·64	...
30/3	21/3	9 c	4 a	Dorman Long ...£1	24/9*	24/6*	8·98**	1
27/-	20/1½	9 c	3½ a	Lancashire Steel ...£1	21/3	20/3	[illegible]	¾
27/-	14/4½	4 a	[illegible]	South Durham ...£1	18/-*	17/10½*	[illegible]	[illegible]
28/6	18/6	3¾ a	[illegible]	Steel Co. of Wales ...£1	18/9*	18/6*	[illegible]	[illegible]
39/6	24/9	5 a	12½ b	Stewarts & Lloyds ...£1	31/6*	30/3*	11·37	1½
38/4½	28/9	6 a	10 b	John Summers ...£1	29/3*	29/-*	11·03	2
37/9	23/9	6 a	9 b	United Steel ...£1	28/6*	28/6*	10·53	1

Prices 1964 High	Low	Last Two Dividends (a) (b) (c)		Ordinary Stocks	Price Dec. 23, 1964	Price Dec. 30, 1964	Yield Dec. 30, 1964 %	Cover
				MISCELLANEOUS				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Assoc. Television 'A'	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Wm. Baird ...£1	26/9	26/9	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Beecham Group	19/4½	19/9	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Booker Bros. McC.	17/9	18/3	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	British Match	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	British Oxygen	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	British Ropes	[illegible]	9/6	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Butlin's	10/4½	10/6	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	De La Rue ...10/-	28/9	29/6	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible] ...5/-	16/9	17/-	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Gestetner 'A'	[illegible]	23/6	2·70	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Glaxo ...10/-	32/9	32/9	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Harrisons & Cr. Dfd. £1	46/3	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Hoover 'A' ...5/-	43/9	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	22·04	7·84	Hudson's Bay ...£1	90/3	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	ICT ...£1	45/3	46/9	4·31	[illegible]
[illegible]	[illegible]	12	11	Mecca 'A' ...5/-	18/-	18/3	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	National Canning ...£1	38/-	34/-	[illegible]	[illegible]
[illegible]	[illegible]	7	[illegible]	Powell Duffryn ...10/-	20/-*	20/-*	[illegible]	[illegible]
[illegible]	[illegible]	7½ a	[illegible]	Rank Organisation ...5/-	28/3	29/3	[illegible]	[illegible]
16/7½	11/7½	12½ c	4 a	Schweppes ...5/-	11/10½	11/9	[illegible]	1½
[illegible]	[illegible]	25 c	[illegible]	Sears 'A' ...5/-	15/1½	[illegible]	[illegible]	[illegible]
22/9	19/3	15	[illegible]	[illegible] ...5/-	[illegible]	[illegible]	[illegible]	[illegible]
25/-	21/-	24 a	10 a	Thomas Tilling ...4/-	21/-	[illegible]	[illegible]	[illegible]
47/-	37/6	[illegible] b	7 b	Turner & Newall ...£1	37/9*	39/-*	5·51	1½
36/9	32/1½	[illegible] c	9¼ b	Unilever ...5/-	[illegible]	[illegible]	[illegible]	2
[illegible]	[illegible]	[illegible]	7·45	Unilever NV ...12 fl.	[illegible]	[illegible]	2·46	[illegible]
15/-	10/9	10 b	5 a	United Glass ...5/-	11/3	11/4½	6·59	1¼
42/6	23/3	[illegible]	†10⅙ b	United Molasses ...10/-	23/6	24/6	10·00	1¼
				MINES				
241/3	196/3	60 b	40 a	Anglo-American ...10/-	236/3	240/-	4·17	[illegible]
[illegible]	79/-	10 a	20 b	Consolid. Gold Fields £1	92/3	[illegible]	[illegible]	[illegible]
146/3	[illegible]	20 b	35 a	General Mining ...£1	140/-	141/3	[illegible]	[illegible]
105/6	71/6	130 c	40 a	Union Corporation ...2/6	104/3	105/6	[illegible]	[illegible]
138/9	[illegible]	70 b	[illegible] b	Free State Geduld ...5/-	123/9	126/10½	7·49	1¼
107/6	[illegible]	33 a	33 b	W. Driefontein ...10/-	[illegible]	[illegible]	[illegible]	[illegible]
62/6	[illegible]	[illegible]	[illegible]	Western Deep 'A' ...£1	59/4½*	[illegible]	[illegible]	[illegible]
200/-	152/6	115 a	180 b	Western Holdings ...5/-	198/3	200/-	[illegible]	1
66/-	[illegible]	[illegible]	13½ a	Chartered ...15/-	57/-	57/2	[illegible]	[illegible]
[illegible]	[illegible]	130 a	80 b	Rhod. Anglo-Amer. 10/-	[illegible]	[illegible]	[illegible]	1¼
51/7½	39/-	7½ a	[illegible] b	Rhod. Selection Tst. ...£1	[illegible]	39/-	[illegible]	2
65/4½	[illegible]	7½ c	7½ c	Tanganyika Cons. ...10/-	11/6	10/-	[illegible]	1¼
146/3	111/3	150 c	60 a	De Beers Dfd. Reg. 5/-	140/7½	[illegible]	[illegible]	2
$178	$136	$1·90 c	$2·25 c	Internat. Nickel ...n.p.v.	[illegible]	$161½	2·80	...
[illegible]	16/4½	30 b	7½ b	London Tin ...4/-	16/7½	16/7½	[illegible]	1½
35/6	27/4½	17½ c	[illegible]	RTZ ...10/-	28/7½	29/-	6·03	1¾
26/9	20/-	50 a	15 a	Tronoh ...5/-	22/-	22/3	11·24	1
				SHIPPING				
50/9	40/3	2 a	5½ b	Anglo-Norness ...£1	44/-	44/3	[illegible]	4
[illegible]	17/-	[illegible]	4 a	Brit. & Com'wealth. 10/-	19/-	19/-	[illegible]	1¼
17/10½	14/2¼	4 a	5 c	Cunard ...£1	14/2¼	14/3¾	6·99	...
[illegible]	30/-	8 a	10 c	Furness Withy ...£1	33/6	34/-	[illegible]	...
32/6	22/10½	10·7 c	3 a	P. & O. Defd. ...£1	23/3	27/4½	[illegible]	...
17/-	10/3	3 c	3 c	Royal Mail ...£1	14/-	14/5¼	4·16	...
				TEXTILES				
11/1¾	7/10½	10⅛ c	6 b	English Sewing Cotton 5/-	9/6	9/7½	6·23**	1¾
23/4½	[illegible]	[illegible]	8⅓ b	Courtaulds ...5/-	20/6	20/9	[illegible]	1¾
72/9	64/6	4 a	11¼ b	West Riding Worsted £1	66/3	65/9	[illegible]	2
29/-	20/-	7½ b	2½ a	Woolcombers ...£1	20/-	20/4½	[illegible]	1
11/8¼	7/9¾	4 a	10 b	Calico Printers ...5/-	9/9¾	10/2¼	6·87	2½
50/7½	37/9	12½ c	4¾ a	Coats, Patons & B. ...£1	39/6	39/1½	[illegible]	1½
23/-	16/11¼	5 a	15 c	Viyella Int. ...5/-	16/3	17/1½	[illegible]	1¾
				TRUSTS & PROPERTY				
26/3	21/-	15 c	7	Alliance Trust ...5/-	21/9	23/3	3·23	1¼
59/9	47/10½	27½ b	25 c	BET 'A' Defd. ...5/-	48/7½	49/4½	6·33	1½
20/4½	15/4½	6¼ a	6¼ b	Cable & Wireless ...5/-	16/3	16/3	[illegible]	1¼
23/-	15/6	9½ b	5½ a	Philip Hill ...5/-	15/9	16/-	[illegible]	1½
33/3	25/9	23 c	11½ a	Industrial & General ...5/-	26/-	26/-	4·42	1¼
44/-	23/-	12½ a	17½ b	City Centre Props. ...5/-	25/10½	26/1½	5·74	1
78/-	55/-	16 c	6 a	City Lond. Real Prop. ...£1	55/6	55/-	[illegible]	1
21/8¼	15/-	5½ b	2 a	Land Securities ...10/-	15/3	15/10½	[illegible]	1
33/-	23/6	16⅔ c	4⅙ a	Lond. Cnty. Freehld. ...10/-	24/3	24/-	[illegible]	1
				TEA & RUBBER				
53/6	43/-	†17½ b	12½ a	Cons. Tea & Lands ...£1	47/-	46/6	14·05	1½
28/9	24/-	13 a	15 b	Jokai (Assam) ...£1	25/6	25/3	10·35	[illegible]
3/10½	3/1½	20·8 c	8⅓ a	Highlands & Lowlands 2/-	3/3	3/4½	12·33	1½
4/3¾	3/2¼	23⅔ b	5 a	London Asiatic ...2/-	3/9*	[illegible]	[illegible]	[illegible]
60/7½	45/9	24 b	8 a	United Sua Betong ...£1	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN AND OVERSEAS UNIT TRUSTS

	December 30		Yield
Brown, Shipley:			
EURIT	[illegible]	£13/11/9	[illegible]
ESPAC	[illegible]	£10/12/[illegible]	[illegible]
FRANCIT	[illegible]	£10/9/6	1·40
GERMAC	[illegible]	£10/10/6	[illegible]
ITAC	[illegible]	£14/16/6	2·30
DENAC	£7/12/3	£7/19/5	[illegible]
Calvin Bullock:			
Bullock Fund	[illegible]	116/3	2·39
Canadian Inv.	[illegible]	30/9	3·01
Canadian Fund	[illegible]	153/3	2·00
Dividend Shares	29/1½	29/7½	2·35
Develop. Finance:			
Delfin Australian	[illegible]	3/9*	[illegible]
Dillon Walker:			
C.I.G.F.	77/5	82/1*	—
S. Japhet:			
[illegible]	101/7	106/3	[illegible]
Fondak	[illegible]	79/-	[illegible]
[illegible]	[illegible]	£9/10/7	[illegible]
Interstor	[illegible]	£9/18/9	2·36
[illegible]	[illegible]	[illegible]	[illegible]

	December 30		Yield
Kleinwort, Benson:			
Boston Fund (US)	82/10½	[illegible]	[illegible]
Cdn. Gen. (Cdn.)	161/3	[illegible]	1·64
Century Sh. (US)	116/9	121/10½	0·94
Interitalia (It.)	[illegible]	[illegible]	2·13
Incomec (Ital.)	86/9	91/-	1·78
Massachusetts Invest. Tst. (US)	[illegible]	[illegible]	[illegible]
Massachusetts Growth (US)	[illegible]	[illegible]	[illegible]
Unifonds (Ger.)	[illegible]	63/10½	[illegible]
Kleinwort, Benson / Hambros Bank:			
Eurinvest (EEC)	141/6	149/6	2·46
[illegible] Securities:			
Israel Unit	97/4	[illegible]	3·25
Rothschild & Philip Hill:			
Obligations (Lux. Fr.)	[illegible]	[illegible]	[illegible]
Finance Union (Lux. Fr.)	522	543	2·59

** Yields based on assumed dividends:—Acrow (Eng.) 'A', 23·1%. BICC, 13%. BOLSA, 9½%. Barclays Bank, 10½%. Bunzl Pulp, 15%. Burmah Oil, 11⅓%, tax free. Butlin's, 55%. Coats, Patons & B., 13½%. George Cohen, 18%. Richard Costain, 20%. Dorman Long, 11%. English Sewing Cotton, 12%. Gallaher, 17%. General Electric, 7½%. Gratton Warehouses, 30%, after scrip issue. Lancashire Steel, 10%. Leyland Motors, 10%. Lloyds Bank, 9·4%. Midland, 12%. Renold Chains, 9%. A. Reyrolle, 8 ⅓%. Spillers, 12½%. John Thompson, excludes special bonus, 4%. Thomas Tilling, 27½%. Westminster 'B', 10%.

MONEY AND EXCHANGES

KEY MONEY AND ARBITRAGE RATES

December 30

London

	%		%
Bank rate (from 5%, 23/11/64)	7	**Market discount rates (3 months):**	
Deposit rates		Treasury bills	6⅝
7 days' notice:		Bank bills	6 13/16–⅞
Clearing banks	5	Fine trade bills	7¼–8
Discount houses	5		
Local authorities	7⅞–8	**Euro-dollar deposits:**	
3 months' fixed:		7 days' notice	3¾–4¼
Local authorities	7¾	3 months'	4⅛–4⅞
Finance houses	7¾		
Call money:		**Euro-sterling deposits (in Paris):**	
Clearing banks' minimum	5⅜	2 days' notice	7⅛–7⅞
Day-to-day spread	5–6½	3 months'	7¼–7¾

New York

	%		%
Treasury bills:		**Market paper:**	
December 23	3·87	Bank bills	4·13
30	3·87	Certs. of deposit	4·13
Forward cover (3 months):			
Annual interest cost, US dollars			2 11/16–2⅞

Covered Arbitrage Margins

	In favour of:	%
Treasury bills	New York	Neg.
Prime bank bills	New York	1/16
Euro-dollar/UK local authority loans	London	¼
Euro-dollars/Euro-sterling	New York	Neg.

These covered arbitrage margins show the differentials in rates on the particular sterling and dollar assets, as adjusted for the cost of forward exchange cover, shown above.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91-Day Average Rate of Allotment s. d.	%	Allotted at Max. Rate * %	Tender Issue Outstanding
1963	91-Day					
Dec. 20	220·0	371·5	74 4·54		34	3,170·0
1964						
Sept. 25	260·0	430·7	93 0·80		43	3,230·0
Oct. 2	260·0	432·9	93 0·44		39	3,260·0
,, 9	250·0	431·8	93 0·96		41	3,280·0
,, 16	250·0	421·5	94 4·69		44	3,300·0
,, 23	260·0	414·4	94 5·45		52	3,330·0
,, 30	250·0	450·3	93 11·41		30	3,330·0
Nov. 6	250·0	457·5	93 5·09		41	3,330·0
,, 13	240·0	422·6	93 3·71		33	3,320·0
,, 20	240·0	395·0	94 8·31		46	3,300·0
,, 27	220·0	327·9	132 7·25		63	3,260·0
Dec. 4	200·0	335·1	132 4·62		37	3,200·0
,, 11	230·0	388·2	132 5·45		33	3,170·0
,, 18	200·0	332·9	132 5·82		40	3,070·0
,, 24	220·0	336·7	132 6·52		52	3,070·0

* On December 24th tenders for 91-day bills at £98 6s. 11d. secured 52 per cent, higher tenders being allotted in full. The offer for this week was for £190 million 91-day bills

MONEY MARKET REPORT

CREDIT conditions have as usual been erratic before the year-end. And on Tuesday ten or eleven of the twelve discount houses were forced to borrow a large amount from the Bank of England at Bank rate of 7 per cent. This was the first borrowing from the Bank since June 30th and at the end of a year or half year Lombard Street is usually short of funds and now almost by tradition the market finds itself forced into the Bank at these times. It was slightly surprising however to find the houses in this position on December 29th rather than December 31. But it clearly took some days for the Christmas note circulation (which touched a record £2,765.9 million ahead of the holiday) to flow back into the market. The sharp rise in discounts and advances reflects the year-end borrowing by the houses.

At the last Treasury bill tender of the old year the discount houses continued to maintain their bid at the post 7 per cent Bank rate level of £98 6s. 11d. The average rate of discount was only fractionally higher at £6 12s. 6.52d. per cent and following the normal end year pattern of lower competition—applications rose by only £4 million although there were £20 million more bills on offer—the discount houses were awarded 52 per cent of the quota against 40 per cent the previous week. This week the number of bills on offer is reduced sharply to £190 million and the discount houses are faced with an ever more acute problem of maintaining their stocks of bills. And the latest clearing banks statement shows that the Treasury bills discounted by the banks fell £111 million in the past month, resulting partly from the smaller amount on offer.

Bank of England Returns

(£ million)	Jan. 1, 1965	Dec. 23, 1964	Dec. 30, 1964
Discounts and advances	42·7	39·7	75·1
Notes in circulation	2,552·8	2,765·9	2,732·8

LONDON CLOSING EXCHANGE RATES

Spot

	Effective Limits	December 23	December 30
US $	2·78–2·82*	2·78 13/16–79 1/16	2·78 13/16–79 1/16
Canadian $	...	2·99 15/16–3/4	2·99 15/16–3/4
French Fr.	13·622–14·027	13·64¾–67	13·64¾–67⅛
Swiss Fr.	11·94–12·54⅞	12·03⅝–07⅛	12·03¾–04
Belgian Fr.	137·06–142·05	138·37½–42½	138·42½–43½
Dutch Gld.	9·98⅝–10·28½	10·02⅛–⅝	10·02⅛–⅝
W. Ger. Dm.	11·037–11·365	11·08⅝–7	11·09–¼
Italian Lire	1725–1775	17·42¾–43¼	17·43–½
Swedish Kr.	14·27¼–14·70	14·33¾–34	14·33½–¾
Danish Kr.	19·06½–19·62	19·29⅝–7⅛	19·29⅝–⅞
Austrian Sch.	72·25–73·345	71·99–72·02	72·03–06

* Official limits.

Three Months Forward

United States $	1 13/16–1 13/16c pm	2–1⅞c. pm
Canadian $	2–1⅞c pm	2–1⅞c. pm
French Fr.	10–9c pm	10–9c pm
Swiss Fr.	11–10c. pm	11–10½c pm
Belgian Fr.	75–65c. pm	80–70c. pm
Dutch Gld.	2–1⅞c. pm	8–7½c. pm
W. German Dm.	9–8pf pm	9¾–9¼pf. pm
Italian Lire	11–9 lire pm	10½–8½ lire pm

Gold Price at Fixing

$ per fine oz.	35 12–14	35 12–14

Investment Currencies

Investment $ (London)	% pm	9¾	8¾
Security £ (New York)	% dis	0·3	0·3

LONDON CLEARING BANKS

December 16, 1964

	£ mn	%	Changes on Month	Year
Gross deposits	8,996		+214	+659
Net deposits	8,447		+218	+726
Liquid assets	2,754	30·6	+107	+31
Cash	767	8·5	+64	+77
Call money	882	9·8	+111	+94
Treasury bills	679	7·5	−111	−261
Other bills and liquid credits	426	4·7	+43	+121
Risk assets:—				
Gilt-edged	1,056	11·7	−38	−107
Other market investments	123	1·4		+5
Advances*	4,538	50·4	+26	+577
(To State Boards)	74		+15	+10

* Excluding all items in transit except ratio of advances to deposits; all ratios are of gross deposits

In December the increase of £26 million in bank advances overstates the actual increase as an additional £15 million was advanced to the state boards. This is in contrast to November when the clearing banks' advances increased by £11 million but £20 million was repaid by the state boards making the true increase for that month £31 million

PRICES AND PAY

Prices of basic materials, fuel and manufactured goods continued to rise in November. The retail food price index jumped over a point as did transport and vehicles—the principal changes in the latter being the increase in petrol prices reflecting the higher rate of duty, and a fall in the average level of prices of second-hand cars.

Wages went up again in November, bringing the rise over twelve months almost the same as in retail prices. Rates were increased in the building industry together with a reduction in the working week.

	Month	Index: On original base		1958=100	Percentage change from: Previous month	Three months ago	Twelve months ago
Retail Prices	Nov.	108·8	Jan. 16 1962=100	117·3	+0·8	+0·9	+4·6
All items	,,	109·4	,,	118·1	+1·3	+0·6	+5·1
Food	,,	109·8	,,	119·6	+0·1	−0·1	+8·3
Drink and tobacco	,,	115·8	,,	123·8	+0·1	+0·8	+5·2
Housing	,,	102·9	,,	104·5	Nil	+0·3	+2·5
Durable household goods	,,	105·8	,,	109·5	+0·3	+0·7	+1·9
Clothing and footwear	,,	104·0	,,	116·7	+1·6	+1·7	+3·3
Transport and vehicles							
Wholesale Prices	Nov.	104·5	1954=100	107·6	+0·2	+1·5	+2·7
Basic materials	,,	128·6	,,	107·4	+0·5	+0·2	−0·1
Fuel	,,	125·7	,,	113·1	+0·2	+0·5	+3·8
Manufactured goods							
Wage Rates	Nov.	142·2	Jan. 31 1956=100	124·7	+0·4	+0·6	+4·7
All workers: weekly	,,	150·7	,,	131·8	+0·6	+0·9	+5·3
hourly							
Hours: (Manufacturing)	Nov.	94·7	Jan. 31 1956=100	94·9	−0·1	−0·1	−0·3
Normal weekly	Oct.	100·7	1962=100	98·2	Nil	−0·5	+0·1
Actual hours per head	,,	102·9	,,	102·5	Nil	+6·3	+1·8
Total operative hours							

Registered as a Newspaper. Authorised as Second Class Mail, Post Office Dept., Ottawa. Printed in England by St. Clements Press Ltd., London, E.C.4. Published by The Economist Newspaper Ltd., at 25 St. James's Street, London S.W.1. Telephone Whitehall 5145. Postage on this issue: U.K. 4½d., Overseas 6½d.

[redacted]

[redacted] students, undergraduates, post-graduates doing higher degrees, pupils of schools, [redacted] colleges or business schools, trainees in industry, people working for professional qualifications, apprentices, all members of academic [redacted]

For an ETH subscription, please fill in the attached form and have it counter-signed by the person responsible for your course of study. Subscriptions for half or a quarter of a year are available at pro rata cost. Payment can be made by cheque or money order to The Economist in any currency, calculated at current exchange rate. Please indicate whether you wish to receive your copy by surface or airmail. It will be posted to you each Friday.

[redacted]

[redacted] industries [redacted] with the competitive families of the world [redacted] dustry. The air is a bit brisk, but the old gentlemen [redacted] tively to be enjoying it **page 129.**

[redacted]EALTH CHANGE

[redacted]anned Commonwealth secretariat now being [redacted] be mainly concerned with taking over jobs hither[redacted]tish officials. The takeover is timely: Mother must [redacted] to the sight of the teapot passing to other hands [redacted]

[redacted]E IN POWER

[redacted]Gaulle, who believes that there can be no life without the suffering of power, has registered triumph after [redacted]haracter over circumstance. In France this has made [redacted] absolute ruler after [redacted] But in the [redacted] where he is only one of many [redacted] it [redacted] shaken the international schools which play yet [redacted] France as well as the West **page 168.**

IN THE DOCKS AGAIN

The immediate crisis in Britain's docks is that exports are being held up at a crucial time by the failure to find a few thousand registered London dockers willing to work at weekends: and that this failure threatens to deepen and lengthen the recession into which the economy is being impelled. What can be done to overcome this crisis—and also the more abiding problem, that dock labour is employed under the most inefficient possible system? The great need is for daring **page [redacted]**

WHO'S TAKING NOTICE?

Advertising is no longer just a matter of copywriting. It is coming to involve a lot of decisions about where and how to place advertisements, which are leading to [redacted] the effectiveness of different media [redacted] analysis, and less of luck and good judgment **page [redacted]**

LONDON TRANSPORT'S INCOMES POLICY

How a public corporation has increased wages by 20 per cent in nine months **page 122.**

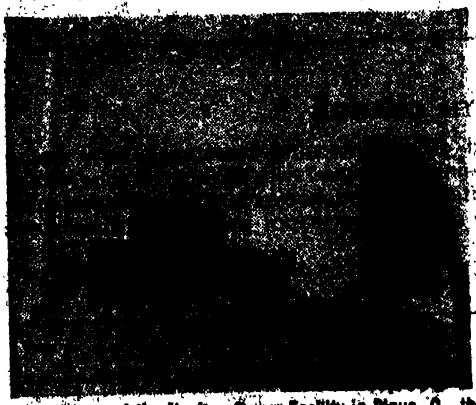
A GREEN THOUGHT

The British concept of a green belt round cities is a fine idea often debased in character and purpose. We need to think hard what we really mean its job to be **page 122.**

North American Aviation: advancing the frontiers of science

The X-15, world's most mach experimental aircraft, was developed by NAA.

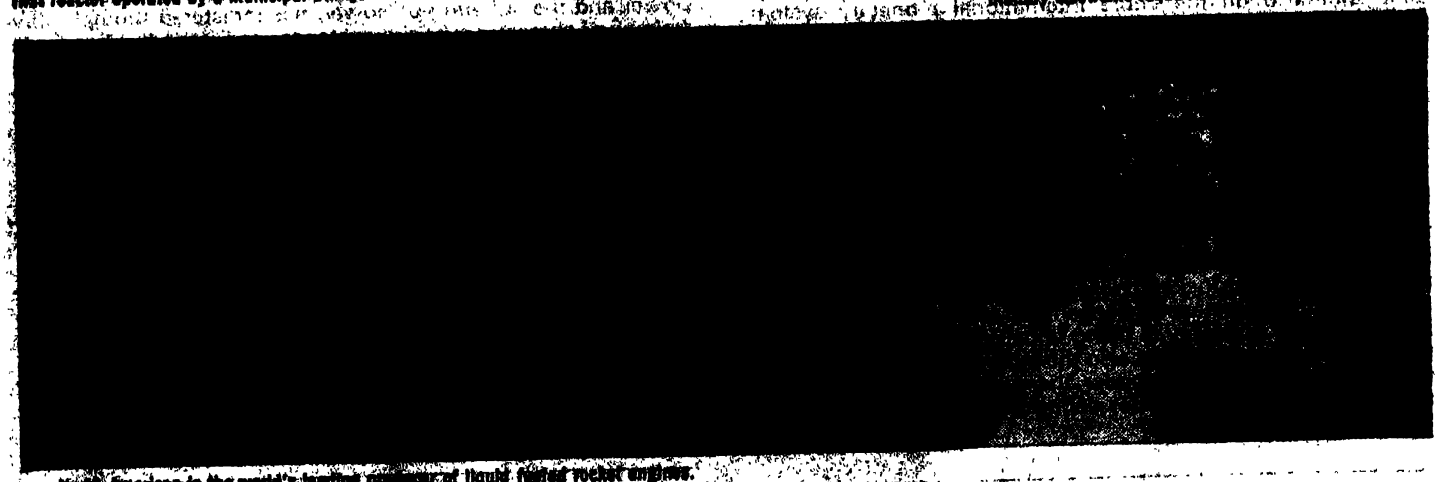
Ship's Inertial Navigation System (SINS) for aircraft carriers was built by North American.



NAA developed the Nuclear Power Facility in Piqua, O., the first reactor operated by a municipal utility.

NAA is developing the Apollo Spacecraft.

Using microminiaturized integrated circuits, this NAA-built general purpose digital computer meets European military electronic requirements.



North American is the world's leading producer of liquid fueled rocket engines.

Electronics is one of many frontiers of science North American Aviation is advancing. NAA was the first company to use microelectronic integrated circuits in quantity-production volume. The NAA family of microelectronic digital computers is one example of this advanced technology.

North American Aviation is a leader in nuclear energy, aviation, rocketry, fundamental research, electronics, life sciences, and space exploration through these divisions: Atomics International, Autonetics, Columbus, Los Angeles, Rocketdyne, Science Center, Space & Information Systems.

EUROPEAN HEADQUARTERS: NORTH AMERICAN AVIATION S. A., 29 RUE DE LA COULOUVRENIÈRE, GENEVA, SWITZERLAND

SECOND CLASS POSTAGE FOR *THE ECONOMIST* PAID AT NEW YORK, N.Y.
Published weekly every Saturday, fifty-two times a year in London, England.

LETTERS

Gilts and Capital Tax

SIR—T[illegible] points [illegible] and gai[illegible] 19th.

With[illegible] of gilts as a trading [illegible] would be content [illegible] they do. The trading [illegible] present not matched [illegible] of security on the Lo[illegible] result, the spread [illegible] securiti[illegible] ably wi[illegible] Govern[illegible] market [illegible] cerned. In addition, the activity in the gilt market has given the Government much greater manœuvrability in their funding and has enhanced the reputation of London as a securities market. By obstructing gilt trading with a capital gains tax the status of the London securities market will diminish and the attractions of holding a substantial gilt portfolio will undoubtedly suffer.

It is true that the gilt-edged stockholder always runs the risk of adverse changes in income tax, adverse movements in interest rates, adverse changes in the value of money, but why remove one of the two certainties your article claims that he possesses—namely, a fixed sum at redemption—by imposing a capital gains tax?

Gilts have been purchased over a number of years on the basis of exact calculation which takes into consideration a fixed redemption price. May I ask what would your reaction be to a borrower who, having promised to repay an obligation at a fixed price, subsequently took steps to reduce this obligation by a deduction to his own credit? By my interpretation, the lender would normally be within his right to view the borrower as a defaulter.—Yours faithfully,

HUGH A. RAPSEY
The Manufacturers Life Insurance Company

Toronto

China in Africa

SIR—The complacency of your article "Red, Yellow and Black" on Chinese activities in Africa (December 19th) is breathtaking. You begin by citing two Chinese official pronouncements, both of which baldly state that violent revolution in one form or another is a deliberate aim of Chinese policy in Africa, and you say you do not think they really mean it at all. From this wholly unjustified premise, you proceed to rationalise and explain away the whole sinister weight of evidence that they do mean it, largely by drawing false comparisons.

To someone without a fair knowledge of the evidence or of Africa, the impression of the Chinese which you conjure is of just [illegible] very [illegible] many Chinese aims and [illegible] similar to those of other communist powers; the one big difference is that violence is the basis of their policy. The Chinese have persistently supported the more violent revolutionary parties in Africa and in those countries that have achieved independence peacefully they recommend "second-degree revolutions." There is plenty of evidence that they have [illegible] and support, dissident opposition groups; that they have supported the [illegible] Congo both before and after [illegible] became prime minister; that [illegible] "scholarships" for Africans to [illegible] in military and guerrilla warfare (at [illegible] military academy, for instance). Quite apart from stated aims, Chinese [illegible] on [illegible] as a potential [illegible] and their ability (which has been so recognised) to supply the government underpinning, in large numbers and at a standard of living comparable to the African, render their presence considerably more [illegible] than you suggest.—Yours faithfully,

STEPHEN HASTINGS

House of Commons, SW1

Zambia

SIR—In your issue of December 12th, you say that the United Nations Economic Survey Mission to Zambia "has apparently reported that Zambia should take a substantial equity interest in the copper groups." Since many newspaper stories have made the same error, may I correct this through your columns.

The development programme in our report contained a large number of recommendations, but one thing which we did not feel able to make a proposal about was precisely equity participation. We mentioned this (Chapter II, paragraph 29) as one possible course of action which "could" (not "should") be adopted and indicated its advantages and disadvantages.—Yours faithfully,

DUDLEY SEERS

London, SW1

Britons will be Slaves

SIR—Your editorial asking "the reasons for Britain's disappointing economic performance" was answered excellently by your article of June 29th, 1946, headed "The carrot and the stick."

You then said "the whole drift of British society for two generations past has been to whittle away both at the carrot and the stick, until now very little of either is left. It is the passion for equality—excellent in itself—that has removed the carrot. The rewards of success have . . . been poisoned, since commercial success itself has been turned . . . into a positive disgrace."

[illegible] away no [illegible] any- [illegible] from [illegible] favour of [illegible] and yet we [illegible] break into [illegible]

[illegible] greater [illegible] worker has [illegible] overtime? [illegible] elf to pay [illegible] hy should [illegible] vide work- [illegible] pital gains [illegible] hesitate [illegible] thug cease [illegible] or the idle [illegible] y? Why should the [illegible] or inefficient [illegible] they fear neither bankruptcy nor the [illegible]

Sir, is it not time the assumptions underlying the welfare state were reexamined? It was invented to cure the inter-war social evils of poverty and unemployment. They have now gone. A critical attitude to the evils the welfare state itself has produced is surely needed. Would we not do well to start again with the carrot and the stick?—Yours faithfully,

CYRIL OSBORNE

House of Commons, SW1

Ceylon Cyclone

SIR—It was a tragic Christmas irony that because of the absence of newspapers few people in this country were made effectively aware of the catastrophic disaster which befell Ceylon two days earlier. The cyclone and tidal wave which struck the island were a calamity so immense and unprecedented that even now it is difficult to assess.

Between 350 and 500 people were killed on that day, mostly fishermen who were at sea when the cyclone struck. Their families are now without exception destitute. Many thousands of others are homeless. Thousands of acres of crops are laid waste. Miles of roads and rails and telecommunications are damaged. The cost of this disaster, in money, may well be around £20 million and the suffering in human terms is incalculable. For a country as small and as poor as mine, this is an appalling catastrophe.

I am sure that this tragedy of Trincomalee, and of the other parts of Ceylon ravaged by the cyclone, will move the hearts of many Britons. I appeal to them for their help. Our need is great and immediate.

Contributions, which will be acknowledged, may be sent to the Ceylon Cyclone Relief Fund at this High Commission.—Yours faithfully,

G. P. MALALASEKERA
High Commissioner for Ceylon

13 *Hyde Park Gardens,*
London, W2

Together . . . Discovering future

However unorthodox the shapes to symbolize the twenty-first century it can be certain that copper and its alloys will have contributed to their final development. Copper is a proved metal of the modern age and the resources of the Delta Group of Companies . . . Europe's leading manufacturers of non-ferrous metals . . . will be devoted to discovering new alloys and new applications to establish copper as a proved metal for the future.

THE DELTA METAL COMPANY LIMITED

EAST GREENWICH · LONDON · S.E.10 and DARTMOUTH STREET · BIRMINGHAM 7

EXTRUDED RODS AND SECTIONS · COPPER TUBES · WIRE

ROLLED PLATE, SHEET AND STRIP · CABLES

HOT STAMPINGS, PRESSINGS AND FORGINGS

GAS, ELECTRICAL AND SANITARY FITTINGS

PRESSURE, GRAVITY AND SAND CASTINGS

ENGINEERS' AND PLUMBERS' BRASSFOUNDRY · TURNED PARTS

SM/DG/DM. 15372

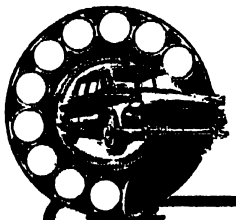
NON-FERROUS FIXINGS FOR THE BUILDING AND MASONRY INDUSTRIES

A transport fleet with no running costs-and no capital outlay!

ROOTES CONTRACT HIRE

solves fleet owners' problems

Once the hire contract has been signed, Rootes look after everything—repairs, servicing, replacement of cars whenever needed. And you can choose from the wide range of Rootes models—cars and commercial vehicles—to suit your individual needs. Not only are you free from transport worries, but the capital saved can be put to more profitable use. It all adds up to sound economic sense, that's why more and more far-seeing business men are appreciating the advantage and convenience of Contract Hire. Why not let us call on you? We'll be glad to discuss your needs and draw up your individual contract.



And there's Rootes Self-Drive and Chauffeur-driven Hire Service, too.

ROOTES HIRE

ABBEY HALL, ABBEY ROAD, N.W.8.
Tel: CUNningham 5141 Cables: Rootcshire London

ALSO AT: BIRMINGHAM 3 · 80 CHARLOTTE STREET · TEL. CENTRAL 8811
MANCHESTER · OLYMPIA · KNOTT MILL · TEL. BLACKFRIARS 8877

NATIONAL DEVELOPMENT BONUS

5% per annum guaranteed for 5 years

2% bonus (free of U.K. income tax) after 5 years repayment at only one month's notice

FURTHER DETAILS FROM POST OFFICES AND BANKS

Issued by the National Savings Committee

Looking for a key to international trade?

YOUR MAN FROM C. ITOH HAS A KEY FOR EVERY DOOR

C. Itoh, one of Japan's oldest and most experienced trading companies, is a master locksmith when it comes to opening the doors of international trade. With a staff of almost 7,000 experts and over 75 branches and affiliates throughout the world, C. Itoh offers you fast efficient service in export, import, triangular trade and joint investment ventures. Why not let your nearby C. Itoh man give you his expert help? You'll find one in every major city of the world.

CI C. ITOH & CO., LTD.
(ITOCHU SHOJI KAISHA, LTD.)

International Traders/General Importers and Exporters/Business Consultants

LONDON OFFICE: C. ITOH & CO., LTD., LONDON BRANCH
Kempson House, Camomile St., London, E.C.3, ENGLAND
Cable: "ITOHCHU LONDON EC3"

HEAD OFFICE: C.P.O. Box 117, Osaka, Japan Cable: "CITOH OSAKA"
TOKYO OFFICE. C.P.O. Box 136, Tokyo, Japan Cable. "CITOH TOKYO"

Offices in Europe: London, Paris, Hamburg, Düsseldorf, Amsterdam, Milano, Madrid, Beograd **Offices in other continents:** New York, Los Angeles, Montreal, Mexico City, São Paulo, Buenos Aires, Johannesburg, Beyrouth, Teheran, New Delhi, Bangkok, Singapore, Djakarta, Hongkong, Sydney and other main cities.

YOUR NEW OFFICE IN 4 WEEKS

—LET BLACKNELL BUILD IT FOR YOU

Elliott-[illegible] complet[illegible] ject wi[illegible] June 8t[illegible] 9,000 sq[illegible] lag bet[illegible] and pro[illegible]

COMPLET[illegible] respons[illegible] erection, partitioning, decoration, plumbing and heating.

A QUALITY BUILDING Cedar-clad (or with textured finish). Better insulation than an 11" cavity brick wall. Light, airy and warm. Attractive modern appearance.

ECONOMICAL PRICE Bristol Aeroplane's hostel for 48 apprentices cost only £7,000 including decoration, partitioning and lighting. Hire facilities also available.

ELLIOTT-AUTOMATION LTD
Borehamwood, Herts.

Offices
[illegible] 636 sq. ft.
[illegible] 730 sq. ft. for occupation within 1 month.

Specification
To include foundations, flooring, [illegible], drainage, decoration, [illegible] plumbing, lighting, [illegible], accoustic tiles, [illegible] blend with existing buildings. Decoration to match previous contract.

STEEL COMPANY OF WALES

BRISTOL AEROPLANE CO. LTD.

W. H. SMITH & SONS LTD.

Please send full details to:

NAME .....

COMPANY .....

ADDRESS .....

BLACKNELL BUILDINGS LTD., E61 PINEHURST AVENUE, FARNBOROUGH, HANTS. TELEPHONE: FARNBOROUGH 2071

Blacknell

Industrialised Building

NOT a record club!

FOUR 12" LP RECORDS FOR 30/-

RECORDS FROM FAMOUS MANUFACTURERS..... FIRE SALVAGE ALBUMS....., ALL GUARANTEED IN PERFECT CONDITION BY HALLÉ

NOT a record club, but a special offer for Economist readers of superb recordings—originally pressed for leading manufacturers and a world-famous record club—coming to you at Four for 30/- or SIX FOR 44/-! Majority classified as Fire Salvage, but every attractively sleeved long player is in perfect condition—with a money-back-or-replacement Guarantee! Simply tick the albums you want on the list below, right away.

- ☐ **BACH** Brandenburg Concertos 2, 3, 5/Cologne Pro Arte
- ☐ **BEETHOVEN** Moonlight and Waldstein Sonatas Gogar—piano
- ☐ **BEETHOVEN** Symphony 3 'Eroica'
- ☐ **BEETHOVEN** Symphony 1/**MOZART** Symphony 35
- ☐ **BEETHOVEN** Symphony 6 'Pastoral'
- ☐ **BEETHOVEN** Piano Concerto 5/Halberg—piano
- ☐ **BEETHOVEN** Piano Concerto 3/Vitabsky—piano
- ☐ **BEETHOVEN** Violin Concerto/Oistrakh
- ☐ **BEETHOVEN** Symphony 9 'Choral'
- ☐ **BEETHOVEN** Symphony 7/Vienna Philharmonic
- ☐ **BEETHOVEN** Symphony 1/Symphony 4/Bamberg SO
- ☐ **BEETHOVEN** Violin Sonatas 7, 8/Loveday-Cassini
- ☐ **BEETHOVEN** Kreutzer/Spring Sonatas/Loveday-Cassini
- ☐ **BEETHOVEN** Symphony 5/Essen Phil
- ☐ **BEETHOVEN** Archduke Trio / Cassini Loveday—Fleming
- ☐ **BIZET** Suites from Carmen 1 & 2/Grautz
- ☐ **BRAHMS** Symphony 2/Variations on a Theme of Haydn/Wiedemann
- ☐ **BRAHMS** Violin Concerto/Lautenbaumer
- ☐ **BRAHMS** Symphony 3/Horenstein
- ☐ **CARUSO/McCORMACK** Historical Recital
- ☐ **CHOPIN** Waltzes/Du Maurier
- ☐ **CHOPIN** Preludes/Pierre Francois—piano
- ☐ **CHOPIN** Les Sylphides/**DELIBES** Coppelia/Zurich Municipal Orchestra
- ☐ **CHOPIN** Nocturnes/Pierre Francois
- ☐ **CHOPIN** Four Scherzi/Auguste du Maurier
- ☐ **DVORAK** Symphony 5 'New World'/Zurich Mun.
- ☐ **FRANCK** Symphony D Minor/Metz-Moret
- ☐ **HANDEL** Water Music Excerpts/Oboe Concertos 3, 4/Mannheim Phil
- ☐ **HAYDN** Symphonies 94, 100
- ☐ **GRIEG** Piano Concerto/Peer Gynt Suite 1
- ☐ **LALO** Symphonie Espagnole/Sarasate/Accardo/Albert
- ☐ **LISZT** Hungarian Rhapsody 2/Les Preludes
- ☐ **SMETANA** Vitava/Bohemia's Woods and Fields/Budapest Orchestra
- ☐ **MOZART** Symphonies 38/39/Vienna Pro Musica Horenstein
- ☐ **MOZART** Eine Kleine Nachtmusik/Symphony 41
- ☐ **MOZART** Four Overtures/**ROSSINI** Three Overtures/Madrid Pro Arte
- ☐ **MOZART** Symphonies 40/41/Madrid Phil
- ☐ **PROKOFIEV** Peter and the Wolf/Colonne Orchestra
- ☐ **RAVEL** Daphnis and Chloe Suite 2/Pavane/**DEBUSSY** L'Apres Midi d'un Faune/Sinfonia de Paris
- ☐ **RIMSKY KORSAKOV** Scheherazade/Odessa Phil
- ☐ **SCHUBERT** Symphony 8/**TCHAIKOVSKY** Nutcracker Suite
- ☐ **SCHUBERT** Lazarus-Easter Cantata
- ☐ **SCHUBERT** Symphony 9 'The Great'/Argenta
- ☐ **SCHUMANN** Piano Sonata F Minor, F Sharp Minor/Malcolm Binns
- ☐ **TCHAIKOVSKY** Symphony 2 'Little Russian'/Danzig Phil
- ☐ **TCHAIKOVSKY** Excerpts Sleeping Beauty/The Tempest
- ☐ **TCHAIKOVSKY** 1812 Overture/Romeo and Juliet/Hamburg Pro Musica
- ☐ **TCHAIKOVSKY** Nutcracker Ballet/Swan Lake Ballet/Leningrad Pro Musica
- ☐ **TCHAIKOVSKY** Symphony 1 'Winter Dreams', Vienna Phil/Hans Swarowsky
- ☐ **TCHAIKOVSKY** Violin Concerto **MENDELSSOHN** Violin Concerto/Pugani
- ☐ **TCHAIKOVSKY** Swan Lake/1812 Overture/Odessa Phil
- ☐ **TCHAIKOVSKY** Symphony 4/Leipzig Gewandhaus Orchestra
- ☐ **TCHAIKOVSKY** Piano Concerto 2/Nicolaeva—piano Soviet State SO
- ☐ **TCHAIKOVSKY** Piano Concerto 1/Pelozzi
- ☐ **TCHAIKOVSKY** Symphony 6 'Pathetique'
- ☐ **TCHAIKOVSKY** Hamlet Excerpts/Mazeppa/Soviet State Radio SO/Gauk/Berlin Radio SO/Rother
- ☐ **MASTERPIECES OF MUSIC** Coppelia/Nutcracker Dance of the Flowers, etc./Munich SO/Cariolo
- ☐ **JOHANN STRAUSS WALTZES** Blue Danube Emperor Waltz etc./Vienna Orch.

When ordering, please select a few alternatives to allow for unavailable titles.

Order your four for 30/- records here

To Dept E A Hallé Stores Ltd
Lee House London Wall
London EC2 Bishopsgate 6245
Please send me [illegible] records indicated above
I enclose £ [illegible]
4 for 30/- [illegible] (COD
6 for 44/-) [illegible] (extra)

Name

Address

To the very last cent!

The ultimate in trading is the handling of Toyo Menka—every last cent of the customer's concern is treated as untold treasure, ensuring the highest service at the surest economy. Not only has Toyo Menka highly trained and experienced experts to deal with every aspect of your trading no matter what its size or concerns, but, Toyo Menka has established business connections with major world companies, so that the whole world is at your service.

The hugeness of enterprise thus established by Toyo Menka enables your business to be done with the greatest expedition, in the most straight forward manner and extracting the utmost from every cost involved, so that your profits are at their very highest. Toyo Menka has the men for you, wherever you need them, ready to supply service.

TOYO MENKA KAISHA, LTD.

2, Ohtemachi 1-chome, Chiyoda-ku, Tokyo
Cable Address: TOYOMENKA TOKYO

1, Koraibashi 3-chome, Higashi-ku, Osaka
Cable Address: TOYOMENKA OSAKA

Branches and Representative Offices in Europe:
London Office: 11th Floor, Lee House, London Wall, London E.C. 2, England ☐ **Rotterdam Office:** Westblaak 37, Rotterdam-2, Holland ☐ **Düsseldorf Office:** Düsseldorf, Friedrich-Ebert-Str. 31/33, West Germany ☐ **Hamburg Office:** Hamburg 36, Neuer Wall 34, West Germany ☐ **Milano Office:** Corso Venezia 14, Milano, Italy ☐ **Paris Office:** 2e Etage, 8, Rue St. Floretin, Paris-1, France ☐ **Barcelona Office:** Calle de Urgel 35, Barcelona, Spain

NEW FROM THE ECONOMIST

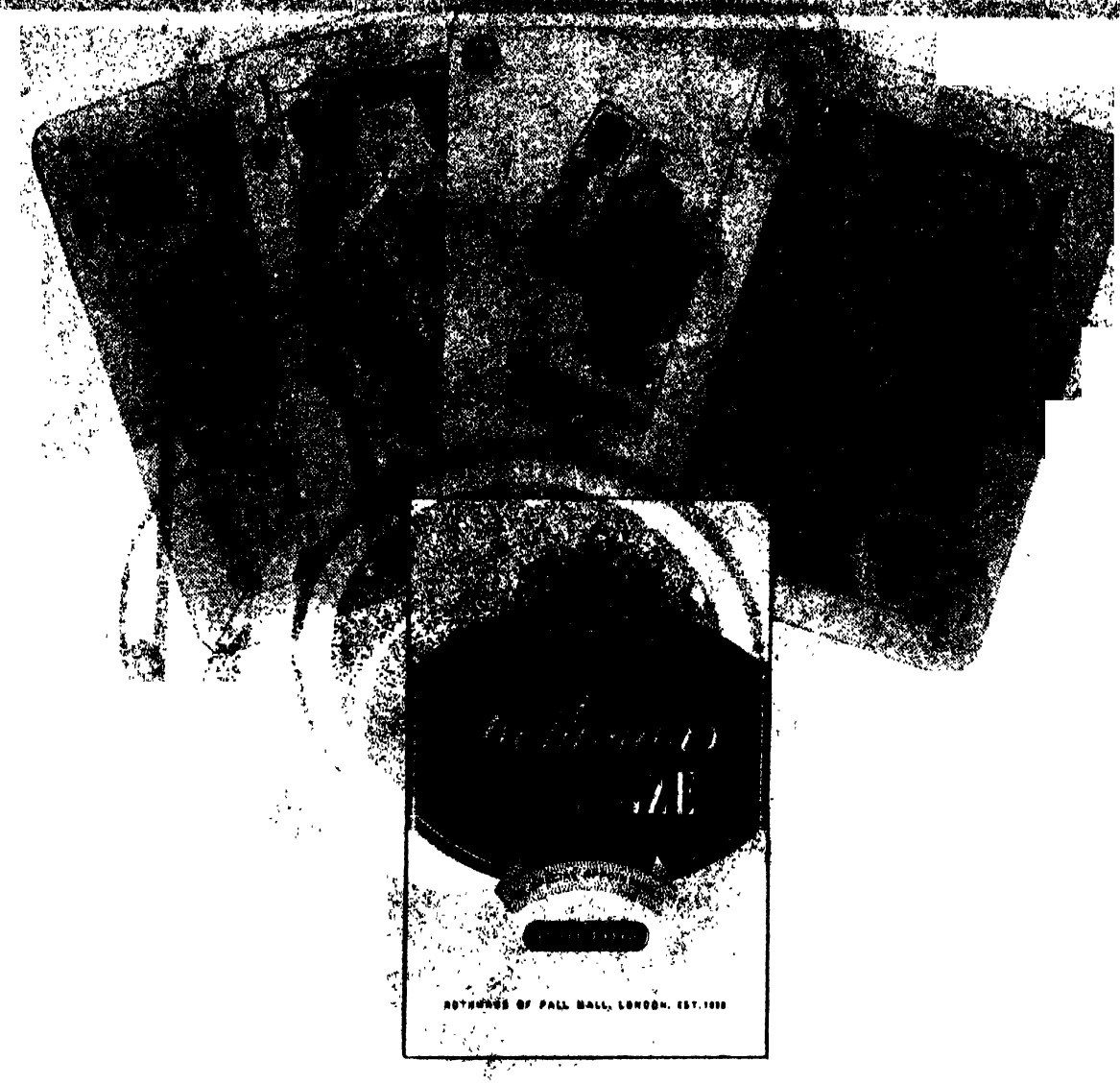
Guide to Weights and Measures

This Guide was compiled by the Statistical Department of The Economist for use within our own office; it was decided to publish it as a book to serve a wider public. The Guide has now been out of print for some years but requests for copies still come in. It has therefore been decided to revise and extend the Guide and to publish a second and up-to-date edition.

In 96 pages it provides facts and figures on the weights and measures of the world. For the most widely used units, tables of equivalents are given; for units that are used only in certain countries and trades, conversion factors are given.

The Guide, price 17/6d. (U.S. $2,45) post free for cash with order, is obtainable from:

Publications Department,
The Economist,
25, St. James's-St.,
London, S.W.1.



Traditionally, Kings are surrounded by flatterers and jokers

King Size are no exception.
The flattery takes the sincerest form—imitation.
Bereft of their packs, other King Size cigarettes
may indeed look like the true original.
But we are proud of our pack—after all, we invented King Size!
Today Rothmans is the largest selling King Size
Virginia cigarette in the world.
No flatterer can match the best of tobaccos in
the first and best of King Size cigarettes—
ROTHMANS

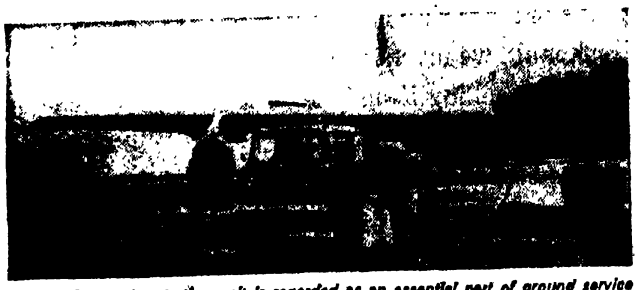
Twenty for 4/11

PICTURE OF A MAN ABOUT TO START AN AIRLINER

Coupling up an air-hose may seem an odd way of starting an aircraft. But then, strangely enough, the modern jetliner's appetite for air begins *before* the start. Its turbine starters must be fed warm air continuously, at a constant pressure and free from impurities. Given this, four jet engines can be started in sixty seconds.

This, however, is only part of the problem. Another is to do it simply, at a low cost per start. Surprisingly, the answer began to take shape long before the advent of the commercial jet, with a Swedish invention—the rotary screw compressor—developed for large production plants. It was only a short, if technically skilled, step for Atlas Copco to adapt this design for mobile service as the Air Partner.

Today, at major airports such as Paris, Amsterdam, Dusseldorf and New York, the Air Partner does more than show how compressed air technology has kept pace with jet-age aviation. It is an example of the kind of experience that Atlas Copco brings you from industry, mines and construction sites the world over.



The Air Partner jet starting unit is regarded as an essential part of ground service facilities by principal world airlines such as BOAC, KLM, SAS, TCA and others.

Atlas Copco

puts **compressed air** to work for the world

GROUP HEADQUARTERS · ATLAS COPCO AB · STOCKHOLM 1 · SWEDEN · SALES AND SERVICE IN OVER 100 COUNTRIES

WCW3

The Economist

JANUARY 9, 1965

In Face of Adversity 93
In the Docks Again 95
Divided They Chafe 97
Commonwealth Change 97

COMMENTARY 98
Prices Policy; Prices, United Nations; China, More Food for Thought, Tibet; Russia; Comprehensive Schools; Turkey and Russia; T. S. Eliot.

THE WORLD
INTERNATIONAL REPORT
Snake in the Asian Jungle 104
What is Gaullism?; Mixed-Manned Force; Arab World; Elections in Divided Countries *Pakistan, Nigeria; Sudan; India*

AMERICAN SURVEY
President Johnson's Agenda 115
Congress Sets Forth; Profile of the 89th Congress; Exporters Do Their Bit; Shaking up the Banks, Farmers' Bargain; ABC's Television.

BRITAIN
London Transport's Incomes Policy 122
A Green Thought; Left of Right.

BOOKS
Workers Laid Off 125

LETTERS 85

BUSINESS
ICI's Oyster 129
Who's Taking Notice? 131
BUSINESS BRIEF 133

INTERNATIONAL 135
International Finance; Germany; Silver; India, World Bank; French Industry; Shipping Conferences; Time Deposits Compete.

BRITAIN 141
Banking Competition; Export Credit; Transatlantic Takeover; Computers; Savings and Money; Film Rentals; Railway Fares; Development Districts; Gold and Exchange Markets, Shorter Notes; For Messing About In

INVESTMENT 147
Japan; Breweries, Watney Mann; Arthur Guinness; Banks; Discount Houses; Engineering Companies.

Annual Postal Subscription by ordinary mail UK £6; overseas £6 10s.; by air see page 161
VOLUME CCXIV - NUMBER 6333

In Face of Adversity

OVER the last few weeks south-east Asia has seen its two great international conflicts sharpen to the point of crisis. With the defeat suffered by South Vietnamese government forces in the battle of Binh Gia in the days after December 28th, and the tensions that have arisen between American advisers and the South Vietnamese army, the situation in that country has deteriorated catastrophically. Further south the new year has been ushered in by Britain's decision to send a thousand extra soldiers and six more warships to reinforce Malaysia against infiltration from Indonesia. Having failed to carry out his threat to crush Malaysia by new year's day, President Sukarno has now decided to leave the United Nations in protest against his enemy's election to the Security Council; the implications of this are discussed on page 99.

Thus the pattern of the two conflicts is one of limited warfare in which Britain and the United States are committed to the support of governments threatened by the familiar techniques of guerrilla infiltration and subversion. In the case of Vietnam the guerrillas, who now seem on the point of passing to the third stage of guerrilla operations ("mobile, conventional warfare") laid down by Mr Mao Tse-tung and North Vietnam's General Giap, have the support of large sections of the rural population. In Malaysia the problem is almost entirely one of attacks mounted from outside by Indonesia operating under the encouraging shadow of communist China.

Right now the main crisis is in Vietnam. Mr Dean Rusk's statement last Sunday that the Americans would neither leave South Vietnam nor extend the war northwards came at a time when both the political and the military situation appeared to be cutting the ground from under the feet of the policy Mr Rusk wants to follow. Even in Washington the number of people calling for withdrawal from the South Vietnamese cauldron is growing; in Britain the idea that the United States has little time left to go before disengagement becomes imperative has become something of a leader-writer's cliché. The questions "disengagement from what?" and "withdrawal to where?" are not usually asked—perhaps from an instinctive desire not to look too closely at unpleasant alternatives.

It might seem that the immediate choice for the United States in South Vietnam is simply to go or to stay. In fact the possibilities are more complicated than that, involving as they do the whole of American policy in Asia. The easiest course, if it were possible, would doubtless be for Washington to decide that an American presence on the Asian mainland was no longer needed, in which case a withdrawal from South Vietnam could be executed with the minimum of concern for prestige or effect on Asian allies. But can Washington decide this? Any such policy would mean abandoning south-east Asia to Chinese hegemony, imply the isolation of India and symbolise the end of American attempts to carry out in Asia the same policy of containment that has proved successful in preventing the Russians from expanding at the expense of the west Europeans. To give up even a claim to influence in Asia (for that is what such a course of action would amount to) is totally at variance with past American policies.

But, if future American action in south-east Asia is not going to amount to throwing in the sponge—if it is still Washington's intention to set a limit to the extent of Chinese influence in the area—then the question that has to be answered is whether South Vietnam is the right place to embark on a confrontation with

Hanoi and, ultimately, Peking; or whether the line would be better drawn elsewhere, for the preservation of Siam, for instance, and Malaysia. Even if President Johnson and his advisers decided that it would be better to fight on other ground, they would still face the problem of extricating themselves from South Vietnam in such a way as not to appear to have suffered too smashing a defeat. To achieve this they might have to undertake operations against North Vietnam with a view to obtaining better terms at the conference table. Moreover, a major American commitment (more substantial than those under the South-East Asia Treaty Organisation) would have to be given to the countries that would then find themselves in the front line. It might be necessary to station American troops permanently in south-east Asia as they now are in South Korea. A withdrawal from South Vietnam would then mean, not peace in Asia, but a pause that America would have to use to dig itself in along a new line.

Only the American government can judge whether such a guarded retreat is tactically wise or strategically fatal. But, at first sight, the operation seems fearfully hazardous. Any such manœuvre would diminish still further the chance of finding reliable allies for the West in Asia. It would probably make essential the stationing of considerable numbers of American troops in Siam or Malaysia, or both—in other words, doing in less favourable conditions that which, done earlier, might have held the line in South Vietnam.

Indeed, it looks as if the ability to hang on in South Vietnam will be the touchstone of future American influence in Asia. Nobody can decide for the American people and government whether they should continue to make the great effort and take the hard decisions that the continued exercise of power on the Asian continent requires. But the whole of the West should be concerned about a possible situation in which Chinese expansion succeeded in evicting the United States from Asia, with all the lessons that this successful Chinese pursuit of a "hard line" would imply for Russia's new leaders. For Britain, the unopposed extension of Chinese power towards the south would almost certainly mean the collapse of the British attempt to preserve an independent Malaysia. This underlines an identity between American and British interests in south-east Asia that is not yet really grasped by many people in Britain. In these circumstances there is a strong case for greater co-ordination of policies in the area and, in particular, for clearer voiced practical support from London for the American position in Vietnam.

If President Johnson decides that the Vietnamese battle must be fought through to the finish, then the United States will be faced with a long and wearisome haul. The military situation in South Vietnam is bad, and to put it right it will almost certainly be necessary to mount air strikes against North Vietnamese targets. If this has to be done, Britain and other western countries should resolutely resist the temptation to make small noises of distress. The United States cannot be expected to contain the expansion of Chinese influence without doing all that this may entail. Damage to the North Vietnamese economy could help to check the flow of arms from the north to the south as well as demonstrating to Hanoi that no one hurts his neighbour with impunity. But this will probably not be enough. In the south an enormously increased effort will be needed against the Vietcong. The United States will have to will all the means of victory—quite including the presence of larger formations of Americ troops. For, as the Malayan experience of the 1950s showed, it is very unlikely that the political situation in Saigon will improve until there is better military news than that from Binh Gia.

The only analysis that can be made of the situation in South Vietnam is an unpalatable one, especially to political leaders concerned with a public opinion that has not yet grasped what is happening in the Far East. In particular, there is a danger that British public opinion might be tempted to view without too much sorrow a breakdown of the western position in south-east Asia which would bring to an end what at present looks like being an almost interminable commitment of men and money. Defeat is less strenuous than struggle, and plenty of voices will doubtless be raised to tell us so in the months to come. But the consequences of such a defeat would be no less serious for Britain than for the United States.

This is where Malaysia comes back into the picture. For all the extra resources that are now being drawn into the defence of Malaysia, this is at bottom a less desperate situation than Vietnam's. If Britain can assist Malaysia to endure its "confrontation" with Indonesia until President Sukarno's departure, it may be that a new political constellation in Jakarta will allow room for manœuvre. The suppression on January 6th of Mr Chaerul Saleh's neo-marxist Murba party suggests that Mr Sukarno may be trying to appease the Indonesian communists, even to bequeath the succession to them. At present the emergence of a moderating force in Jakarta seems a vain enough hope, but a decisive failure to crush Malaysia could be the one thing that might arouse second thoughts among responsible Indonesians. If that happens, there may be Indonesian politicians and soldiers who are more concerned with the realities of their country's situation than with the search for a new "neo-colonialist" who can serve as a diversion from Indonesia's economic confusion.

The real moral of both Vietnam and Malaysia is that there are situations that permit of no immediate political solution and require from those involved in them the quality of endurance rather than nimble changes of posture. Both the American position in South Vietnam and that of Britain in Malaysia demand patience and the ability to grit one's teeth and carry on with what appears an interminable task. If Britain had not shown such determination in the past, the state of Malaysia would not have come into existence at all. To demonstrate to countries momentarily intoxicated with their own power and revolutionary afflatus that there is a point at which their actions will meet resistance, and that violation of the rules of decent international behaviour does not pay any the more for being committed by "new emerging forces," is an essential contribution to world stability. A succession of confrontations with the Soviet Union helped the rulers of that country to realise that very definite limits are set to their freedom of action on the international scene; this has been a major cause of the emergent understanding between Russia and the West. To inculcate the same realisation into the Chinese government and its hangers-on is the main justification for continuing to draw a line in south-east Asia. This policy was in the past called containment. It could also be called education.

In the Docks Again

What is to be done about Britain's ports and the men who work in them?

THERE are three separate sorts of problems in Britain's main general cargo ports, especially in the port of London. All have reached crisis proportions, and call out for large-scale reform. There is a long-term crisis, a medium-term crisis, and recently, quite desperately for the country, a very short-term crisis. This article will consider each in turn, but devotes only one paragraph to the longest-term problem of all.

Of the solutions commonly advocated for the docks crises, the truest in the very long term is doubtless the building of new docks. But although this is to be done in London, down the estuary by Tilbury, and although it is no doubt highly desirable that it should be done more quickly, it ignores the immediate and outstanding economic fact about the docks. No major existing chunk of capital equipment in Britain is so ridiculously under-used as the equipment of the ports. Those locks and cranes and sheds and vehicles and railway lines and roads, and those priceless tracts of riverside land, are worked for a mere single shift each day. For two hours in every three at the very least most ports' equipment lies idle. Certainly, it is true that modernisation of this equipment in the cluttered ports is often hampered by an excess of employers, sometimes with consignments too small to warrant even such elementary conveyances as fork trucks. Manifestly, Dr Jeremy Bray, MP, was right this week in calling for

> a computer-operated national freight scheduling system so that an exporter could feed his cargo on to the telex and get back the port and sailing date which would give him the quickest and cheapest delivery to any port in the world.

But, for the problems of the next five years, the ports themselves do seem likely to have broadly enough physical equipment to handle the traffic likely to be forthcoming, provided they go on being modernised at a modest rate. The medium-term reform that they really need is of their whole system of organisation of manpower.

The Ageing Labour Force

THE first and most shattering fact about London docks today is that over two-thirds of the men doing this heavy manual work are over the age of forty. A main reason for this is that, as the ports have been provided with more labour-saving equipment in the last fifteen years, the number of dockers has quite rightly been kept down. But it has been kept down in London by restricting entry to the trade, so that there is still a queue of young men waiting to become registered dockworkers; generally, only sons or other relatives of existing dockers have a hope of being considered. A second reason, however, is that when the young men reach the register, there is an understandable tendency for some of them to bounce out of the docks like a yo-yo, as soon as they have had experience of the system of employment there.

The essence of this system of employment is that dockers are hired out on call, to one group of employers one day and to another the next, as the demand for their services arise. If there is no work for them, they get a minimum weekly fall-back of pay of £10 8s. There is dispute about how often genuinely active dockers have to subsist on this fall-back pay —as distinct from Category C workers, who through age or infirmity do not want to work a full week anyway. But the Devlin committee found that in the worst of four representative weeks in 1964 the proportion of men earning less than £12 a week rose to as high as one in eight in London and one in five in Liverpool. The wild fluctuation between this sort of figure and the £30 or more that a docker can earn in a good week must be a growing disincentive to dock work for young men with family commitments

More cripplingly still, however, the whole system of payment in the docks has become geared to heavy wage payments for overtime work and to lower wage payments for jobs done in normal working hours The response of Liverpool dockers to this system is that half the men in some gangs sit in pubs or cafes during normal working hours, with the deliberate intention of making up their losses on overtime later. In London the pace of work during normal working hours is slowed by some extraordinary restrictive practices Hitherto, a traditional part of the well-paid overtime hours has been some voluntary Saturday and Sunday working, by the men who have also turned up for calls on the other five days a week, but it is just beginning to be realised that dockers, particularly when they are young, are no longer willing to accept what amounts to a seven-day week. It is ludicrous to attempt to organise an industry the size of the docks on the Victorian assumption that they will, provided they are paid enough Week-end working under the present system is bound to become more and more sporadic and unreliable; the system will have to be replaced by properly organised shift schemes, under which each docker will know what time he has on and what time off.

The Medium-Term Remedies

There should be two main essentials on the way to massive medium-term reform. First the National Dock Labour Board should be reconstituted; this invention of Ernest Bevin, designed to give the dockers a certain minimum security of income, now merely perpetuates the tradition of casual hiring which every sensible observer agrees ought to go. Furthermore, because half of the board's members are also leading members of the principal dockworkers' unions, the board helps to foster the common impression among the men that their union is on the side of the bosses. The gainers from this have been the stevedores' union, whose leaders are not on the board because their union has been disaffiliated from the Trades Union Congress after a row with Mr Cousins's giant transport workers' union; and rebel groups within the transport workers' union, such as that led by the communist Mr Jack Dash in London. It is these groups who set the pace both in fomenting trouble and in airing genuine grievances, so that they have come to be regarded by many of the men as their real representatives. This whole experiment of syndicalism through the National Dock Labour Board has turned into a disastrous failure.

Secondly, the employers should reform themselves, by eliminating those of their number who are too small to offer dockers permanent employment. There are 444 employers in the port of London, which is crazy; there are signs that

their numbers will be soon reduced. If the employers cannot rationalise their industry, it should be rationalised for them, even if this means compulsory purchase, the nationalisation of many functions in the docks, or a vast increase in the adoption of ports by local authorities. The remaining employers should then offer permanent employment to the vast majority of dock workers. Shift working should be introduced; time rates, or piece rates during normal working hours, very considerably increased; and overtime drastically reduced. Those dockers who remain in a general pool of mobile port labour (which will probably always remain necessary in a port such as London) should be offered a rate of guaranteed earnings somewhere around the average industrial wage, say £17 a week—with, of course, the chance of making a good deal more in busy periods. A pensions scheme should encourage older men to shift out to other industries, so that more young men could come in. Adequate lavatories, heated shelters, covered berths, proper changing rooms should follow the rationalisation of the structure of employment, and their construction be pressed forward urgently.

Some of these proposals bear a resemblance to those made a year ago, with the blessing of both management and union officials, in Liverpool. The resemblance is deliberate. The Liverpool scheme was essentially right in principle. Unfortunately, the awkward fact has to be faced that it foundered on dockers' opposition. It would be nice to think that the reason was simply that the employers did not offer as large a sum in compensation as ought to be afforded. It would also be optimistic. There is no doubt that some dockers have an ingrained opposition to decasualisation, which they would be likely to carry to the point of strike. The present casual system gives them a certain freedom from discipline, a freedom to sit about in the cafés when they want to, a freedom for older men to be in some sense their own masters. And this overhanging difficulty needs to be remembered now, in turning to consider the third crisis at the docks: the short-term crisis which in recent weeks has been a matter of most desperate urgency for the whole British economy.

The Short-Term Crisis

THE short-term crisis is that, thanks partly to the unofficial go-slow in the docks last year during the wage dispute which was nominally settled by Lord Devlin's court of inquiry, there has been an accumulated log-jam of ships hanging around the ports. The Devlin report chose to award to the dockers the largest orthodox pay rise for which a quasi-rational justification could be found; and the dockers of London decided, not unnaturally, that in their new state of greater affluence they need not do weekend working, not even to clear the jam. Meanwhile there are ominous signs that this accumulated jam may have permanently lost export orders to Britain, at a most critical time. The length of the economic recession towards which Britain is now being impelled may well depend on whether or not exports start to increase in the next two months; so that the failure to find a few thousand men who will work overtime for the next few weekends to clear the docks might quite conceivably throw half a million people into unemployment next winter, and cut down the national income over the next eighteen months by perhaps a thousand million pounds. That is the possible measure of the short-term madness of this situation.

The simple right-wing view of London dockers in this crisis is that this ageing body of often fifty-year-old men, many of whom are already working fifty-odd hours a week and getting £25-odd a week with this ten hours of overtime behind them, are all lazy, bolshy and unpatriotic because they do not voluntarily turn out to work on Sundays as well. That sort of expostulation is miles away from the point. The true complaint for the nation to make against London dockers at present is not that many of them naturally do not want to work on Sundays. It is that some groups of them have been taking effective collective action, through official decisions of the stevedores' union and unofficial groups of the transport workers' union, to dissuade or prevent any of their mates from doing so, even those who want to. The hope now must be that, under new prompting by the official organs of the transport union, more will in fact drift back to weekend working this Saturday and Sunday. The situation has anyway now been complicated—it is worth remembering that docks problems are international—by a Belgian strike which has locked ships up in Antwerp (where some 100 vessels are queueing outside the port). In consequence, new arrivals of ships in London have now slowed down; although the congestion of actual cargoes on the quaysides has thereby been made worse.

If, in spite of this bewilderingly changing muddle, the immediate log-jam at British ports continues, and if the export drive is quite clearly again held up, what should be done? One rather obvious suggestion might be to provide a special bonus or financial incentive, during these next few weekends only, in a drive to "clear the docks" by weekend working while longer-term negotiations are going on. It is a thousand pities that the Devlin committee did not suggest some such once-for-all bonus and short-term incentive, as a much more sensible alternative to the element of retrospection in their wage award which the unions had urged on them. If special incentives failed to secure enough dockers for weekend work during this emergency, the next question should be whether somebody else, presumably the army, should be brought in over the next few weekends to clear any continuing log-jam—with, perhaps, a special increase in dockers' minimum fall-back pay over this period, to compensate any who were deprived of some weekday work by the fact that some ships had been handled by non-dockers.

Unfortunately, it will be said that any suggestion of bringing in outsiders even for an emergency clearance would immediately cause a strike, so nobody is likely to sponsor any scheme so brash. The country will therefore simply be left to hope that there will be some improvement along conventional lines while longer-term negotiations are in progress. If so, for heaven's sake let the country be clear about the changes at which longer-term negotiations should aim. The dockers are no doubt prosperous enough, and self-reliant enough, to avoid being described as victims of the appalling social-industrial situation in the ports. They are, however, products of that situation. And, immensely delicate though the task will be, extremely expensive though the expiation of past sins might be, extraordinarily unpleasant though future clashes might become, the situation itself is one that needs to be most radically and determinedly changed.

(*A comment on "London Transport's Incomes Policy" appears on page 122.*)

Divided They

When allies stop uniting, they start to argue. Some evidence from 1965, already

Is it a portent for 1965 that the Americans and Germans have rung out the old year and rung in the new with muffled but discordant chimes on two important subjects? They have differed, first, over the Germans' efforts to get a new proposal for a four-power meeting on reunification of their country; and second, over trade with east Germany.

In the last days of the old year, Mr Dean Rusk, the American Secretary of State, gave a background briefing in which he said the Germans could not hope for negotiations on reunification unless they were prepared to discuss the problems of Germany's boundaries, security arrangements and disarmament. Such clear words had not been heard since the cold war began, and they duly fluttered the dovecotes in Bonn. On Monday, the American ambassador, Mr McGhee, hastened to tell Herr Erhard that the United States was as interested as ever in German unity. A German government spokesman returned the compliment by admitting that it was necessary to get a proper western position before seeking Russian agreement to negotiate.

On December 23rd the German ambassador in Washington, Herr Knappstein, had been to see Mr George Ball, the American Under-Secretary of State, to complain of a licence given by the Department of Commerce as far back as June 1st to the French subsidiary of an American firm to sell the know-how for a synthetic fibre plant to east Germany. The Germans now want to be consulted before the Americans issue such licences. The deal is worth only $10 million, but the Germans are still smarting from the Americans' having prevented them in April, 1963, from selling steel pipes to Russia.

In both cases, one has the feeling the Americans are right in that it is time to come to brass tasks—such as the fact that everyone seems to be trading with east Germany and the fact that mere words will not reunify Germany. Above all, willingness to discuss Germany's eastern frontiers as part of a deal has to be clearly stated and not merely left to be inferred. But the Americans' failure to co-ordinate with the German government is remarkable. The incidents show the frailties of the bilateral relations that will remain if, as may now be the case, the allies are shrinking away from the attempt to build up an Atlantic nuclear partnership.

If a change of American heart over nuclear multilateralism has averted a really desperate strain on Franco-German relations, there are also signs that cavalier treatment from Paris arouses resentment in Germany. On January 2nd the secretary of the Social Democratic parliamentary group, Herr Mommer, delivered in a broadcast the bitterest attack on the Franco-German treaty yet to come from a German politician. Herr Mommer concluded that "despite and partly perhaps because of the treaty of friendship" German relations with France were worse than those with any other country of the western world. This philippic was echoed, though in milder tones, by Herr Willy Brandt at Lübeck the next day.

It is clear that the Franco-German treaty is coming to be attacked and defended in Germany along party lines. This breakdown of bipartisanship is not surprising in view of the confusion now reigning in Bonn, but it is alarming that the basic tenets of Germany's foreign policy should be drawn more and more into party politics. The debate on Germany's position within the Atlantic alliance can now be added to other factors making for division in German political life.

These are all bad signs. They can be limited to that and nothing more if they are promptly treated by an attempt of the Americans and Germans in particular, but not alone, to reassert the West's priorities. But already they show that the real danger of the controversies that have been raging in the West for the past two years is not spectacular reversals of policy but a growing incapacity to define clear policies at all. That road leads to disintegration.

Commonwealth Change

The Commonwealth's new international secretariat can symbolise and serve an association of states whose real nature is at last being recognised

A quirk of the calendar has brought this week's gathering in London of representatives of the twenty Commonwealth governments hard on the heels of the merger, on January 1st, of Britain's Commonwealth Service with its Foreign Service. The week has also seen the announcement that Britain's High Commissioner in New Delhi is to become head of the Foreign Office, while the head of the Commonwealth Relations Office becomes head of the new combined Diplomatic Service. These events are not unconnected. The new interpenetration of the two British services follows from the Tory government's acceptance, last spring, of the Plowden committee's recommendations. The present talks between officials about the organisation of a new Commonwealth secretariat are part of the process initiated by the eighteen heads of Commonwealth governments who agreed, at their conference in London last July, that this new organ should be set up. Both developments reflect and express a welcome readiness to bring the machinery of Commonwealth relations more into line with reality.

In recent months, some of the lingering Commonwealth myths have been dispelled with a salutary speed. Less than a year ago it was still common form, in ministerial speeches as in leading articles, to dwell on the Commonwealth members' "like-mindedness." But on January 4th *The Times* itself declared the "political unlikeness, or incompatibility" between them to be now the Commonwealth's "most obvious feature"; and the Labour government's appreciation of this has been vividly expressed in the phrase "uneasy intimacy," used in the September issue of the Fabian journal, *Venture*, which added: "Britain and the new Commonwealth are joined in a curious kind of love-hate relationship."

It is by no means just a matter of newborn African states discarding the "Westminster model" in favour of one-party,

one-leader systems, not wedded to the rule of law. (Not that the African members pioneered even that road. In 1958 Ghana, the first of them to take it, was still a constitutional monarchy with a parliamentary opposition, at a time when Pakistan had already converted a republican system into a military government.) The love-hate process originated in the old Commonwealth. Dominions that rallied to Britain's side in war learnt to use a long spoon when supping at the mother country's table in years of peace.

Long before the Afro-Asian Commonwealth even became a twinkle in the then Mr Attlee's eye, any proposal to create centralised institutions for the Commonwealth automatically aroused suspicions. The old Dominions succeeded in getting the full equality of status of all members spelt out in the 1931 Statute of Westminster. But their lack in those days of diplomatic services of their own to match the wily British led them to regard the idea of a Commonwealth secretariat as a device that would inevitably reimpose Britain's maternal embrace.

At first sight, therefore, the eagerness that several of the new members showed, at last July's conference, for the creation of a secretariat struck many people as odd indeed. The initiative came from three African members and from Trinidad and Tobago. The Canadians' first reflex action was to utter the same ritual warning against over-centralisation that Mr Mackenzie King had so often repeated thirty and more years before; but Mr Pearson made a swift recovery and emerged at the end of the Marlborough House talks as a convert to the Afro-Caribbean idea. There was a particular reason for this conversion, at this time. Canada was among those members who were decidedly narked by the way the British tried to use their control of the conference arrangements to relegate the controversy over Rhodesia to relative obscurity. It is now a matter of record that this unsuccessful attempt at legerdemain brought to a head the other members' dissatisfaction with the time-honoured custom of leaving conference machinery in the hands of Britain's Cabinet staff and Commonwealth Relations Office.

One of the assigned tasks of the new secretariat is to take over the arrangements for conferences of heads of government—though, be it noted, "in co-operation with the host country," which is still much more likely to be Britain than any other. Another is to "disseminate factual information to all member countries on matters of common concern"—in other words, to do what is now done by those famous CRO telegrams, with the difference that the factual information will no longer pass through a Whitehall sieve but through a mixed-manned one. The takeover will probably—and desirably—be made with smooth discretion. This week's London talks are being held in a susurrus of sealed lips. But the shaping up of the new multilateral organ has already begun, through working-level contacts established soon after the July conference; and, if the current meeting reveals no unexpected snags, the secretariat may take shape in time to handle the arrangements for a Commonwealth conference of prime ministers and presidents during the coming summer.

What is already clear is that it will work in London and will have a chief official drawn from a member country other than Britain. How large a staff he will control is not a question than can be conclusively answered at this stage. Against the Parkinsonian pull in the direction of ever-swelling bureaucracies there must in this case be set a strong anti-gravitational force, in the shape of the reluctance of the member governments to accept any suggestion of interference in their own affairs.

There is little prospect at present that the new organ will be called upon to serve the "full-scale Council of the Commonwealth" that the Prime Minister has visualised as an eventual goal—a Strasbourg-type structure including a consultative parliamentary assembly which, in Mr Wilson's view, could be developed out of the annual meetings already held by the Commonwealth Parliamentary Association. For the time being, visions of such expanding activities must take second place to the task of taking over jobs hitherto done by British officials alone. This calls for a high degree of tact and understanding on both sides. It is not easy for a mother to get used to watching her assertive children pour the tea.

COMMENTARY

PRICES POLICY

Letters of Inquiry

"DISTURBED by press reports of widespread increases in food and other prices," Mr Brown has had letters written to various trade associations asking "the reasons why the increases were necessary." The danger in the way of this inquiry is that it may be damaged by two equally addle-headed types of salvo. The unthinking left, licking its lips for a war against manufacturers and grocers, is already proclaiming that the step "will command the support of everybody except profiteers." The Enoch Powell right will no doubt weigh in with assaults against futile interference with free market forces, ear-stroking, King Canute, etc. Actually, there are three justifications for this delicate initiative, which may still go wrong. They are also justifications for some sort of central official registry to which companies could be obliged in future to notify all major price movements, instead of leaving Mr Brown to read about them in the press.

Some major price increases (or instances of price maintenance) can at times be shown to result, not from free competitive forces, but from oligopolistic arrangements, collective restrictive practices which escape the clutch of existing legislation, market sharing pacts, and so forth; the flushing out of any of these may be in a sense the smallest aspect of Mr Brown's present inquiry. Secondly, and more lastingly important, if the impression can get around that raising prices will in future involve some degree of embarrassment, manufacturers may become more resistant to agreeing too easily to accept increases in costs, including wage demands. Thirdly, last week's "press reports of widespread increases in food and other prices" carried a psychological threat to incomes policy even in the short term. There is some danger of a spreading feeling in every boardroom in England that, if prices are going up everywhere, it is unreasonable to try too hard to hold down one's own prices or one's own employees' incomes. It was right to make a gesture against any part of this rot (even if it was

only a small part) that was just being got up with mirrors.

Since the war, many other liberal governments of the free world have adopted a stance of direct, if rather vague, opposition to price increases, with admittedly varying success. President Kennedy launched a direct assault against price increases by American steelmasters, which had rather blistering immediate results. Herr Erhard, the supposed arch-exponent of *laisser faire*, was photographed in the 1950s going red in the face as he shouted at German coal owners when they had increased their selling prices; other common market countries have at times adopted the same nannying methods. There is a danger in this initiative of Mr Brown barking up wrong trees, playing to wrong galleries, and making a bumbling ass of himself; but, all those dangers having been stated, the doubting pragmatists should still wish him luck.

The following note sets down some impressions about the most publicised price increases that have in fact taken place.

PRICES

Knitted Up

It was unfortunate for the many manufacturers who had been contemplating price increases for some considerable time that they should all have chosen the same moment to put them up. It was also probably inevitable—for some the effects of the budget were the final straw on top of a fairly sizeable rick. Few, when challenged, can give a simple or completely coherent reason for their increase, except, that is, for a company like Bird's Eye, a Unilever subsidiary, where the main cause is quite simply the high price of vegetables. (Only fifteen of Bird's Eye's 70 lines have gone up.) Usually the reason is a confused accumulation over several months or even years of rising wages and costs of raw materials, packaging and distribution; sometimes, more oddly, the increasing cost of new capital investment is an alleged added factor.

Will this convince Mr Brown? Manufacturers appear to hold widely differing views on when an accumulation of individually small cost increases reaches the level that justifies a price rise. One biscuit maker is considering whether to pass on a wage increase in the form of higher prices for packed assorted biscuits, where labour bulks high in costs because they are packed by hand. Meanwhile, Lyons, selling unpackaged assorted biscuits through a subsidiary, has already put up its prices; the reason?—all-round increases in costs.

The increases cover goods that range from soaps (the third in twelve months) to sausages and beer to biscuits. But it is worth noting that manufacturers have in general not raised all their prices at once. Lyons's subsidiary, Symbol, has put up the price of only two of its lines. Lever Brothers has increased prices over only a selection of its soap packs. Is this a sign that they are not entirely sure how the market will react? A large proportion of the goods on which prices have been put up, like sweets, biscuits and pickled onions, are hardly necessities of life and it could even be argued that the nation's health would benefit if their consumption were to fall. Those with suspicious minds might be curious about why, when sugar and cocoa prices are depressed in the commodity markets, the prices of so many sugary, chocolaty things should be rising. To this, sweet makers put forward a host of plausible explanations about dearer milk, raisins, nuts, etc., hoping, perhaps, that Mr Brown on his new slimming diet will not notice that plain chocolate bars (up 1d.) do not appear to contain either nuts or raisins. Two big changes are due in retailing this year; one is the slow death of resale price maintenance (on sweets among other things) and the other is the coming into force this summer of legislation making manufacturers mark all packs by weight, and understandable weights at that, with no weird fractions. It will be interesting to see what happens to prices then.

UNITED NATIONS

Riddance, Anyway

"If you can't beat them, leave them." Hence Indonesia's huffy withdrawal from the United Nations (but not from the UN economic and social agencies, through which Mr Sukarno hopes still to obtain tangible benefits). The pretext was the seating of Malaysia in the Security Council, which was one of the few decisions the Assembly managed to take before the end of 1964. But this decision had really been taken in November 1963, when Malaysia's close contest with Czechoslovakia for a council seat was settled by an agreement that each should take half of the two-year term; the Czechs duly vacated the seat at the end of December, and Malaysia's installation in it was only a formality. Indonesia neither quit the UN at the time of the original decision, nor declared in advance its intention to quit if the decision was carried out. But Mr Sukarno now badly needs a diversion: he has glaringly failed to make good his boasts that Malaysia would be overcome not later than this new year. It was easier to get his delegates out of New York than to get his troops into Malaysia. And it created a gratifying sensation.

"Good riddance," commented Malaysia's prime minister. Perhaps. Indonesia's presence in the UN had neither inhibited it from acting violently against its neighbour, nor contributed to the organisation's work. Russia was among those members that felt bound to urge Mr Sukarno to think again; China, inevitably in its circumstances, hailed him as a fellow sceptic about the UN; but his walkout did not exactly cause a general panic. The Japanese conscientiously reminded him of the unhappy precedent of Japan's exit from the League of Nations in

The Economist

JANUARY 7, 1865

SHOULD RAILWAYS BE STATE-OWNED?

¶ At first sight, it appears absurd to argue that the transfer of a trading undertaking from the hands of the trader into the hands of the Government would diminish its expensiveness. If experience has proved anything, it proves that the work of the trader who is to get the money saved is cheap and saving, and the work of a Government, of persons who do *not* get that money, lavish and dear. But yet we venture to say that the transfer *might* be effected so as to diminish the cost; it would be difficult so to effect it, we admit, but it would be possible. In the first place, railway companies are now governed by Boards, with many of the defects of Government Boards. They are governed, as we may see by looking at the list, by a most motley, mixed class of persons. A land carrier of goods and people by steam machinery, and this is the business of a railway company, ought to be a special sort of a person, understanding machinery, understanding steam, knowing the people who wish to travel, knowing the goods which ought to be carried. Most railway directors know nothing of the sort. No. I. is likely to be a nobleman, No. II. a merchant, No. III. a capitalist or share dealer: they were not bred to traffic management, and are very much in the hands of those who *were* bred. The reasons why trading management is better than Government management are two,—first, that the trader is almost always educated for his trade; secondly, that he almost always has to live by it. But both these reasons fail here. . . . The present mode of railway management may be described as that in which trading management is at its worst,—where the critical elements, the specific knowledge, the special interest of the trader, are both at their minimum. A Government owner might so arrange that the real managers of the railways had more self-interest in their good working, and more knowledge likely to promote their good working, than the existing directors. . . . These considerations, therefore, shows that a transfer of the ownership of the railways to the Government might be made so as to diminish their danger, economise their cost, and augment their utility. It would be very difficult so to transfer, we know. But when great results are *possible*, we should carefully examine whether they are not also *attainable*. Granting that a State purchase would be exceedingly beneficial, it becomes the plain duty of the Executive Government to *inquire* whether that transfer cannot be effected.

1933. But his gesture is not really comparable with the withdrawals of that year, which subtracted two major powers, Germany and Japan, from a League that already lacked American and Russian members.

In principle, the first withdrawal from any international body that aims at universality is regrettable. But there are some whose presence does not make the heart grow fonder. Fascist Italy sat on in the League's council after its conquest of Ethiopia. Indonesia's decision to back out of the organisation that did much to help it gain independence is an act that embarrasses Russia by pleasing China, and embarrasses some Asian and African states that would like to claim solidarity with Indonesia but would not like to follow it through the exit door. There is no reason why the UN should offer Mr Sukarno any kind of concession to get him back.

CHINA

Mr Chou and Mr Chen

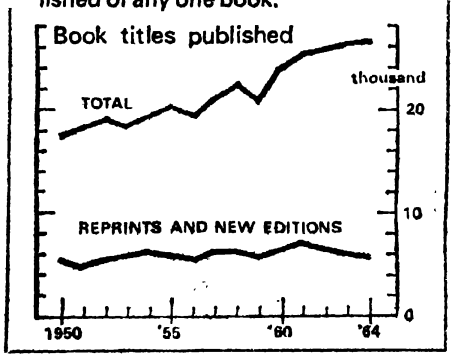
THE session of the Chinese national people's congress that ended in Peking on Tuesday had the usual mixture of functions. The congress is the nearest thing that communist China has to a parliament; but, as with Russia's Supreme Soviet, the distance is still huge. It generally meets only once a year, in order to acclaim the wondrous works of the hierarchy, go through some pseudo-democratic rituals, and gaze optimistically into a millenial future.

This session conformed to type. The previous jamboree had been markedly less cheerful. It took place in late 1963 behind closed doors, and all that crept out was the text of two resolutions, a press release and a *People's Daily* editorial; the press release gave a sober assessment of the economic situation and set no future goals. This time, the two-day report that Mr Chou En-lai, the prime minister, made at the congress on December 21st and 22nd was publicly summarised at length (though more than a week later), and its tone was forward looking. In the report came the first cheep for a long time about the third five-year plan. Mr Chou said it would start in 1966—three years behind time. The setback that the failure of the Great Leap Forward caused, compounded by bad harvests, made it necessary to switch to year-by-year accounting when Plan Two ended.

China is now feeling confident again. There have been two good harvests in a row. And the explosion of China's first atom bomb last October has further bucked up morale. There is no sign, though, that the lunatic excesses of the Great Leap will be repeated. Mr Chen Yun, a moderate economist who opposed these excesses and has been in the shade during the past few years as a result, was among the deputy prime ministers elected by this year's session. As the congress has about as much option over elections as an English cathedral chapter over its bishop, Mr Chen's views are presumably in favour with the leadership.

More Food for Thought

Despite the apparent boom in paperbacks, it is new titles rather than new editions which go up in number year by year, although even with these the rate of increase is slowing down. The chart shows the number of titles published in Britain each year: this is not a measure of the industry's output since it does not reflect numbers of copies published of any one book.



TIBET

The Foreign Rain

IT is a tough life being a paternalist. British imperialism discovered this in all corners of the map; in Tibet, the Chinese communists are finding the job no easier. Thirteen years have passed since the People's Army ended Tibet's vague client-relationship with Peking and replaced it with incorporation into China. For all the brutalities, the Chinese have done a lot of good since their invasion. Serfdom was abolished, if not forced labour. The herds are thriving, and ploughs are less likely to be all-wood. In a rapturous book "The Timely Rain,"* Stuart and Roma Gelder last year pointed out the benefits of bright new surgery compared with dirty old magic.

Yet the Tibetans are not so grateful as the Chinese think they ought to be. They may not want the old ways back; but perhaps they would prefer the new ways introduced by Tibetans. The Chinese have done poorly in their attempt to launch a Tibet Autonomous Region as a pale substitute for the country's previous near-independence. They are finding it hard to get proper People's Councils elected at local level. At a higher level they had to sack, last month, the acting chairman of the committee that was preparing autonomy.

This was the Panchen Lama, the one traditional ruler in Tibet who stayed to work with the Chinese. The other ruler, the Dalai Lama, went to India after the 1959 rebellion against the new bosses. Even the Panchen has not turned out to be as enthusiastic a collaborator as the Chinese hoped. Little had been heard of him during the 18 months before his dismissal. At the Peking national people's congress which has just ended, Mr Chou En-lai said that the Panchen would stay on the committee as an ordinary member in order to let him "turn over a new leaf." But he did not sound very hopeful.

At the latest meeting of the autonomy committee an indignant report from one of the chief Chinese hierarchs in Tibet pointed to the wiles of the local "serf-owner class" who were not content to stay abolished. Still worse: Tibet is apparently suffering a "spontaneous trend towards capitalism." So extra ideological ammo is being brought up. Since January 1st thirty-seven of Mr Mao Tse-tung's writings are available in Tibetan translation. If that does not convince those ingrates, what will?

* Hutchinson. 50s.

RUSSIA

From Catherine to Kosygin

MR KHRUSHCHEV may have become an unperson, but by no means all his works have been consigned to oblivion with him. On Tuesday, the Soviet government belatedly published a decree, dated August 29th (in the Khrushchev era, that is), which granted legal rehabilitation to the Germans whose ancestors were settled on the Volga by Catherine the Great. In August 1941 Stalin declared these Volga Germans to be traitors; their autonomous Soviet republic was dissolved and they themselves were deported, with great brutality, to Siberia and Soviet central Asia. Most of the other ethnic minorities who suffered a similar fate during the war were formally rehabilitated not long after the Soviet 20th party congress in 1956. It is not clear why the Volga Germans should have had to wait so long for formal rehabilitation, although in fact their situation has more or less steadily improved since 1956. But unlike most of the other ethnic minorities who were driven from their homes during the war, they are still not to be allowed to return to their original settlement on the Volga.

It is not difficult to guess at Mr Khrushchev's motive last August in getting the Supreme Soviet to adopt a decree legally rehabilitating the Volga Germans; it was just when he had decided to accept an invitation to visit Bonn. It is more difficult to guess why the decree was not published at the time, or why Mr Kosygin's government should have decided to produce it now. There is no sign yet of any concerted Russian diplomatic ploy designed to attract the west Germans. Possibly the Russians are wondering how to clear their decks before engaging in any further confronta-

Good morning British industry. This is a day of big, new opportunity. Look at the scope of industrial fuels from Shell-Mex and B.P.

To get your business going energetically. Industrial Fuel Oils and Liquefied Petroleum Gases . . . versatile and efficient . . . with an attendant service that pinpoints their correct applications.

YOU'LL BE ABLE to start every day right with the right fuel. Ask Shell-Mex and B.P. who offer you a complete range that is ready to get your business moving. Ask them today . . . don't lose time. It's never too early to get industry going and it's so easy to call on Shell-Mex and B.P.'s integrated fuel service.

A service for industry. We are right at hand with the right fuelling advice for firing whatever plant you have in mind. Because we have integrated two kinds of fuels into a single *fuelling service*, we have widened the scope for pinpointing the right fuel for you whether you require conversion to oil-firing for furnace firing, steam raising and central heating, or if you wish to investigate the interesting present and exciting future of LPG (liquefied petroleum gases).

It's a wide range: fuels for a multitude of purposes . . . all highly efficient and forward looking; fuels operating independently of mains allowing you to operate in remote areas. And the offer of the attendant services of our Industrial Fuels Superintendents.

Skilled engineers. Call us and enlist the expertise of an Industrial Fuels Superintendent. Let this skilled fuels engineer prove how economically oil fuel and LPG can get your business moving and your ideas into production.

His first job (in the case of conversion from other types of fuel) is to conduct a survey and efficiency test on your existing plant. This will enable him to present you with a comparative fuel cost statement. Then he has detailed information to make recommendations on new installations and the latest oil-firing equipment.

After installation he can see that your staff are comprehensively briefed in operation and maintenance.

Anywhere. You will get all the details of fuel storage and handling, and the Industrial Fuels Superintendent will point out [illegible] anywhere in the United Kingdom. Should you need high-level technical assistance, then the advice of our Fuel Efficiency Engineers is readily available.

For the asking. The comprehensive service offered is yours for the asking. Your company needs our range of fuels to keep ahead, to keep operating productively and profitably. A letter or telephone call will get an Industrial Fuels Superintendent around to see you and show you how these vital fuels get industry fired with success.

LPG (Liquefied Petroleum Gases)

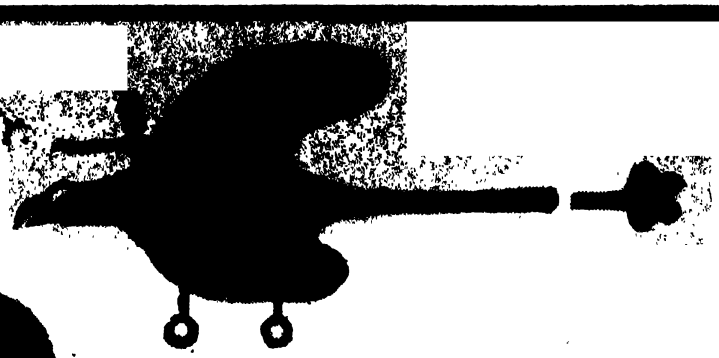
LPG demand new [illegible]. Progressive companies have already met with tremendous success using either or both of Shell-Mex and B.P.'s vital twins: Propagas propane and Butagas butane. Precise and economic fuels. Ask the Industrial Fuels Superintendent about them. He will tell you how useful the Ceramic, Metal, Forming and Building Industries find these fuels and how Butagas can be delivered in cylinders for site storage of in portable 10 to 100 lb containers from a nationwide dealer network. You'll find a use for LPG in your company.

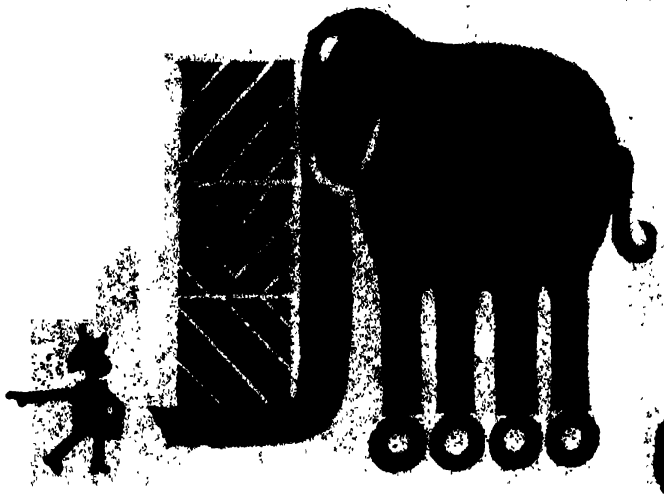
Write or telephone:
Industrial Services Manager
Shell-Mex and B.P. Ltd
Shell-Mex House Strand London WC2
Temple Bar 1234

Industrial Fuels

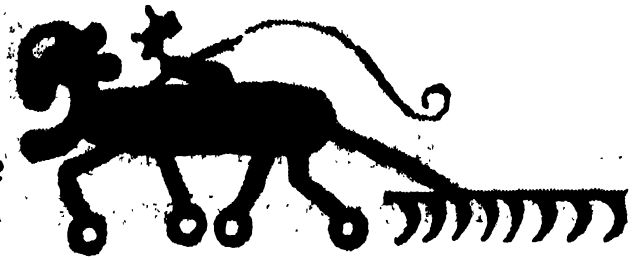
SHELL BP

We're at home in the air





No job's too heavy for us to tackle



Our movements are always precise

We get places quickly

We're big enough to go anywhere

Yes, the products of Mitsubishi Heavy Industries are as diverse as all that. And a century of manufacturing experience is built into everything that comes out of our 16 modern plants and factories.

Ships: Shipbuilding, Naval Vessels, Ship Repairing

Heavy Machinery: Prime Movers, Heavy Industrial Machinery, Steel Structures, etc.

Machinery: Industrial Machinery, Construction Machinery & Equipment, Agricultural Machinery, Machine Tools, Rolling Stock

Motor Vehicles: Passenger Cars, Trucks, Buses

Aircraft

MITSUBISHI HEAVY INDUSTRIES, LTD.

HEAD OFFICE: Marunouchi, Tokyo, Japan

tion with the Chinese. This would involve trying to remove any weapons that the Chinese might turn against them, including the allegations of colonialism that the Chinese have already on occasion levelled against the Russians. That the Russians are determined not to seem to be falling behind the Chinese in 1965 in their anti-colonial efforts was demonstrated by a particularly resounding attack on colonialism in *Pravda* early this week. In this context, Mr Khrushchev's gesture to the Volga Germans perhaps now comes in handily as grist to his successors' mill.

COMPREHENSIVE SCHOOLS

Whose Failure?

A GROUP of Conservative MPs feel, it seems, that they have at last found one of those heart-warming issues that can bring political liveliness back to the country. The issue near their political hearts is that of comprehensive schools. They would like to debate a motion in the Commons that, under the guise of defending the grammar schools, would give an opportunity of attacking the government's really rather cautiously expressed intention of fostering the development of comprehensives. It may be expedient for them to forget Sir Edward Boyle's kind words about comprehensives (only a degree or two less warm than Mr Michael Stewart's) when he was at the Ministry of Education. They may also forget Mr Hogg's bemused plea, on television during the election campaign, to "keep education out of politics." But they should be told now that they will be doing the worst possible disservice to the future of British society, providing the worst possible example to the nation, if they start stumping up and down the country appealing to the Englishman's all-too-present longing to ensure that little Johnny does not sit next to rough, lower-class boys in class.

This particular bout of discussion about comprehensives (a discussion, incidentally, that should rightly be prolonged, informed and reasonably dispassionate) started with a story on the main news page of *The Times* on December 29th under the heading "Comprehensive School 'A Failure.'" It reported the self-critical remarks of the senior music mistress at the London County Council's Kidbrooke comprehensive school, to a very small professional meeting, discussing what she regarded as a specific instance of failure in the education of semi-delinquent children. Other schools have failed in this respect, [illegible] it is as monstrous for Labour zealots to use cross with this candid music teacher as it is for Conservative zealots to use her as a stalking horse. But the report in *The Times*—such is its influence—has now given rise to the "Kidbrooke affair," whose outlines are familiar to all Britain. It is a slim basis for a major political row.

TURKEY AND RUSSIA

No Orchids for Podgorny

MR PODGORNY'S expression was variously reported as "impassive" and "grim" on Tuesday as he watched members of the Turkish parliament rumbustiously debating whether or not he should be allowed to address them. In his speech, when he was eventually able to make it, though conciliatory about Russo-Turkish relations, he strongly criticised Nato and painted a distinctly idealistic picture of Russian progress under communism. Not surprisingly, he was heckled, and afterwards an unsuccessful attempt was made to prevent his speech ("communist propaganda") from being published or broadcast in Turkey.

Mr Podgorny, a member of the Soviet communist party's presidium, arrived in Ankara on Monday, the day before his stormy reception by the Turkish parliament, at the head of a Soviet parliamentary delegation. The delegation's ten-day visit is in return for the visit of a Turkish parliamentary delegation to Russia in June 1963. It doubtless also seems a suitable (and nicely non-committal) step to make after the Turkish foreign minister's visit to Russia in November. The Turks were reasonably pleased with the results of that visit. Moscow agreed to say what the Turks wanted them to say about Cyprus in the final communiqué, and accepted their cautious approach to a cultural agreement: an exchange of students, proposed by the Russians, was not included in the cultural agreement signed during Mr Erkin's visit.

Caution, in fact, is likely to go on governing the Turks' approach to Moscow, however exasperated they may be with their western allies, and however keen on increased economic contacts with Russia. The turbulent scenes in the Turkish parliament on Tuesday were mainly inspired by a small group of right-wing opposition deputies. But fear and suspicion of the Russians are deep-rooted in Turkey, in spite of Ataturk's rapprochement with Lenin forty years ago. A not very stable government, which has elections looming later in the year, will no doubt feel obliged to treat these susceptibilities with respect.

T. S. ELIOT

Path to Serenity

THE death last Monday of T. S. Eliot not only removes one of the greatest of twentieth century poets, but also marks the end of a cultural era. The wide references of Eliot's work, the influence on him of the whole spectrum of world literature ranging from the French symbolists to the Upanishads via Provence and medieval Italy, bear the stamp of that gold-rush period when an imaginary library was becoming firmly established in the western consciousness. Perhaps, indeed, his insistence upon the importance of tradition sprang from a certain insecurity, the vertigo of western man with the riches of the past spread out before him. Much of Eliot's work—prophetically all his prose work—was an attempt to bring order and hierarchy into the bazaar of a modern mind that remained resistant to all attempts at tidying. The elegiac note struck in much of his greatest poetry was a lament for a civilisation always threatened, often submerged, and fleeting as the lives of the creative minority who fashion it. No one has better recorded the hesitations and helplessness of civilised man or felt more deeply the flaw that fractures the most classical universe. Eliot's solution for the modern dilemma remained a personal one, but the poetry of the "Four Quartets" bears witness to the serenity achieved by one twentieth-century man.

Marketing in Europe

A monthly research publication on consumer goods and retail distribution

Included in the current issue.—

ADVERTISING IN EUROPE

THE GERMAN ICE CREAM MARKET

SOCIAL SECURITY

Further details from:
THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St James's Place London SW1
Telephone HYDe Park 6711 ext 27
60 East 42nd Street New York 17 NY
Telephone Murray Hill 7-6850

EIU Quarterly Economic Review

Algeria Morocco and Tunisia

There is a possibility for British exporters to increase their share of Maghreb trade in investment goods Consumer imports have been cut to meet balance of payments difficulties in the three countries The effects of this on the composition and direction of trade in 1965 are examined in our latest review.

Further details from
THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St James's Place London SW1
Telephone HYDe Park 6711 ext 27
60 East 42nd Street New York 17 NY
Telephone Murray Hill 7-6850

THE WORLD INTERNATIONAL REPORT

Snake in the Asian Jungle

Malaysia: Indonesian raiders who didn't get away

South Vietnam: after the battle of Binh Gia

FROM OUR FAR EAST CORRESPONDENT

NINETEEN-SIXTY-FIVE is the Year of the Snake. As all good Maoist marxists know, the basic trends of this year in the traditional Chinese cycle are influenced by cunning and dissimulation rather than by the martial pressures of a Year of the Tiger or by the violent surprises of a Year of the Dragon. Hongkong soothsayers are already recalling that in the last Year of the Snake—twelve long years ago—the United States accepted a stalemated substitute for victory in Korea.

The writing on Saigon walls—made all the clearer by the chalked anti-American graffiti of Buddhists and students—heralds a "negotiated settlement" which is another way of saying "gaullist neutralisation." These are euphemistic words because there can be little doubt that the majority of the unhappy South Vietnamese farmers are now so thoroughly dominated by the Vietcong that any kind of settlement, whether it is Laotian-style (which is supposed to mean neutrality) or Korean-style (which ties down an unpopular American police force), must ultimately mean a communist take-over. The anti-communist Roman Catholic intellectuals, bureaucrats and industrialists, who retreated from communism in North Vietnam after the 1954 Geneva settlement, are now largely beleaguered in Saigon, the defeatist and rotting capital increasingly infiltrated by communists.

Mr Dean Rusk made a point this week of directing attention to Washington's willingness to negotiate, provided China and North Vietnam stopped interfering in South Vietnam's affairs. This condition need never trouble the Chinese or North Vietnamese, who insist piously that the Vietcong movement is a revolutionary uprising by the South Vietnamese. They now argue further that if South Vietnamese exiles in North Vietnam are, indeed, sending help to the brave Vietcong, the South Vietnamese government forces for their part are receiving help from alien sources. In any event, as the Laotian settlement showed, neutrality without proper sanctions on both sides is purely a means to an end—and Laos has always been merely a means to the communist end, which is South Vietnam.

Few American advocates of an expanded air war believe that localised bombing of supply routes and jungle stockpiles would be sufficient to turn back the creeping tide of communist success. If the war in the air were extended, either as a deterrent or as a reprisal, there should logically be pinpointed destruction of North Vietnamese airfields, naval concentrations, power stations and industrial installations. But even this extension of the war would now be aimed at encouraging a negotiated settlement on the argument that bloodier noses for the North Vietnamese delegates would strengthen the position of the anti-communist delegates when they eventually get together at a conference.

The miracle in the whole drifting mess is that the morale of the South Vietnamese army, however frayed, has managed to survive at all. Perhaps the formation of a stable government would improve the army's spirit. Perhaps an extension of the war would have the same effect. But, given logic and common sense, neither development could be expected to kindle burning zeal for heroic effort—intended openly to lead to a conference table.

The prospects for Year-of-the-Snake manœuvres on the Malaysian front have paradoxically improved since the British moved strongly against President Sukarno. Whatever the merits of the argument that Bung Karno is at least better than the Indonesian devils who have not yet been introduced, one abiding lesson that has been learned is that the only effective way to deal with him is to stand up to him. Concessions encourage and inflame him. Certainly the Americans have at last painfully realised that his personal technique for handling the local communists has failed to prevent the steady spread of communism in Indonesia. The American ambassador, Mr Howard Jones, a hopeful and dedicated Christian Scientist, is now retreating gloomily from Jakarta.

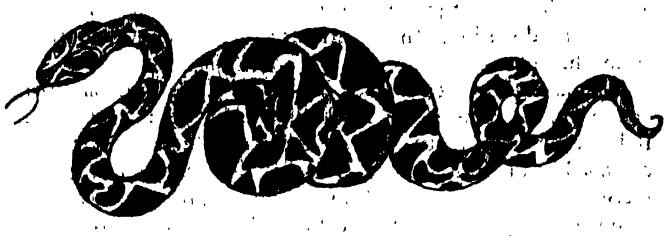
Right or wrong, the diplomatic grapevine in the Far East insists

that President Sukarno, embarrassed by the failure of his boast to crush Malaysia at the first cockcrow of the new year, is looking for some face-saving accommodation that will cushion his retreat from confrontation with the British. On this argument, all his floundering at the United Nations, after his futile intrusions into Malaya, is designed to promote some sort of arrangement under which an Afro-Asian committee would mediate a settlement. His air and seaborne landings in Malaya have been humiliating failures. His expensive armed forces are only paper-strong and the vanguard of his invaders has been wretchedly deficient in both initiative and fighting heart.

Malaysia, for its part, continues to pass up the opportunity of depriving President Sukarno of the strained bonds of disenchanted Filipino support. If the Malaysian prime minister, Tunku Abdul Rahman, would agree to a hearing by the International Court of the Philippine claim to a portion of Sabah, President Macapagal would be delighted and relieved to escape from his incongruous association with Indonesia.

Indonesia's threats and menaces have helped to consolidate the divided interests and races inside Malaysia. The challenge from outside has diverted attention from the strong potential elements of discord between Malays, Chinese and Indians. Attempts to foment race riots in Singapore were hardly more successful than the landing of guerrillas. All the same, Singapore's prime minister, Mr Lee Kuan Yew, has given warning that "internal disintegration is a greater threat to Malaysia than external aggression."

The decisive contrast between the Malaysian and South Vietnamese conflicts, as the zodiacal snake winds expediently through the jungles of 1965, is that the people of Malaysia are prepared to fight in support of their government. The people of South Vietnam have no government to support, let alone fight for.



WHAT IS GAULLISM?

Life Force in Power

In his customary new year message to the French people, President de Gaulle included a characteristic passage in which he said that

> the year now ending has shown and the one now opening will confirm that, while we are becoming ourselves again in the fields of general policy, economics, money and defence, in other words, while we are rejecting all systems which under the guise of "supranationalism" or "integration" or again "Atlanticism" would in reality cloak our subjection to a hegemony of which you are all aware, we are entirely ready to co-operate amicably with our allies.

The sentence does not stop there, for General de Gaulle's clauses are all-embracing But the nub of his meaning is there, and to many people, not all of them by any means unsympathetic to the general, it is a paradox.

If Europe's problem is indeed the threat of American colonisation or dominion, the unification of Europe would seem to be the most effective way of meeting it, even though with American support. For means determine ends and, even if at first most countries in a united Europe wished to remain subordinate to the United States, they would hardly continue to do so if they had the power to affirm the "personality" of Europe, as General de Gaulle calls it, against the "two great camps" of the Russian and "Anglo-Saxon" worlds. Plainly, his objection to European integration is not solely the result of his desire for independence of America; it is something that exists of itself.

When France meets France

The short answer is, of course, General de Gaulle's concept of nationalism, but the interesting thing about the general is the character of this nationalism. Here again, his latest speech gives an interesting clue. "Life is life," he says, "that is to say a battle, for a nation as for an individual." Over thirty years earlier, in "The Edge of the Sword," he was expressing the same ideas. "Without force, could one conceive of life?" he asked, and, balancing it, came the typical note of dolorism:

> The glorification of suffering that tempers an army corresponds in the highest degree to our aesthetic and moral conceptions: the loftiest philosophic and religious doctrines adopted no other ideal.

General de Gaulle, the soldier and minor aristocrat who was twenty in 1909 when France was struggling with the memories of its defeat in 1870, has throughout his career been deeply influenced by the glorification of the *élan vital* of life which was, from Barrès to Bergson, part of the philosophical climate of France at the time. The notion of life as competing energies leads either to strife, if no one dominates, or to authority if the man of destiny emerges through the crowd. In France the man of destiny has emerged as no one since Napoleon, and General de Gaulle yields to nobody in his notion of the charismatic hero embodying the state and nation.

When Marshal Juin, a serving soldier and thus a servant of the state, scandalised the politicians by coming out against the European army proposal in 1954 and General de Gaulle defended him, the general was asked whether he would have allowed such insubordination had he been in charge of France. But "I," he said, "was France, the state, the government. I spoke in the name of France. I was the independence and sovereignty of France. That, in the last resort, was why everyone obeyed me."

The brake on this authoritarianism has been a strain of pessimistic stoicism, a sense of painful duty. This owes something to the tradition of the old French aristocratic officer corps that felt it had to defend a republic it despised, and is given a touch of lyricism by the conviction that France is the fount of European culture. General de Gaulle is no vulgar dictator; he harks back to the pre-revolutionary ideal (another right-wing fetish of his youth) by which the king represented the people against the

divisive forces of the *corps intermédiaires*, the establishment in all its forms.

In the modern world, where the spirit of analysis holds the throne of an almost papal infallibility and the result is endless division, General de Gaulle's view of France, the state and himself, all coinhering like the trinity, has helped him to his outstanding triumphs of character over situation. France needed a respect for government, though his egocentric approach has done less perhaps than he hopes to provide lasting institutions. It helped him to carry the flag through defeat in 1940, and ever since, like the two Napoleons, to straddle French public opinion from the right to the left. Like both, he appeals over the heads of the establishment to the concierges, the farmers and the workers and yet, by not really disturbing the social structure, finally reinforces the establishment.

His magnetic power enabled him to solve the Algerian crisis, as one ex-prime minister, M. Edgar Faure, has said, "with words." It has even helped him to seize the credit for achievements that are not his, like the economic recovery of France and the Franco-German reconciliation, and in so doing give them a political resonance they did not have before. His sense of order and his power have restored the franc as a currency in Frenchmen's minds even though, until 1964, inflation went on much as it had done under the Fourth Republic in the 1950s; they have also given the common market a brilliant start it would never have had if France had isolated its economy to balance its payments.

But if General de Gaulle's emphasis on the force of personality in the struggle of living appeals to all Frenchmen who want to be proud of their country, and to all nationalists or neutralists who want to affirm themselves against American power and culture, it disqualifies him for the pragmatic processes of evolution, discussion and compromise. If the life force must permeate the people, it is hard for a great statesman to stoop to negotiation. General de Gaulle has made very few practical proposals to other people, and fewer concessions, and cannot conceive of fusing sovereignty or exercising it jointly with others. Supranational bodies "have a technical value but cannot have authority or political effectiveness." In short, his policy is the prisoner of his Wagnerian notion of power as the motive force of politics.

At home, it leads him to the autocrat's temptation to despise the people he woos. "One cannot move the masses other than by primal emotions, violent images and brutal appeals," says "The Edge of the Sword." Abroad, it is symbolised by the nostalgia, again typical of the first decade of the century in France, for power through population.

He has dreamt aloud of a France of 100 million people and in his new year speech spoke, quite arbitrarily, of the days when he hopes French population will grow by a million a year. He has encouraged German nationalism by affirming the primacy of France and seems to think that he can deny equality to a divided Germany, which is still economically more powerful than France, on the strength of his own character, the *force de frappe* and the superior agility of French brains. He has rejected the American willingness to compromise because he has assumed that all nations must seek to dominate. Ultimately, his policy, by denying the possibility of interdependence, leads back to a vision of the concert of competing powers in the age of laisser-faire, even though the dangers of a breakdown, that is of war, have multiplied so enormously that less abstract souls have tried to unite the traditionally warring nations of western Europe.

If General de Gaulle were to break up the systems of joint action that link western Europe and north America, this would be largely because in Europe generally and Germany in particular there are many people who feel that a united Europe must be maintained at all costs as a potential great power. To lose the discipline of the Atlantic nexus frightens men who realise the force of the American defences along the Elbe. But this will not necessarily be a permanent reaction. The combination of the policy of European integration with General de Gaulle's nationalism, by creating a uniquely assertive new centre of power, could well result in acute instability in Europe.

General de Gaulle's faith in personality has inclined him to ignore the real limits of French capacity to control events in such a Europe. His outsize reflection of past French greatness may be quaint or attractive, according to taste, in his speeches; but in fact it may well be a way of playing with fire. The general has registered great triumphs by believing in the force of character in an age of abstract analysis run riot. But the great creative statesmen, artists or scientists have been those who have let themselves be moulded by events as well as moulding them. He has not.

MIXED-MANNED FORCE

Only Sleeping

FROM OUR WASHINGTON CORRESPONDENT

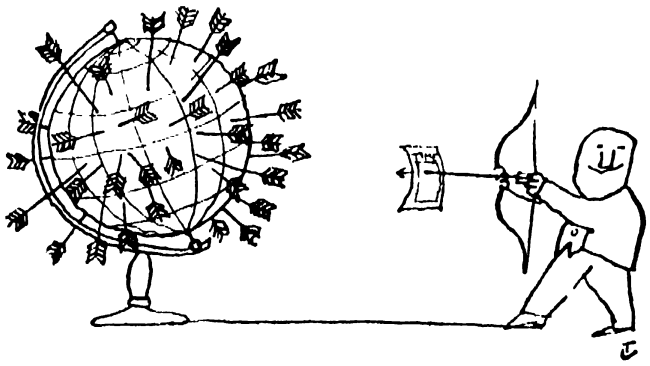
FOR all the reports to the contrary, the idea of a mixed-manned Nato missile fleet is not dead but sleepeth, President Johnson having left it up to the British and Germans to agree on some scheme if they can. The President took this decision to keep American hands off the negotiations in December; the other new element to appear at the end of the year was Mr Johnson's decision that he wanted nothing done at present that might further antagonise General de Gaulle. The timetable is slowed down, but in the White House's view the problem which gave rise to the mixed-manned project has not disappeared. The State Department says the idea is certainly not dead.

The British are still peddling their still imprecise project for an Atlantic Nuclear Force, but their tactical position is unfavourable. They failed to get it discussed at last month's Nato meeting in Paris. The hoped-for talks among five of the interested powers are stuck, with the Italian foreign ministry vacant, Holland disinclined and Herr Schröder, the west German foreign minister, hagridden by his feuding with his French opposite number M. Couve de Murville. Mr Wilson will try to talk Bonn round when he goes there on January 22nd. A good many people's feeling in Washington is that he has not given up and indeed cannot do so because of the factors of politics and defence economics that compel him to attempt to dispose of the British deterrent in an orderly way. But the Americans, in addition to their desire for breathing space with General de Gaulle, do not see their way to advise Bonn to accept the British proposals as they now stand. They think the present proposals, with no mixed-manned sea element, are merely a starting position, and they say that if the British were to decide now to take part in a mixed-manned surface fleet the logjam would be broken.

Thus the Americans and the British are inclined for the present to leave it up to each other, with the result that the timetable is lengthening. A decision is difficult for Herr Erhard and Herr Schröder unless they are offered something distinctly attractive. To accept any force that France dislikes stirs up trouble within the governing Christian Democratic Union. To accept one without a mixed-manned surface fleet involves them additionally in a retreat from something they are formally committed to. If a solution is not reached fairly soon, it may have to be put off until after the German elections in September.

But how long after the German elections before the French striking force begins to be big enough to be taken seriously? That date is uncertain, but when it happens the decision becomes more difficult for the British in turn, because they would be deciding to relinquish a special national nuclear position in the alliance just at the moment when the French were able to

How many International Editions of TIME can you advertise in?



32.

TIME offers great advertising flexibility in pinpointing key markets around the globe. Advertisers can use TIME's power and prestige to sell not only in major world markets, but smaller markets within those markets, as well. Thirty-two opportunities to sell TIME's international readers, key people who wield influence and buying power vastly out of proportion to their numbers. To them, TIME Magazine's weekly reports of world business and world affairs are a necessity. To you, TIME is equally necessary in *any* selective marketing plan in *any* world market. *Talk to the right people in the right place... in TIME.*

TIME

TIME International

TIME Atlantic. TIME Canada. TIME Latin America. TIME Asia. TIME South Pacific. And their regionals.

how can your family save money by eating ?

Simply by living in the North East, where the average family budget for the same food is at least 15% less than in the South East. This is just one example of how much lower the cost of living is in the North East–a worthwhile consideration when moving staff there.

More important, from a business point of view, are the financial advantages for new industry. Manufacturers can claim outright Government Grants of 25% towards cost of buildings, 10% towards plant and machinery. Free depreciation of the net plant costs enables them to be written off at any rate the manufacturer chooses. Normal investment allowances can be as high as 130% of total cost in the first year.

And the North East offers more than financial assistance alone. There is plenty of space for all kinds of new industry–and both fully serviced sites and ready-made factories are available. A hardworking, adaptable labour force is keen to serve new firms. Communications are excellent, and much money is being spent on full modernisation

With these advantages, many firms new to the region are doing very well. Now is the time to join them to benefit fully from the growing prosperity of the new North East.

For further information, ask your secretary to write to
The North East Development Council
20 Collingwood Street
Newcastle upon Tyne 1

stake your claim in the North East now

claim it for themselves. If things drag on in this way then Mr Wilson may end up by having to keep his deterrent and eat his words.

The following remarks by Congressman Henry Reuss of Wisconsin on January 5th are worth noting. Mr Reuss, with Congressman Brademas of Indiana, issued a statement against the mixed-manned force in December and has since been saying it is dead. In tabling a study paper on the subject he described the position more exactly: "Fortunately the President has now defused the entire MLF discussion. In a reported directive to the executive branch towards the end of 1964 he ordered that aggressive US propagandising in favour of the MLF cease; that no proposal for an allied nuclear force be considered unless it gets the joint approval of at least Britain and Germany; and that France should at least be fully consulted before any proposal be accepted. The months ahead give Congress an opportunity to consider the pros and cons of the MLF."

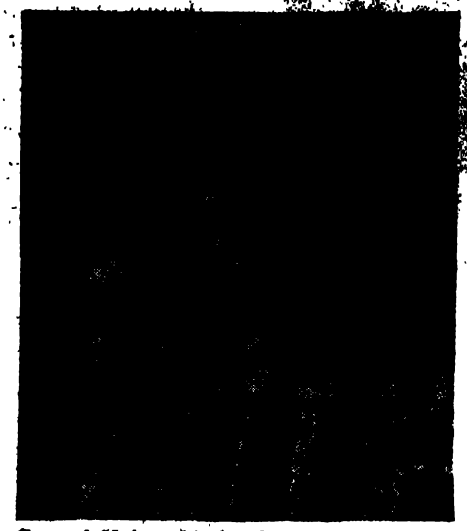
ARAB WORLD

Shadow Handshakes

"I SOUGHT to reconcile the Syrian republic with the Iraqi republic . . . I tried to do so by all means but so far I have not succeeded." The limpid assumption of omnipotence no less than the unvarnished admission of failure carry President Nasser's signature: it was part of the speech he made at Port Said just before Christmas that also, and to more spectacular effect, included his rude defiance of the United States. His efforts as peacemaker will be renewed when Arab prime ministers meet for a sub-summit conference at Cairo on January 9th.

At the Arab summit in September (when it was decided to hold periodic meetings like the one this weekend) the reconciliation was between King Faisal of Saudi Arabia and President Nasser himself. All is fraternity now between these two shrewd rivals. But what has brotherhood led to? In principle, the two leaders agreed on tactics for ending the civil war in Yemen: the concealed bargain that ran through the proposals and counter-proposals was that the Imam, on one side of the Yemeni war, and President Sallal, on the other, should both be ditched. For health and other reasons, Sallal has for many months spent most of his time outside Yemen. But the war goes on, nominally, at least, under the same leaders.

The Yemeni ceasefire at the beginning of November was, from the first, ignored by the Egyptian bomber crews operating against the royalists; a month or so after it was declared, it broke down altogether. The attempt to make royalist and republican Yemenis talk to one another succeeded briefly at Port Sudan, but plans for further meetings were first postponed, then cancelled. The one development with a touch of unfamiliarity was the Yemeni republican government's decision to sound off on its own account. In generalised protest against the Egyptians, President Sallal and the failure of the revolution to get anywhere, the Yemeni cabinet resigned in a body at the end of December. A group of these former ministers then set off to Beirut to make their frustration public. Sana is now under an official state of emergency; if anybody, besides the Egyptian military commander, has authority it is the new Yemeni prime minister, General Amri.



General Hafez: his hand is ready

Despite all this, Egyptian and Saudi Arabian leaders will probably continue to exchange their shadow handshakes at Cairo this weekend. What tends to make hollow their good resolutions is that neither President Nasser nor King Faisal is, in fact, ready to risk letting Yemen go its own way. Certainly the Egyptians are eager for the war to end: the financial cost of the war is heavy and Nasser would much prefer to concentrate his resources in south Arabia on the campaign to smoke the British out of Aden: a campaign that may or may not succeed but is certainly much more popular with his own people.

But it does not follow that President Nasser has any intention of relaxing his control over Yemen's affairs: Egypt has invested too much ambition and prestige in south Arabia to consider drawing out now. King Faisal, meanwhile, is playing for time. While an open link with a regime that has the reactionary history of the Imamate hardly fits into the king's plans for bulldozing reform into Saudi Arabia, he could go about his own evolutionary plans far more comfortably if there were not a revolutionary government blowing subversion hotly from the south.

The friendship that was sealed last September is not, therefore, unreserved. If President Nasser manages, as he now hopes, to stop the Iraqi and Syrian governments from slanging one another, this truce also is likely to be tentative. Both governments are too vulnerable to be easy with each other. When Iraq got rid of its Baathist leaders in November 1963, it was thought that Syria would do the same. Since it did not, but rather barricaded the Baath into power by intensive purges of the army, the two regimes offer hope, and often rather more, to the subversive movements inside each other's country.

Nobody can surprise President Nasser in a collision of the Baathists. But in calling off Cairo's own propaganda campaign against Damascus, he has taken into account the struggle for power going on inside the Syrian leadership. General Hafez has been gambling boldly in a bid to bring Syria closer to the United Arab Republic against the hard opposition of the Baath politicians and, above all, the opposition of Mr Michel Afleq, the party's founder and chief theorist. For the time, at least, the general's bid has come off: Mr Afleq has been displaced as the party's secretary general; the army has been purged yet again and the officer who had become General Hafez's most dangerous military opponent, General Mohammed Omran, has been ousted to the gentle exile of Syria's Madrid embassy.

As happened last year in Iraq, the Syrian economy has, with sudden effectiveness, been kicked into some sort of line with President Nasser's principles of Arab socialism. After a long confused trail of nationalisation and denationalisation, the new year began with the announcement that more than a hundred Syrian companies had been taken over wholly or partly by the state. General Hafez is trying to slide Syria off its Baathist limb to join once again with the main branch of the Arab tree. But once this is achieved, the general is not the man to hand control to anybody else, certainly not to President Nasser.

In his own way, President Aref, too, likes to make a show of his independence from Nasser—hence, perhaps, his obstruction to the peacemaking efforts. But there is a specific quarrel between Baghdad and Damascus that President Nasser may be able to bridge with a compromise. A number of Iraqi Baathists fled last year to Syria taking, so it is said, a large sum of money with them. The Iraqi government is asking for the return of both: the Syrians deny knowledge of the money and say that to return the men would be to break the Arab code of sanctuary.

At the Cairo meeting, as at the Alexandrian summit, most of the time and nearly all of the publicity will be directed towards schemes for countering Israel's diversion of the Jordan waters. Probably, now as then, the bulk of these schemes will crash on the barriers of political and financial difficulties. But if, out of the limelight, yet another inter-Arab quarrel is smoothed over, the meeting will have had some purpose.

Elections in Divided Countries

Students express themselves about the elections in Pakistan

In three Afro-Asian countries—Pakistan, Sudan, Nigeria—elections, either just held or about to be held, make news. All three countries (like many others) are split by sharp geographical division. Pakistan and Sudan have both in the last few years been under the direction of the British-trained hand of an army officer. Here the similarity ends. Pakistan's Field Marshal Ayub Khan has had his command renewed by elections that risked rather less than a free vote : in the west of the country, the electoral system he devised may have thrown up a result that the people would have chosen themselves ; in the east this is less sure. Sudan's General Abboud was overthrown by a civilian revolution in October. It is now the jubilant civilians who face difficult elections in the spring to the threatening rumble of a deep south that, unlike the north of the country, is neither Arab nor Moslem. But of all three countries, it is Nigeria that has perhaps been most deeply split by elections, again primarily the north from the south. The divisions have been patched, but thinly.

PAKISTAN

Victor or Robber?

FROM OUR SPECIAL CORRESPONDENT IN KARACHI

NOT just beaten, they were walloped. By the time Pakistan's opposition parties had recovered enough from the shock of President Ayub Khan's landslide victory on January 2nd to cry shrilly that they had been robbed, nobody was much interested. The opposition has produced detailed evidence of alleged pressure and malpractices at polling stations and an observer who saw the evidently haphazard and unco-ordinated telegrams of complaint reaching opposition headquarters in Karachi is prepared to believe them. Was it coincidence that complaints from opposition polling agents at, say, Liaquatpur or Fort Abbas were followed some hours later by results giving the field marshal 99 and 97 per cent of the votes respectively? But even if every opposition complaint was justified, the number of votes lost was trivial against Ayub's majority of 22,000.

The plain fact is that the country's 80,000 "basic democrats" voted decisively for Ayub and against the opposition candidate, Miss Fatima Jinnah. In Karachi, where the polling was undoubtedly properly conducted, the opposition had expected 66 per cent of the votes. They got 54 per cent. If Miss Jinnah was robbed, it was not at the polls but by the electoral system. "We just had not realised it was so fool-proof," said a sober opposition worker who had genuinely expected at the very worst a narrow defeat.

President Ayub designed his system to give universal franchise where he believes it is meaningful ; that is, in the selection of representatives (the basic democrats) who could be trusted to judge the larger issues involved in electing a president and members of the national and provincial assemblies. The opposition is convinced he designed it to frustrate the popular will and to perpetuate his own position—80,000 men being few enough to be easily subject to bribery or pressure. Both parties are now certain that the system works as they think it was intended to. President Ayub claims that he has a huge and genuine mandate from the people. The opposition is equally certain that he has not.

President Ayub's three-to-one majority in West Pakistan looks reasonable enough, particularly when it is remembered that some 3,000 voters from tribal areas were nominated, not elected, and that they gave him almost unanimous support. The taxicades decked in paper roses—Ayub's electoral symbol—that to loud beating of drums toured Karachi on Sunday and Monday may not have represented feeling in the city but they never aroused the reaction that might have been expected from a city whose people had been overwhelmingly cheated. The violence on Monday night, in which it is thought between 20 and 30 people died, would never have happened had not one or two local leaders of the ruling party turned the celebrations into a specifically Pathan victory parade (the president is a Pathan) and then let loose their supporters in areas of the city where clashes were virtually certain.

East Pakistan is another matter. Miss Jinnah's appearances there had aroused enormous enthusiasm, but she won less than half the total vote. True, she may have antagonised the twenty-per-cent Hindu minority there by making little of the fearful communal riots a year ago near Khulna—an area that on Saturday gave President Ayub a huge majority. But East Pakistani opposition leaders remain convinced that most of the people are with them.

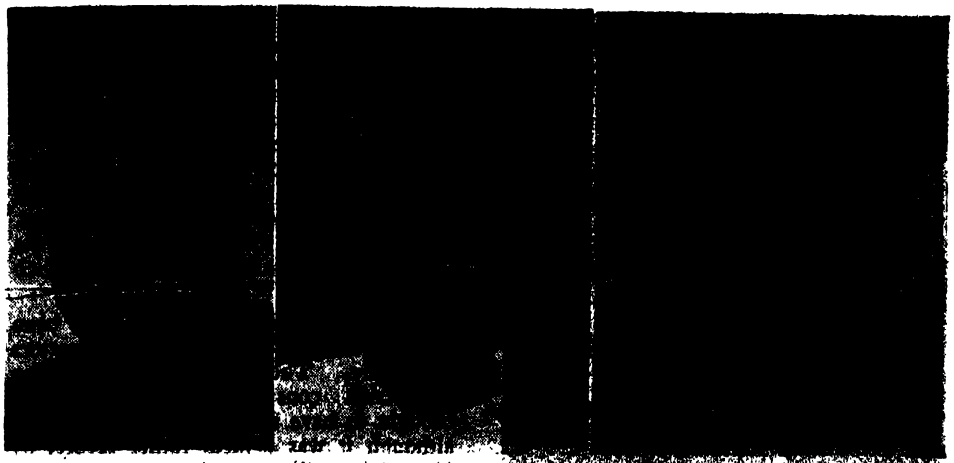
So while President Ayub appeals for national reconciliation, the opposition, convinced it has majority support but can never win, plans to renew its attacks on the electoral system. The five opposition parties say they will stay together under the inspiring leadership of Miss Jinnah. Miss Jinnah is, in fact, like her late brother, a proud and difficult person to work with and has few positive political ideas. But she has what the opposition needs: single-minded dedication to the target of restoring parliamentary democracy ; national prestige ; a tongue like a razor ; and a savage contempt for Field Marshal Ayub Khan. If the opposition decides to boycott the assembly elections in early March, as now seems probable, its likeliest course of action—a campaign of semi-constitutional agitation—would be well suited to her talents.

NIGERIA

Precarious Patchwork

FROM OUR LAGOS CORRESPONDENT

"THANK God it's all over. Of course, one always knew they'd patch it up in the end, but there were moments when one did have one's doubts." This was a widespread reaction in Nigeria to Monday's news that the dispute over the validity of last week's elections had been resolved. It was the reaction of most people who are primarily concerned with the maintenance of law and order. It is the view of people who believe that a developing country can only



Dr Okpara *Sir Abubakar* *Dr Azikiwe*

afford a certain amount of democracy.

There is also another view—one widely held in southern Nigeria, though not finding much public expression just now. According to this view, the electoral malpractices that precipitated the crisis made the election a mockery. Admittedly there were malpractices in areas controlled by the defeated Progressive Alliance (UPGA), the southern-based group that boycotted the election, as well as in the areas controlled by its northern-based opponents, the National Alliance. It is true also that previous elections in Nigeria have seen similar practices—locking-up or beating-up of candidates, their supporters and their nominators, and permission for meetings only of the parties locally in power.

But this time, it is widely feared, things went so far that the assumption of power by a political group on the basis of the election held on December 30th could be the thin end of a wedge that will ultimately destroy what is left of Nigerian democracy. Not only the southern parties but trade union leaders, journalists, lawyers and all potential dissidents are seen as groups whose liberties may now be jeopardised.

In support of the first view nobody can deny that Monday's agreement was a personal triumph for Sir Abubakar Tafawa Balewa, the prime minister in both the old and the new federal governments. He has always been in the unenviable position of having to mediate between his own authoritarian Northern People's Congress and the frustrated southern politicians. He had headed a coalition government that openly fell apart months before the dissolution of parliament. In the elections, the Progressive Alliance, under the leadership of Dr Okpara, prime minister of the eastern region, chanced its arm by boycotting the poll—and lost the gamble.

The resistance of President Azikiwe, on which the UPGA had counted, collapsed when it became clear that the constitution allowed him only two alternatives: either to ask Sir Abubakar to form a new government or to resign the presidency. The Progressive Alliance was now faced with a federal house that contained scores of its opponents who could never have won their seats, if there had been no boycott; and nothing could be done to unseat them except through the weary routine of election petitions. The National Alliance, in contrast, was in a triumphant mood. Its main component, the Northern People's Congress, had enough seats in the house to govern with no coalition at all. Its leader, the Sardauna of Sokoto, must have been tempted to listen to the urgent entreaties of his followers to "go it alone."

But Sir Abubakar had his way over everyone. On the one hand, he was firm as a rock against any invalidating of the election and he despatched the highest legal authorities in the land to State House to convince Dr Azikiwe that, whatever his personal feelings, he had no power of protest except to resign. On the other hand, Sir Abubakar also prevailed over his own party's extremists.

However, the influence of those who want to keep the South firmly under a northern thumb must now be considerably stronger than in the old government. Now more than ever, Sir Abubakar's own tolerance and wisdom provide almost the only safeguards for the survival of real as distinct from formal democracy.

Protests against the new government and its route to power are unlikely to be violent. One by one, the skittles of last week's protest movement fell this week. First, the president admitted himself to be powerless and announced a compromise made, he hinted, despite his "personal feelings and even inclination." Then the Progressive Alliance leaders themselves clearly saw that the election game was over. Finally, the trade unions realised that they could not fight a political battle by themselves.

The chronic North-South problem looks more intractable than ever now that the popular parties of both the Ibos and the Yorubas are left without federal power. The new government is pledged to review the constitution, but some of the more promising reforms that were urged by the defeated Progressive Alliance now stand little chance of adoption. The future will see a continued polarisation of political groupings as between "left" and "right." Labour leaders will increasingly draw disillusioned radicals away from all the traditional parties into their camp. These forces contain the seeds of a new protest that may not collapse as easily as did that of Dr Okpara and his ill-organised alliance.

SUDAN

The Mahdi Rides Again

FROM A SPECIAL CORRESPONDENT

For a country whose experience of independent parliamentary democracy has been limited to the three years between 1956 and 1958, Sudan is showing a certain maturity in its approach to elections. The riots early last month, much bloodier than the October revolution which brought the civilians back, were a setback that shocked most Sudanese. But they have had two consequences that could be beneficial.

First, they convinced any northern political leaders who still needed convincing that, unless the southern problem is settled, the fire of revolution will turn to ash. Also, the riots, and the fears they roused, have helped the morale of the army and the police. After the civilian revolution, both services were snubbed and derided by a jubilant public. But the trouble in December showed them to be still the guardians of law and order.

The vital question is whether Sudan's political leaders will show as much restraint and statesmanship after the elections as most of them (including the communists and the Moslem Brotherhood) are doing now. Credit is due to the hard-working and respected caretaker prime minister, Serr el-Khatem Khalifa, who has been able to win the politicians' support for his sensible approach towards a southern policy, and for such other matters as a change in the electoral law that will give women political rights for the first time. Women's suffrage is even supported by the Moslem Brotherhood, who have shrewdly calculated that women tend to be more devout than men. But Mr Khalifa is no politician, and his term of office is strictly limited.

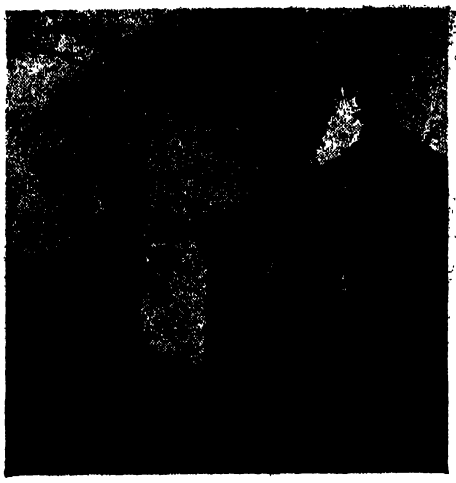
In dealing with Sudan's southern troubles, his difficulty is that although he has no mandate to propose a permanent settlement, the problem cannot be allowed to wait until after the elections in late March. The breathing space that he and his minister of the interior, Mr Clement Mboro, who comes from the south, have gained through the dying down of the rebellion must be put to good use. In order to get over this difficulty, Mr Khalifa has to move in close consultation with the poli-

tical leaders and to include them in his discussions with the exiled southern leaders, who, it is hoped, can be persuaded to come to Khartoum later in the month.

Elections are likely to increase the power and influence of the Umma party while reducing that of the left wing, including the communists and the professional men and intellectuals who played an active part in bringing about the October revolution. The Umma, under the impressive leadership of the youthful Sadik el-Mahdi, the famous Mahdi's great-grandson, has already held its party congress and produced its programme. This was rather rudimentary, amounting to little more than a statement of purpose: an Umma Sudan would be "anti-communist and anti-capitalist," heavy industry, mining, banks and insurance would be nationalised but agriculture, trade and light industry would be left to the private sector.

But of all the parties, the Umma has rather surprisingly emerged as the most reinvigorated after six years in the wilderness. Its old rival, the National Unionist party, still led by the ageing Ismail el-Azhari, seems to have lost its spark. It never recovered from the loss, in 1956, of the support of the Khatmiyah sect (still led by Sayyed Ali el-Mirghani) and has failed to attract the younger educated Sudanese who sees no meaning in the rivalry between the NUP and the Umma party.

The possibility of a powerful Umma upsurge at the elections raises the fear that a strongly Islamic party, in alliance with the Moslem Brotherhood, might not pursue a conciliatory policy towards the pagan and Christian south. It might also provoke a dangerous left-wing reaction; if the Left thought the government reactionary, it might easily turn to unconstitutional action. A warning signal has already been given in the sharp response from the trade union representative in the government to the Umma party's blunt declaration that the unions should not involve themselves in politics.



Life in Sudan's deep south

The trade unionists, students and teachers, together with the professional groups, felt that much of the credit for the revolution was due to them. The National Front that they formed with the political parties was to establish a caretaker government. Now the political parties look like reaping all the benefits. Immediately after the elections, the National Front is to be disbanded—to the chagrin of the communists, who have a much more powerful position inside it than they can hope for in any elected parliament.

INDIA

Case of the Vanishing Reds

FROM OUR INDIA CORRESPONDENT

EITHER New Delhi had a bad attack of nerves or there is some hidden reason why it dare not yet give a satisfactory reason for its sudden cracking down last week on the pro-Peking Indian communists who set up a splinter party two months ago. Starting at dawn on December 30th, the police rounded up 700 activists from as far apart as Kerala and Kashmir. The largest number of arrests was in Kerala where the pro-Peking faction is undoubtedly strong, but where there is also a mid-term election due in six weeks. Any connection between the two was vigorously denied by the home minister, Mr Nanda, who claimed that the arrests were in fact more likely to damage the ruling party's cause in the elections by giving the leftists the halo of martyrdom.

The Indian press was not, however, convinced; the *Hindustan Times*, which is not particularly fond of communists of any shade, commented that more proof was needed to establish that the arrests had to be made "at this particular time." Several non-communist opposition leaders have voiced similar doubts.

Taken aback by the strong reaction, Mr Nanda made a nation-wide broadcast on New Year's Eve that set out to explain the crack-down. The evidence he cited to prove that the militant ideology of the left-wing communists owed its inspiration to China was superfluous since they themselves have made no secret of it. At their party convention in August a large picture of Mao Tse-tung adorned the platform along with those of Marx, Engels and Lenin. That the leftists had no inhibition about using violent methods was also not in dispute. But it is not clear whether the change to this effect, made in the party's constitution in November, was only a philosophical exercise or an immediate commitment to apply these methods. Mr Nanda furnished no specific answer except to refer to party documents discussing the possibilities of organising local insurrections. But as an influential independent daily, *The Statesman*, said, there has hardly been a time in communist history when similar documents were not floating about somewhere.

more credible case for the swoop was hinted by an anonymous official spokesman who darkly hinted at plans for "revolutionary" action in areas near the Chinese frontier. There is confirmation that certain leftists have been nursing this sort of ambition, but since they have no following in these frontier areas they seem to have been nursing forlorn hopes more than plans. It is also known that the left wing of the Indian Communist party has been in touch with the Chinese.

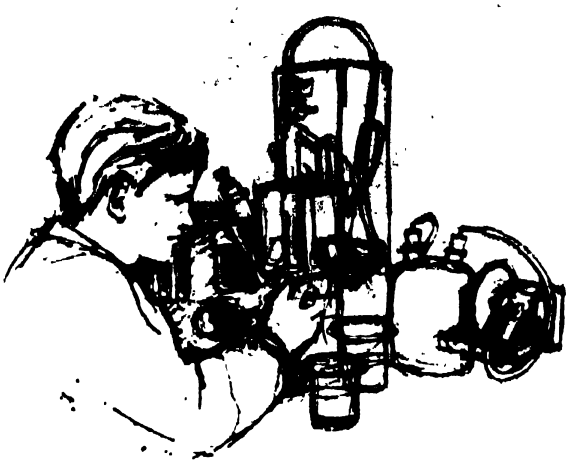
It is likely that the Chinese have been liberally assisting their Indian supporters financially. The sudden closure of the Indonesian consulate in Calcutta was thought to have something to do with this although it was denied, rather feebly, by New Delhi. Since all this has presumably been going on for some time it still does not explain the timing of the arrests nor the government's ambivalence in refusing to ban the left-wing rump party. Hence the persistent feeling that there is more to the whole affair than has so far been revealed—assuming of course that New Delhi acted in good faith.

On the same day as the left-wing Communists were rounded up, Mr Chou En-lai made it plain once again that he was in no hurry to settle the border dispute with India. Rejecting the Indian pre-conditions for negotiations, he sternly gave a reminder that China had never relinquished its claims to 36,000 square miles of territory south of the McMahon-line border (which Peking had seemed tacitly to accept). Equally ominous is a stream of protest notes from Peking alleging border violations on the ground and in the air from the Indian side. In India itself there are reports of fresh Chinese incursions in the eastern sector. It is not clear whether New Delhi seriously regards these as a sign that the lull following the 1962 ceasefire may be broken when the Himalayan snows thaw in the spring, nor whether the communist round-up was connected with these developments.

But the reaffirmations of China's uncompromising attitude come as a blow to those who were hoping for a gradual relaxation. Just before Christmas two influential voices were raised from the government side in parliament urging fresh efforts to find a political solution of the frontier dispute. One member pointed out, much in the same way as the left-wing Communists have done, that the Colombo proposals were "not sacrosanct." The implication was that if the Chinese refused to negotiate on the basis of these proposals, India could not permanently leave the matter there. This, coupled with the revival of Mr Nehru's suggestion for independent arbitration of the frontier claims, marked the first attempt to re-open the issue from within the government party. It was not only Mr Chou En-lai who put an end to this attempt, but also the strident Indian MPs who virtually forced the foreign minister to say that "not an inch" of territory would be surrendered.

Laporte is progressive in exploring new processes and techniques

Again Laporte break new ground, this time with the £1 million cyclohexane oxidation project at Howards of Ilford, a Laporte Group company. It is the first independent plant of its kind in Britain and is now coming fully into operation. Cyclohexanone cyclohexanol, and derivatives, will open up exciting new possibilities. Laporte is planning ahead, anticipating increases in demand. This radical change in production methods will mean lower costs and increased production of solvents and plasticisers for expanding growth industries at home and abroad.



LAPORTE INDUSTRIES LIMITED · HANOVER HOUSE · HANOVER SQUARE · LONDON W1

LAPORTE

Where in the world is NISSHO?

—just about everywhere in the world of international trade!

In Japan, Nissho is the leading exporter of ships. In this connection it has exported over thirty tankers and bulk carriers to the N. J. Goulandris Co., one of the world's big three ship owners. In addition, Nissho has concluded a contract with the Sugar Institute of South Africa to deliver a revolutionary direct loading sugar carrier that eliminates pre packaging of the bulk sugar cargo.

In over fifty of the world's principal trade centers there are experienced Nissho trade experts ready to talk business with you —whether your business be ships, metals, machinery, textiles, foods or general commodities. Why not have a talk with your local Nissho representative sometime soon. It could well be the most profitable chat you'll ever have.

General Importers and Exporters

THE NISSHO CO., LTD.

Head Office: Higashi-ku, Osaka, Japan Cables: NISSHOCONY OSAKA Telex OS3264, OS3265, OS3361, OS3481 **Tokyo Office:** Tokyo Boekikaikan Bldg., Tokyo, Japan Cables: NISSHOCONY TOKYO Telex: TK2233, TK2234, TK2460, TK2538 **London Branch:** 14 Finsbury Circus, London E.C. 2 Tel: LONdon Wall 9891/5 Telex: UK 28302 Cables: NISSHOCONY LONDON **Overseas Offices:** Hamburg, Düsseldorf, Paris, Barcelona, Milan, Antwerp, Lisbon, Athens and 45 other major cities throughout the world.

FIRST NATIONAL CITY BANK

AND SUBSIDIARIES

Incorporated with limited liability under the National Bank Act of the U.S.A.

Consolidated Statement of Condition as of December 31, 1964

Assets

Cash and Due from Banks	$2,456,994,000
U.S. Government Obligations	1,372,190,000
State and Municipal Securities	1,064,598,000
Other Securities	253,652,000
Loans, after deducting Reserve for Possible Losses, $158,954,000	6,777,515,000
Customers' Acceptance Liability	217,655,000
Bank Premises and Equipment	142,705,000
Other Assets	167,060,000
Total	$12,452,369,000

Liabilities

Deposits		$10,806,051,000
Liability on Acceptances		224,098,000
Funds Borrowed		197,098,000
Accrued Taxes and Other Expenses		91,584,000
Provision for Dividend Declared		10,647,000
Other Liabilities		76,487,000
Unearned Income		71,806,000
Reserve for Contingencies		100,293,000
Shareholders' Equity		
Capital Stock (13,308,456 shares outstanding—$20 par) (15,000,000 shares authorized)	$266,169,000	
Surplus	420,894,000	
Undivided Profits	187,242,000	
		874,305,000
Total		$12,452,369,000

Figures of Overseas Branches and Overseas Subsidiaries are as of December 23. U.S. Government obligations and other assets carried at $1,072,201,000 are pledged to secure public and trust deposits and for other purposes required or permitted by law.
First National City Bank is a member of the Federal Deposit Insurance Corporation.

London Branches, City: 117 Old Broad Street, E.C.2. Berkeley Square: 17 Bruton Street, W.1. New York, Uptown Headquarters: 399 Park Avenue. Downtown Headquarters: 55 Wall Street.
Branches throughout Metropolitan New York and in 39 Countries on 5 Continents.

THE WORLD AMERICAN SURVEY

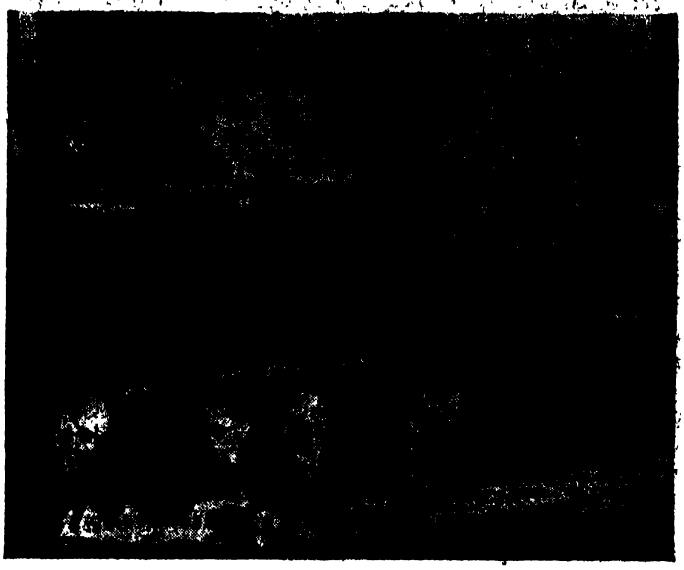
President Johnson's Agenda

WASHINGTON, DC

"A BLUEPRINT for Paradise," Senator Dirksen, the leader of the Republican minority in the Senate, called President Johnson's State of the Union address, delivered on Monday evening to a joint session of both houses of Congress. And indeed, the message is marked by a length of focus and an exaltation of tone that make it more than usually difficult to discern precisely how much the President proposes to do here and now. Applauding now politely, now warmly, the Representatives and Senators sat turning the lofty phrases in their minds to extract from them details of the legislative tasks and conflicts that might be coming their way in the next few weeks. When it was over they were left perceptibly divided in their assessments. One school, excited or dumbfounded by the boldness of the President's programme, expects a series of far-reaching measures and a strenuous legislative year. Another holds that when the measures are actually seen they will be found to be tailored prudently enough to the measure of what Congress can be got to swallow without trouble. There are liberals in both schools. President Johnson promised within the next six weeks a series of messages that would spell out his proposals in detail. White House officials have indicated that five of these will come before the Inauguration on January 20th. Thus the uncertainty may not last long; but it was very marked this week in some of the executive departments as well as in Congress.

Quite possibly Mr Johnson is feeling his way himself and wants a little time to take the temperature of the new Congress before he decides just how hard to force the pace. Most notably, and in contrast to his State of the Union message last year, he has not at this stage tied himself down to any Budget figures. He did promise a substantial cut in excise taxes. In the next sentence he spoke of continuing "along the path toward a balanced Budget" which presumably means some further reduction in the country's financial deficit. The cut in excise taxes had been expected, since it was the logical device to follow last year's cut in income taxes as an economic stimulus; its scope is still uncertain, except that it will amount to more than $1 billion and less than $3 billion. Assuming a natural increase in tax revenue, arising from the growth of the national product, of some $6 billion in the next fiscal year and allowing for savings of $500 million on defence and a windfall or two elsewhere, it should be possible to give the excise relief, incur $4 billion or so of extra expenditure for domestic policies and still come out with a further modest reduction in the estimated deficit. These figures might be upset if Congress were to make haste in putting new social measures into law; but the figures would still have served their purpose of combining the impression of thrift and frugality with that of beneficent social advance.

Mr Johnson had gone to some trouble in advance to deflate expectations of his programme; the effect is that, from what can be discerned of its outlines now, the programme is going to be more liberal than the expectations were. He begins with measures to promote economic expansion—the cut in excise taxes—and to add to the government's armoury of fiscal weapons against any threat of recession. One proposed new weapon is the voting of funds by Congress to be held in readiness for public works so that employment can be created should the need appear. The other is a tactful variant on the request made by President Kennedy



and rejected by Congress, for standing authority to cut income taxes temporarily to counter a slump. Last year's big reduction in income tax took more than a year to get through. President Johnson now proposes that Congress, without surrendering its prerogative, should adopt procedures which would permit temporary cuts in income taxes to be introduced rapidly and would not require a new law each time.

The message does not make it clear what Mr Johnson proposes to do about the Area Redevelopment Administration, the agency to help distressed areas which is now in a lame-duck phase, with its funds for some purposes already exhausted and its authority, unless Congress grants an extension, due to run out in June. He does propose a new programme to administer economic first aid on a regional basis, as distinct from the local patchwork operation of the ARA. It is supposed that the new Regional Recovery Programme will start with the Appalachian region, which was the subject of a Bill that failed to pass the last Congress. Some of the opposition to the old Appalachia Bill came from people anxious to press the competing claims of other depressed areas. Thus a Bill capable of being applied to other regions as well may find more supporters and fewer opponents. More generally, Mr Johnson proposes to improve unemployment benefits and to extend the minimum wage regulation to cover about two million more workers than it does now. He has not adopted the trade union demand that the minimum should be raised from $1.25 to $2 an hour. But he has accepted a labour demand on another and violently controversial front, that of the so-called "right-to-work" legislation; he undertakes to propose changes in the Taft-Hartley Act, including the section under which many states have prohibited the union shop that requires all employees in a plant to join a union. Thus labour is rewarded for its lavish and energetic support of Democratic candidates in the election campaign.

Under the heading "Opportunity for All," the President confounded expectations that he was going to leave legislation on behalf of the Negroes alone while the executive branch and the judiciary pursued the enforcement of last year's major civil rights Act. A phrase in the message speaks of "elimination of barriers to the right to vote"; this means that either a new law, or a constitutional amendment against such devices as absurd literacy tests,

and unreasonable residence requirements, is to be put before this session of Congress.

Health, education and the campaign against poverty will take up most of the still indeterminate volume of new funds which Mr Johnson will seek. Once more a Bill to provide hospital care under social security for people over 65 is to be introduced and there seems a good chance that this time it will pass in one version or another. A proposal to establish 32 regional medical centres for advanced diagnosis and treatment of "heart disease, stroke, cancer" and other major diseases" would take $1.2 billion over five years. Last year's appropriation of $785 million for the anti-poverty campaign, most of which goes on the rehabilitation and vocational training of young people, is to be doubled. The slogan "opportunity for all" is extended to would-be emigrants to America from other countries with the promise that another casualty of the last Congress, the immigration Bill, will be revived. This continues the perennial effort to replace the old system of quotas based on national origin by a system based mainly on the immigrant's economic usefulness. On Mr Johnson's education programme the conflict of opinions is particularly strong. He proposes to double the education budget, adding $1.5 billion to federal expenditure on "schools and students." This is almost the only figure in his message. What is vague is how the money is to be laid out. Attempts to put federal funds into primary and secondary education are still bedevilled by the religious problem; the search for ways round this barrier knows no end. The President wants church-run schools to be allowed to use facilities provided by the federal government and their needy students to be allowed to enjoy grants from federal funds; then the religious authorities may feel that they are not discriminated against while the champions of the separation of church and state will not be too deeply offended.

To the uphill efforts of the last few years to engage the national resources in the improvement of the cities, President Johnson adds a cause close to his own heart, the preservation of the countryside. Once more, on the urban front, the chief proposal is to establish Housing and Urban Development as a separate department of the Administration. Less precise, but indicated in general terms, is a desire to embark on unified town planning for entire metropolitan areas and to put public housing policy on a new basis with the same ends in view. Ideas for the preservation of natural beauty have yet to harden, but it is proposed to take power to prevent pollution of the air and of rivers and to call a White House conference on natural beauty.

FOREIGN policy took up little of the message and the chief novelty in this field is one that was to be expected. The President's situation last year, with no Vice President to act for him or to take his place if he were lost, vir[illegible]vented him leaving the country. Now he can speak of tou[illegible]ng Latin America and Europe this year. It has been made clear that he intends to include Paris in his European travels, if an invitation is forthcoming. One will be, no doubt. Until it is known what conditions are attached to the invitation, and how Mr Johnson responds to them, the visit to General de Gaulle cannot be regarded as a certainty. But Mr Johnson's policy of universal reconciliation, deployed with such warmth at home, plainly extends to France. Everywhere he would rather have friends than enemies and he is not the man to make difficulties out of ceremoniousness. Most interesting of all, perhaps, is his invitation in rather general terms to "the new Soviet leaders" to visit the United States. This may lead to them coming to Washington, or to Mr Johnson going to Russia, or to both. While he is guarded about any innovation in foreign policy, he did make a clear distinction between the communist governments in Europe and the more hostile communist governments in Asia. Without fanfare, the distinction is likely to be acted upon.

Congress Sets Forth

1. House Remodelled

IN the opening days of the Eighty-ninth Congress, the House of Representatives has stolen the spotlight from the more glamorous Senate by throwing off the shackles of its conservative committee chairmen. The House Democrats, with a staggering majority of 295 to 140 Republicans and with a new preponderance of liberals (northern Democrats, who tend to be progressive, gained in strength from 151 to 194 while southern Democrats, traditionally conservative, lost four seats), have launched the most important reforms of House rules in half a century. The effect of the changes is to give the party's leaders more power to move legislation past parliamentary roadblocks; these have frequently been set up by committee chairmen who achieved their position by seniority (or mere survival, as some call it) and who tend to be Southerners, re-elected faithfully by a loyal electorate.

One of the major reforms has been the Democrats' insistence that the ratio of their party's members to Republicans on committees reflect their two-to-one ratio in the House as a whole. This has forced the powerful Ways and Means Committee and the Appropriations Committee to alter the three-to-two ratio of majority to minority to which they have clung for over a quarter of a century. Now, with 17 Democrats and eight Republicans, Ways and Means can be expected to break out of the coalition of Republicans and conservative Democrats and to send to the House floor for a vote the controversial Bill providing hospital care for the aged. In the same spirit, the reforms have broken the autocratic grasp of Mr Howard Smith of Virginia on the Rules Committee which decides when legislation shall reach the floor. From now on, the House, by a simple majority vote, can wrest away any Bill which that committee has kept bottled up.

These and other reforms were hammered out by the Democratic Study Group, an informal alliance of 115 liberal Democratic Representatives. Another of their proposals to be adopted, although somewhat modified, was for the disciplining of southern Democratic Congressmen who openly campaigned for Senator Goldwater. Both Mr Williams of Mississippi and Mr Watson of South Carolina have been stripped of their seniority on committees. This is particularly painful to Mr Williams who, after 18 years in the House, was next in line for the chairmanship of the Commerce Committee. But the Democrats, crusaders though they may be, cannot cast off their southern yoke so easily. The House has voted to seat the five regularly-elected Representatives from Mississippi, in spite of the protests of the Mississippi Freedom Party that, because 94 per cent of the state's Negroes did not vote, the state's Congressmen were not elected by "all the people" as the federal Constitution provides. The Freedom party has asked the House to rule on its challenge of the validity of the Mississippi elections.

2. Leading Men

UNDERDOGS or not, the Republicans in the House generated a large share of the excitement this week. In a swift and tidy coup, they threw out their leader for the past six years, Mr Charles Halleck of Illinois. In his place, they have installed Mr Gerald Ford of Michigan. The voting records of the two men are much alike—conservative but not of the Goldwater stripe. The marks that distinguish Mr Ford from his predecessor seem to be chiefly physical; he is younger, better-looking and rugged, having once played collegiate football. This is said to have been what the defeat-weary Republicans wanted—a fresher image. Nonetheless, the mere change in the Republican leadership in the House has been interpreted as a repudiation of the Goldwater wing of the

You're in good company choosing DODGE

DODGE BROTHERS (BRITAIN) LTD CHRYSLER GREAT BRITAIN

IN EUROPE

THE ECONOMIST INTELLIGENCE UNIT LIMITED is an international economic and business research and consultancy organisation which was started in 1947. It is a subsidiary company of The Economist, but operates separately with its own staff; like The Economist, the EIU is completely independent of outside control. It is therefore objective in its judgments and its relations with clients are wholly confidential.

The work of the EIU is truly international. The EIU headquarters in London is the centre of a network of branch offices, companies, representatives and research correspondents covering not only Europe but the whole world. EIU overseas representatives have intimate knowledge of local conditions and affairs; almost always they are nationals of the countries. Each offers a wide range of research facilities and can where necessary, obtain assistance from members of the network in other countries or from the EIU's London Headquarters.

Among many publications, the EIU publishes 58 Quarterly Economic Reviews, 19 of which cover European countries, "European Trends", a quarterly publication on developments in the EEC and EFTA and "Marketing in Europe", a monthly publication covering the consumer market in Western Europe.

The EIU's European branch offices, companies and representatives, who can supply full information are:

Austria
M. F. Hübert
Johannesgasse 15
Vienna 1

Belgium
Bureau de Conseillers
Commerciaux S.A.
19a Avenue Marnix Brussels 5

Finland
Finnish Foreign Trade Association
Etela Esplanaadikatu 18
Helsinki

France
INTECO
39 Avenue Friedland
Paris 8

Germany
IFUMA
Am Botanischen Garten 57
Cologne Riehl

Greece
THERBLIGS
P.O. Box 765
Athens

Ireland
The Economist Intelligence Unit of Ireland Ltd
37 Fitzwilliam Square Dublin 2

Italy
USAF S.p.A.
Via Manzoni 12
Milan

Netherlands
Economist Intelligence Unit Ltd
Raadhuisstraat 23
Amsterdam C

Spain
Consejeros de Comercio Int. S.A.
Lauria 119 2°-2ª A
Barcelona 9

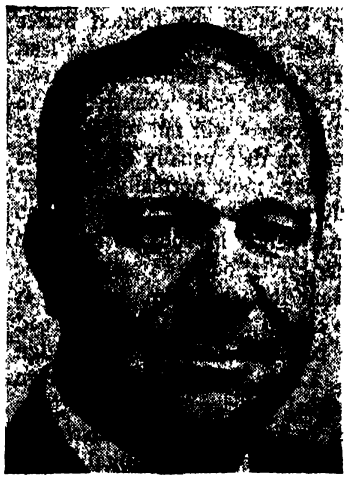
Sweden
G. Sandstrom
Sveavegan 9-11
Stockholm C

Switzerland
The Economist Intelligence Unit Ltd.
62 Quai Gustave Ador
Geneva

Headquarters: *Spencer House 27 St James's Place London SW1*
North of England office: *Granary House Linton Near Wetherby Yorkshire*

party. Mr Ford has already set himself to the difficult task of unifying the warring factions; he has promised Republican Congressmen a greater voice in making party policy. Liberals among Republicans, however, have been disheartened to see that Mr Ford's old job—the chairmanship of the House Republican Conference—has gone to a Goldwater backer, Mr Laird of Wisconsin.

There was no lack of drama in the Senate, even apart from the spectacle of Mr Robert Kennedy being sworn in as Senator from New York beside his brother, Mr Edward Kennedy, who was taking the oath following his re-election as Senator from Massachusetts. This will be the first time since 1803 that brothers have served together in the Senate. But more provocative was the victory of Senator Russell Long of Louisiana in the secret balloting for assistant Democratic leader, or Whip, the post vacated by Senator Humphrey's election as Vice President. Mr Long is the son of the late Huey Long, whose flamboyant career in Louisiana and Washington (which ended with his assassination in 1935) has been a boon to southern novelists. A less colourful character, the present Senator Long has remained loyal to southern conservatism, voting against the Administration on the Civil Rights Bill, medical care and the limited test ban treaty. Nevertheless, he has a good record on tax and welfare legislation and won considerable support from northern Democrats in defeating Senator Pastore of Rhode Island for the post. The *New York Times* calls Mr Long's elevation "an unmerited vote of confidence," but the Senator himself sees it as a symbol of the healing of this "North-South thing."



Democrats' Long

Republicans' Ford

The stage is set, however, for a repetition of the traditional sectional struggle. Northern liberal Democrats, headed by Senator Anderson of New Mexico, are fighting to change the filibuster rules; they would like debate in the Senate to be closed when three-fifths of the Senators approve. The present "closure rule"—invoked for the first time last year to stop the southern marathon of speech-making against the Civil Rights Bill—requires a two-thirds vote to halt debate, a number almost impossible to reach without southern support. Such an amendment of Senate rules must be dealt with before the Senate begins its regular business. Already a filibuster is threatened on the filibuster reform. Ironically some liberals hope that if they keep talking until January 20th when Mr Humphrey returns to preside over the Senate as Vice President, their chances of reforming the rules might be brighter. They hope that he would decide that a majority of the Senate could shut off debate. But Mr Humphrey may decline to play Solomon in the fierce dispute. Already aligned against changing the filibuster rules are Republican Senator Dirksen of Illinois, Democratic Senator Russell of Georgia and the new Whip, Mr Long.

Profile of the 89th Congress

The typical Congressman may be as mythical a figure as the typical American, but it is tempting to picture him even so. He is a 51-year-old white male (older if he is a Senator, younger if a member of the House of Representatives) who is a civil servant or politician by profession and who goes to church. Only one Senator out of 100 and only 13 Representatives out of 435 do not profess allegiance to a church; if the Congressman is not a Roman Catholic (the religious group which now has the largest number of members—107—in Congress), he is likely to be a Methodist, Presbyterian, Episcopalian or Baptist. Two Democratic Representatives are ordained ministers.

The Congressman, in fact, may have several occupations, at least one of them probably connected with the law or with business. But the possibilities are by no means limited. There is a machinist in the House—Mr Race of Wisconsin, one of the 67 Democratic newcomers. Dr Tim Lee Carter of Kentucky, one of the 19 new Republican Representatives, is one of the four physicians in Congress. There are two trade union officials in the House, five engineers, ten women and six Negroes. There are two engineers and two women in the Senate. The table shows Congressmen's favourite jobs:—

	House	Senate
Agriculture	34	16
Business/Banking	123	24
Civil Service/Politics	367	98
Journalism	28	8
Law	238	67
Teaching	33	13

Apart from the legal restrictions, age is no barrier to Congress. The youngest Representative, Mr Jed Johnson, Jr, of Oklahoma, only last week reached 25, the minimum age for the office to which he was elected in November. The oldest is Mr Barratt O'Hara, 82, of Illinois. Both are Democrats, as are the most senior and junior members of the Senate. Mr Carl Hayden of Arizona, 87, entered the Senate in 1927. And Mr Edward Kennedy, 32, has not yet been dislodged from his position as the youngest Senator.

Exporters Do Their Bit

THE agreement under which two private American firms will build in Rumania a synthetic rubber plant and a petroleum processing plant (to provide the necessary chemicals) may begin a new era in commercial relations with communist countries. These Rumanian arrangements, unlike those being negotiated with East Germany in connection with a synthetic fibre plant, were actively encouraged by the Administration in Washington and were facilitated by the Export-Import Bank. President Johnson in his State of the Union message promised more encouragement of this kind and he may ask Congress to extend most-favoured-nation tariff treatment to the Soviet Union and other communist countries. The present Congress may even be willing to agree to this, particularly if the Russians are at last ready to offer a satisfactory settlement for their Lend-Lease debts; they gave the impression that they were to a group of leading American business men who were in the Soviet Union in November.

The new markets offered by communist countries, small as they are expected to be for a long time, nevertheless attract the Administration nearly as much as they do the business community. No chance of increasing exports can be missed as long as the country's international accounts remain out of balance. In this respect 1964 ended rather disappointingly, even though the deficit for the year in the balance of payments will be under $3 billion for the first time since 1957. Export sales were once again the star performers, being about 12 per cent above 1963. But in spite

of the new enthusiasm for foreign trade in the United States exports are unlikely to go up this year as much as they did last, especially while Britain, one of America's largest customers, imposes its tariff surcharge; moreover harvests in other countries were good last season and so agricultural exports will fall off in 1965. Imports did not rise in 1964 as much as they usually do in times of prosperity but they are likely to behave more normally this year.

Thus the trade surplus can hardly make as great a contribution to the reduction in the international deficit in 1965 as it did in 1964 and present indications are that capital outflows may become even more of a liability. To prevent this the Administration is hinting that it may use its power to extend to bank lending abroad the interest equalisation tax which penalises purchases of foreign securities in the United States. Loans by banks to foreign customers, after dropping in the third quarter of last year, are said to have gone up again in the fourth. The Administration does not want to restrict the other main source of capital losses, direct investment in foreign countries, partly because it aids their economies, partly because, to begin with at least, such investment benefits the export trade of the United States itself. In 1963 a quarter of all American exports went to foreign subsidiaries of American companies, according to the Department of Commerce.

Shaking up the Banks

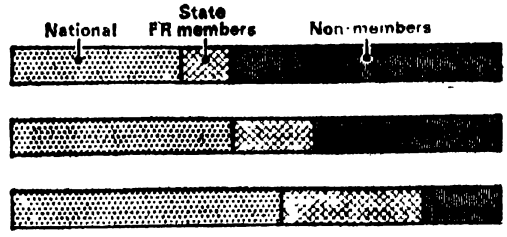
FROM A CORRESPONDENT IN NEW YORK

IN a little more than three years as Comptroller of the Currency Mr James Saxon has promulgated so many new rulings and reinterpretations that some bankers have been unable to keep up with the deluge. This is not so much a reflection on them—like so many professional persons nowadays, they are too busy to read everything that they should—as it is an outward manifestation of Mr Saxon's burning sense of purpose. Mr Saxon is nothing so much as a reformer—and perhaps a twister of sacred cats' tails.

As Comptroller, he is the supervisor of the 4,600 federally-chartered, or national, banks in the United States. By law they must belong to the Federal Reserve System. Some 1,800 of the 9,000 state-chartered banks are voluntary members of the System. In certain instances federal law makes applicable to the state member banks what Mr Saxon lays down for his national banks. However, since state and national banks compete side-by-side in countless communities, potentially the Comptroller has enormous influence over all state banks; anything he does that benefits national banks tends to put pressures on banking commissioners and legislatures in the states to do as much for their banks. Thus, Mr Saxon as a reformer has been in a position to, and has avowedly sought to, alter the practices of the entire commercial banking industry.

For all his efforts, Mr Saxon has achieved limited results. In part, he has been thwarted directly by a Federal Reserve Board which sternly admonished member banks—national and state—to adhere to certain customary practices in spite of his rulings permitting them to be changed. In part, a number of bankers have refrained from practices which he authorised because they did not accept his reinterpretations of the statutes and feared that the courts might not either. (Bank officers who act illegally can be held personally liable for losses.) In part, much of what he has authorised was practicable only for large banks. In part, many bankers instinctively proceed rather slowly when it comes to innovations.

Commercial Banks end-1963



This is not to say that Mr Saxon has been wholly ineffective—far from it. He has exerted great influence on the thinking of bankers and interested outsiders about the way banking should be conducted. By his incisive and persistent attacks on unit (one-office) banking, he has kindled considerable interest, much of it critical, in state laws that prohibit, or severely limit, branch banking. In broadest terms, he has persuaded many bankers and observers that banking has been stultified by overly restrictive regulations which grew out of the bitter experience of 1929 to 1933. Banking, he has argued with great persuasiveness, has failed to realise its own potential and has therefore failed to contribute as much as it might to the expansion of the economy.

In his latest annual report for 1963, unabashedly entitled "Years of Reform—A Prelude to Progress," the Comptroller, a lawyer by training and a dynamo by temperament, has catalogued the "key reforms" of his administration. Many are minor and technical. Among the important ones are the following:

(1) A ruling that national banks may accept savings deposits from incorporated businesses, a direct contradiction of the long-standing Federal Reserve Board regulation that only individuals and nonprofit organisations may have savings accounts. The Board nullified the ruling by warning member banks that corporate savings deposits would be subject to demand-deposit reserve requirements rather than the lower savings-account requirements.

(2) A ruling that banks may include undivided profits as well as capital and surplus in determining the capital funds which are the base for calculating the 10 per cent limit on loans to a single borrower. The Board replied with a rebuttal of Mr Saxon's legal analysis and a reiteration of its position. It is believed that some national banks have put Mr Saxon's ruling to use, although some bankers hold privately that it was legally wrong.

(3) A broad revision of trust regulations. Most far-reaching was the Comptroller's authorisation for the pooling in common trust funds of moneys in so-called managing agency accounts. No bank, so far as is known, has set up such a fund, largely because of an assertion of jurisdiction by the Securities and Exchange Commission, an assertion that infuriated the Comptroller. Moreover, such trust vehicles would be feasible only for very large national banks having the expertise to organise and administer them.

(4) Similarly, only quite large national banks have put to use the Comptroller's go-ahead to enter the business of financing the leasing of business equipment, a ruling based largely on a semi-colon in a statute. Yet in terms of practical consequences, this has been one of his more successful efforts.

(5) Authority to issue short-term, unsecured, negotiable promissory notes. Several banks have added to working capital in this way. The big New York banks have been stymied by uncertainty about the applicability to such notes of a provision of the state penal code. If the New York State Legislature makes clear this year, as the banks hope, that the notes are legal, they could become an important instrument in the money market.

(6) An opinion that it was "both legal and appropriate" for banks to raise capital by the sale of long-term notes or debentures. In under two years, 73 banks, state and national, have raised $825 million by selling such debt publicly or privately to institutions.

(7) A ruling intended to let national and state member banks underwrite certain state and municipal revenue bonds—as distinct from general obligation bonds as such—could have far-reaching consequences, but so far has been partly nullified by the opposition of the Federal Reserve Board. Mr Saxon was unsuccessful in his sponsorship of legislation to let banks underwrite revenue bonds. Not surprisingly, the investment bankers opposed it fiercely.

For these and other innovations, Mr Saxon has won much applause from state and national bankers. But the approbation has been mixed with criticism of his prodding of the Reserve Board and his sometimes unilateral approach. He believes that the way

to get things done is to do them. He tends to see co-ordination and consultation as obstacles erected by bureaucrats who are oriented towards the *status quo*. His inclination is to do what he thinks is necessary and allowed by his interpretation of the statutes. Let those who would stop him go to the courts. Mr Saxon has brought change to banking—although considerably less change than he may have hoped. But his zeal for reform is tempered with realism and, as the subtitle of his annual report implies, the past three years may have been only the beginning.

Farmers' Bargain

MR JOHNSON, who knows more about farmers than either of his immediate predecessors, has, it seems, already experienced, like them, the intractability of the farm problem. As a phrase in his Message on the State of the Union shows, he is concerned about the heavy costs of supporting farm prices; in the last fiscal year the Department of Agriculture spent $7 billion, more than any non-defence department. At one point in his discussions on the Budget the President was, apparently, convinced that some hundreds of millions a year could be saved by a cut of 10 cents in the price at which feed-grains are supported. But this proposal elicited such protests from Democrats in the farm states that it was abandoned. In general, the President seems likely to ask for a continuation of the programmes under which prices are held up and production or marketing of crops is held down.

The President's own victory in most farming areas, and the replacement in them of about thirty Republican members of the House of Representatives by Democrats, suggests that farmers were frightened that a Republican victory would mean the end of price supports; this would cut farm income by at least a third. It seems certain that existing methods of reducing farm surpluses, such as giving away more food at home under an expanded Food Stamp plan, and abroad, under the Food for Peace programme, will be extended; whether commercial sales abroad can even be maintained is doubtful in the fact of the protectionism in the European common market and elsewhere. Another possibility is that farmers will be encouraged to band together to bargain with their customers, almost like trade unions, to keep prices up; already some farmers are using this method of increasing their bargaining power.

But neither private bargaining nor government programmes do much for the poor farmer working unproductive land; today about three-quarters of all government aid goes to the 25 per cent of farmers who are most efficient. In his Message on Monday the President said that more effort would be directed to the small farmer "who needs most help." In the view of the National Agricultural Advisory Commission, which submitted its report in November, the best way out of the farm problem is to pay people to take about 40 million acres of submarginal land out of production permanently. Better education for farmers' children and retraining for their elders should make it possible for them to find jobs elsewhere. But such denuding of the countryside and undermining of hundreds of towns is politically unacceptable. Mr Johnson, in a statement in November, suggested that his aim was to make it possible for farmers' children to remain where they had grown-up by funnelling services, home loans and industrial development into country areas in a big programme of "rural renewal."

On Being Well Informed Internationally

The Economist Intelligence Unit Quarterly Reviews cover more than 120 countries.
The EIU Reviews analyse and interpret economic, business and political conditions and prospects.
There are fifty eight reviews each published quarterly. Annual supplements to each review give essential data for each country.
The reviews are published by EIU International Division in London working closely with experts in each country. The EIU has its own offices companies and experienced representatives in all countries of commercial importance.
Available, on annual subscription, or singly, for each country or group or for the whole series
Full particulars of this series and of many other EIU services in "International Services for Business" available from

THE ECONOMIST INTELLIGENCE UNIT

60 East 42nd Street New York 17 NY
Telephone Murray Hill 7-6850

London Headquarters:

27 St. James's Place London SW1
Telephone HYDe Park 6711 ext 27

ABC's Television

FROM A CORRESPONDENT IN NEW YORK

ONCE again television ratings are in the news. While advertising executives, wary of Representative Oren Harris's promise to reopen hearings on the subject, continue to play down their significance, these same executives have been avidly studying the latest Nielsen reports. The stake is an advertising purse estimated at more than one billion dollars this season. The issue is which television network will win the largest number of "average TV homes" by the Nielsen count. What makes the present contest unusually interesting is that the Columbia Broadcasting System—after eleven consecutive seasons as top network in terms of the volume of time it sells—has apparently lost its long standing leadership in terms of popularity with the viewers. The first sign of trouble for CBS came early in December. The Nielsen Television Index revealed that the three major networks were in a dead heat for audiences. While CBS lost 11 per cent, the National Broadcasting Company gained 11 per cent. But the real victor was the American Broadcasting Company with a spectacular gain of 18 per cent.

The emergence of ABC as a fully competitive television network is a remarkable achievement. It is only a little over a decade since its network consisted of just seven stations. Today 125 primary stations are affiliated to it, so that its programmes can be received in 93 per cent of the 52.7 million television homes in the United States. To a considerable extent the credit for this must go to Mr Leonard Goldenson, the energetic president of American Broadcasting-Paramount Theatres Inc. In spite of a Harvard education Mr Goldenson likes to consider himself a "showman" with a sure instinct for what pleases the public. In the tradition of American showmanship he has not hesitated to gamble the shareholders' money on new programmes, not always successfully. This winter ABC launched more new television shows than either of its rivals. But the key to triumph appears to have been the serialisation of Grace Metalious's book "Peyton Place."

While librarians have generally been successful in keeping this novel about the sex lives of men, women and teenagers in a small community off the open shelves, ABC has been busy filming it in Hollywood for television. When television's biggest spending cosmetic and toiletries company announced that it was moving the bulk of its billings over from CBS to ABC, ABC in its turn announced that, in order to accommodate this new sponsor, it would expand "Peyton Place" to three showings a week. "The sexials are the hottest sponsor commodity around today," observed the trade magazine *Variety* and added "9.30 to 10 p.m. looks like turning into television's first prime-time 'Sex Strip.'" Just what NBC and CBS will do now is not yet known. Meanwhile their rival has nothing more serious to contend with than angry librarians, aroused parents and the problem of finding room in ABC's schedule for the unaccustomed arrival of dozens of new advertisers at the network's door.

BRITAIN

London Transport's Incomes Policy

How a public corporation is increasing pay by 20 per cent in nine months

"THE principle of the shorter working week will apply from March 17, 1965, subject to crews working the additional rest day every four weeks (the basis of operation of the 40-hour week) until October, 1965, when the shorter working week as such will come into force, thus saving the extra crews that would otherwise be required for this purpose during the summer months." With this crystalline phrase the London Transport Board announced this week that its central London bus crews will be getting a pay rise of £1 1s. 3d. a week. The one faint merit of their way of giving this rise is the admission that, in Britain now, reductions in theoretical working hours in fact, because of the practice of working overtime, mean plain increases in pay. On top of the 12.6 per cent pay rise that the drivers have received by two instalments since last June, this means that central London busmen's pay will have risen by 19.4 per cent in nine months.

The central London bus driver's "average rostered earnings"—the convenient basis for calculations—will thus rise to £18 10s in March. His average earnings, including all overtime, are some £3 more than this. Conductors, and crews working outside central London, earn slightly less, but are getting increases of a similar order. The London Transport Board has promised to meet the union again in March to discuss pay: board members contemplate that these meetings will lead to a further wage increase as from June. The labour element makes up 70 per cent of the cost of operating buses in central London. The only way to meet increases in costs is to raise fares.

What is the London Transport Board getting from the union in exchange for these enormous wage increases? It has introduced one-man buses on four more hopelessly uneconomic routes in outer London. This summer it will be experimenting with "standee" buses on one route—to move commuters in Continental style uncomfortably but relatively rapidly from Marble Arch to Victoria Station. It has persuaded the Transport and General Workers' Union (but not necessarily that union's members) to promise not to ban overtime or other extra voluntary work. Most staggering of all, it has persuaded the union to agree that buses for which crews cannot be found will not be operated: but that those buses which have to be cancelled for lack of crews will be cancelled at random, without any rearrangement of schedules that might meet the convenience of passengers.

The board, in fact, is pleased to present as concessions the barest acknowledgement by the union of existing facts. The board has swallowed the union's demands that the introduction of new, fast, comfortable 64-seater buses shall not lead to a reduction in the number of services that used to be run with the old 56-seater buses. The board has postponed its tentative and piecemeal attempts to readjust bus services in some areas to fit the changing pattern of travel in those areas. The board, whose last wage increases in the summer transformed the steady decline in its operating force into a net increase of some 500 people over the past few months, is now to increase its wages again. It seems, indeed, that the transport union has persuaded London Transport to recruit men to run buses that fewer and fewer people want to ride in.

The union has not, it would seem, had to persuade with too much energy. London Transport, quite understandably, is run by people who actually like running buses. Their job is certainly made harder by the absurd freedom still allowed to suburban Londoners of parking their cars, or their delivery vans, on main roads. But the board faces only with the greatest reluctance the fact that all those cars really do mean that many fewer people want buses at all.

The Phelps Brown report of last June, by a committee whose members emphasised the social responsibility of the public transport authority, and urged it to be as nice as possible to its staff (and thus of course to its staff's notoriously intransigent trade union spokesmen), served to compound the board's members' natural inclination to take their commerical function for a social duty. The social mission of trundling unwanted buses, manned by overpaid busmen, around the town, is to be pursued with more energy than ever. For the long term, one can only urge the building of a completely automated underground system with a computer for a manager. For the short term—if Mr Brown means anything at all when he talks of an incomes policy—the Government should first explain retrospectively to this public corporation just what 20 per cent means, and then explain minatorily what its attitude should be when it meets the union to discuss the next round of wage increases in March.

A Green Thought

THE image of greenery has a powerful hold on the English imagination. It has certainly helped to give the green belt concept an almost moral force. But, like a mediæval saint, this has become one of those sacred ideas which can be freely invoked in support of far from saintly purposes, while those with rival aims may question its holiness altogether. The theological atmosphere does little to further the constructive aspects of green belt policy and nothing to tell us what actually goes on in these irregular no-man's-lands marked on the planners' maps around the outskirts of cities.

Among the forest of misconceptions adorning this subject the commonest is that the green belts were created with the purpose of providing rural space as backyard recreation grounds for townsmen and particularly of preserving attractive countryside close to cities. This necessary purpose has always taken a poor second place to the more negative, though still necessary function, of preventing continuous suburban sprawl. Without some such control, the New Towns would have been (as some of the recently designated ones look like being anyway) simply the New Suburbs.

This, still in theory, looks well enough

until one examines the effects of the green tourniquet upon the country beyond its outer edge. Then, the weakness of this tight but limited construction becomes clear. Green belts in their present shape cannot prevent sprawl—they can only shift it, and by shifting it outwards they may actually exaggerate the disadvantages of stretched communications and merely transfer the pressure to fresh countryside.

So much for the theory. What about the practice behind those verdant-looking maps? In the first place it is strictly speaking incorrect to talk about green belts in the plural. There is only one, the metropolitan green belt around London, finally approved in its present form in 1959. All the rest, and 1,200 square miles of extensions to the metropolitan belt, are proposals only, in various stages of awaiting final approval from the Ministry of Housing and Local Government. Until 1955 only the capital had the right to a green belt: or rather, only the Home Counties around London had the right to this particular type of protection against encroachment from the city. This is a very important distinction to make because, more and more, the green belt designation has come to be used as a defence against the city, rather than a positive attribute of it. Like so much else that is wrong with British planning, this degeneration can be traced to the shape of local administration and the failure to find any sensible regional solution.

When building began to start booming again after the war, the neighbours of big cities like Birmingham and Manchester began to feel that their normal powers were not enough to stop themselves being submerged under spreading populations. They got permission in 1955 to designate green belts too; and Mr Duncan Sandys, then Minister of Housing and Local government, deliberately encouraged the wide application of the idea (to the dismay of some of his civil servants). Local authorities were instructed to devise green belts wherever they felt they were needed, and were allowed three alternative motives for doing so: first, to check the further growth of a large built-up area; secondly, to prevent neighbouring towns from merging into one another; and thirdly, to keep the character of a town.

In the flood of eager applications which followed, some were rejected out of hand as obviously unsuitable, while the rest were launched on the slow process of local inquiries, objections and compromise. But it was already becoming clear that many counties were, by this means, grasping at a totally unrealistic idea of the scale of population increase they would have to prepare for. By the nineteen-sixties, successive Ministers of Housing were having to make it clear that no green belts would be finally approved unless adequate provision for housing, whether inside the belt or in new clusters right outside it, had also been made. This did not prevent the planning authorities (who had been given a pretty clear idea of what would, eventually, be accepted) from slashing away at housing developments with their proposed green belts as if they had the full authority of the metropolitan green belt. By and large, if it came to an appeal over a planning decision, the Ministry's inspectors accepted that a green belt proposed was as good as a green belt confirmed.

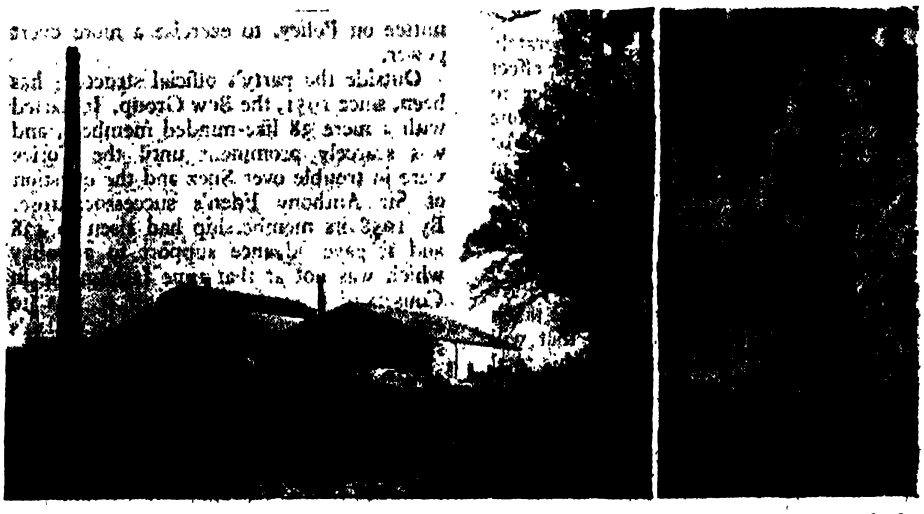
It is against this background that the latest green belt row is taking place. This concerns the planning by a developer of high repute of a new village for 5,000 or 6,000 people on the edge of the existing village of Hartley, near Dartford in Kent. The project has been allowed by the new Minister of Housing, Mr Crossman, who over-ruled the decision of this own inspectors. The objections put forward against the scheme included the fact that the site was in a proposed extension of the green belt; that sufficient population growth could be allowed for elsewhere in the county; and that most of the extra people would have to commute to London, thereby straining already crowded communications. Locals objected to loss of amenity and agricultural land. But against these considerations had to be set the fact that, on the probably over-cautious estimate of the last government's South-East Survey, Kent as a whole must be prepared for population increases totalling 372,000 by 1981. So far they are ill-prepared to meet this scale of growth anything like quickly enough.

Ashford, for example, is still working towards a target population of 50,000 although it has been proposed as a city of at least 145,000, taking 75,000 extra people by 1981. The Minister was certainly right to decide in favour of a compact and well designed private development which would swiftly provide many more homes than Kent's favourite interim method, in common with many other authorities, of tacking on to, or "infilling," existing settlements.

In an only slightly more reasonable vein, the county of Hertfordshire is opposed to the expansion of the new town of Stevenage on the grounds that it has already taken more than its share of the population growth in the south east. In fact this county should be proud of the fact that it has used its green belt more effectively than many other authorities, so that the growth of Stevenage to within only a few miles of the edge of Luton will (with the help of undulating landscape) be possible while a sharp rural division will still be retained between the two towns, reinforced by the county division of the Bedfordshire border.

The variations with which the London green belt has been administered in different places mean that few have kept a clear green distinction between town and country in the way that Hertfordshire has, on the whole, managed to do. And, of course, the green belt area was far from empty of development when it was first imposed round London. Whole towns, like Watford, poke out of it and smaller settlements may or may not be actually included in its area. It surrounds some of the fastest growing parts of the London region—the so-called "inner country ring," which increased its population by as much as 30 per cent between 1951 and 1961, includes nearly all the approved green belt, where the pressure is increasing all the time.

All this adds to the extremely patchy character of the actual green belt area. Sometimes it does bring a surprising lump of unadulterated countryside to the very doorstep of the outer suburbs. Elsewhere its tatty acres include allotments, abandoned army huts and the kind of derelict horticultural glass-houses which are to be found along the Lea valley where it was suggested two years ago that the green belt could well give way to housing. Glass-houses of course count as agriculture and therefore "suitable" for the rural amenities of the green belt. Sewage corpses (in cemeteries), the sick (in hospitals or other institutions standing in large grounds) and other service provisions for the nearby city are also permitted in green belts.



In the green belt . . . *. . . too few green shades*

This patchiness has been demonstrated by a recently published survey* of land uses in the approved London green belt in 1960. The most depressing figure is that which shows that only 5.3 per cent of the whole area is designed for recreation; though in the richer south-west of London the proportion was 8.5 per cent, while in the north-east it was only 3.5 per cent. This includes open spaces, playing fields and golf courses (private golf clubs are warmly protected by planning authorities even, sometimes, to the extent of having been able to claim large capital sums in compensation for not being allowed to develop their own land). From the pure landscape point of view the figures look better—nearly 12 per cent of the metropolitan green belt is woodland and as much as 67.8 per cent is grass and arable farmland. This at least is agreeable for the users of the 6 per cent of the green belt which is occupied for residential and commercial purposes.

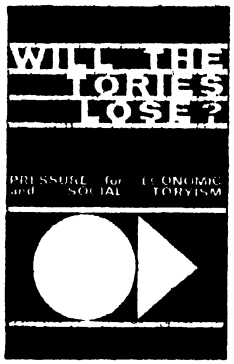
This is not a static state of affairs—the use of green belt land is often changing. But unfortunately little enough, apart from the imaginative proposals to develop recreational uses along the Lea Valley, is being done on the positive side. Even the recognition of what is æsthetically most worth preserving is left to the National Parks Commission, from whom designation as an "Area of Outstanding Natural Beauty" was recently proposed for a part of the Chiltern Hills already included in the green belt. (Some of the Surrey hills now carry both labels.) This designation, too, has only a passively defensive force. But largely because of the originally semi-developed nature of much of the green belt, there is plenty of building still going on inside it which the local authorities have felt unable or unwilling to refuse. It was pointed out some time ago by an American observer† that a planning application in the green belt stood as much chance of success as one outside it, though refusals represented a much greater volume of development. In 1963, 4,000 new building permissions were granted in the approved green belt against 2,200 refusals. Of these permissions 1,940 were for houses and 160 for industry.

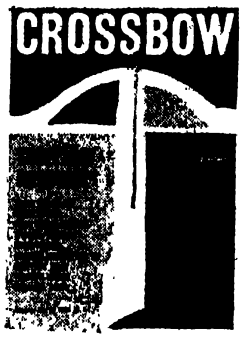
If this account has given a deliberately gloomy picture of the character and effect of the green belt, it is only in order to emphasise how much more could be done to bring about the ideas which, by edict or implication, are contained in it. It can never be said too often that the comprehensive approach which was so feebly attempted in the south-east survey is the only way of deciding what shape the urban areas, open spaces and communications of the future should take, and then steps should be taken to introduce the type of control that will work towards the achievement of this total picture. If the aim is to be better defined new towns or the enlargement of existing ones with clear space for agriculture and recreation—particularly the latter—in between, then the present green belt system is demonstrably not the best way to achieve it. At the moment it is the best system we have. But it would be a bad mistake to confuse the system itself so completely with the ideas behind it that, while we are defending the first against its many assailants, the green principle is lost.

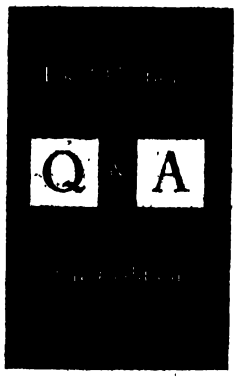
* Journal of The Town Planning Institute, December, 1964, article by David Thomas.

† Green Belts and Urban Growth. D. R. Mandelker. The University of Wisconsin Press. $5.

Left of Right







WHENEVER the Conservative party suffers a political setback a group of thinkers and researchers has to be found just inside or just outside the party to provide an infusion of liberal (with a small "l") ideas. The most influential of these has been the party Research Department. From its foundation in its present form in 1948 to restore the party's policies after the disaster of 1945, it became under Mr R. A. Butler the most important Tory policy-making instrument. When the Conservatives returned to power in 1951 the party's leaders no longer needed a fact-finding team of their own: they simply had to ask the civil servants. The research department's chief legacy to the party consisted (apart from an electoral victory in 1951) of its former members, Messrs Maudling, Macleod, Powell and Maude—who rose over the succeeding thirteen years to be Ministers (and in three cases rebels). Now, the Conservatives again in opposition, it should have the chance under its Director Sir Michael Fraser in close collaboration with Mr Heath, the Chairman of the Advisory Committee on Policy, to exercise a more overt power.

Outside the party's official structure has been, since 1951, the Bow Group. It started with a mere 38 like-minded members, and was scarcely prominent until the Tories were in trouble over Suez and the question of Sir Anthony Eden's successor arose. By 1958 its membership had risen to 438 and it gave advance support to a policy which was not at that time fashionable in Conservative circles, although it was to coincide in content with Mr Macmillan's speech on the "Wind of Change" in African affairs. But middle-aged spread and nearness to the seats of power have damped its impetus. Membership is now higher still, 850 people, but its maverick spirit seems to have passed on as its brighter members rose to the House of Commons—seven of them in 1959, plus two in the succeeding by-elections and now fifteen at the last general election—and others to established positions in business and journalism.

Perhaps the latest Conservative pressure-and-research group is attempting to replace the critical function of the Bow Group, although at a more modest level. Pressure for Economic and Social Toryism (Pest) was founded last year at Cambridge by Mr Michael Spicer. It has branches in the Universities of Bristol, London and Oxford too and hopes to expand soon to Durham and Southampton. Its programme includes a conference on Immigration Control, a study of the Structure of Exports and so on. Its first publication will disappoint those who are hoping for a new Bow—it is a pamphlet entitled "Will the Tories lose?" A large part of it consists of an attack on the "One class image" of the Conservatives. In one form this consists of attacks on specific policies, for example an otherwise reasonable onslaught against Conservative housing policy—spoilt, however, by the implication that although Labour's proposal to restore rent-control was economically unwise, it should have been adopted by the Conservatives instead since it had that appealing class image.

On the other hand, there are attacks—in effect, if not in declared intention—on the present leadership of the party. Surely the point is not that "A post-Keynesian economy was just too complex a structure to entrust to an Earl," but that that particular Earl, as he then was, did not understand the economy very well. It would probably be a good thing if, as Pest suggests, the Conservative party were to appeal more to intellectuals, but the way to do this is by reasoned argument not by the choice of this or that "image." Pest's fundamental tenets of Conservatism would most likely be accepted by any except a Communist or Fascist political party.

BOOKS

Workers Laid Off

Repercussions of Redundancy: *A Local Survey*

By Hilda R. Kahn.
Allen and Unwin. 267 pages. 50s.

On Wednesday, June 27, 1956, the British Motor Corporation announced that, from the following Friday, there would be a reduction in its workforce involving the dismissal of some 6,000 employees. Only after threats of strikes and negotiations was the most meagre "pay in lieu of longer notice" obtained for some of the dismissed men. It would be dangerous to say that such cavalier action could not be taken today; but certainly in the past eight years there has been a marked change of opinion about the responsibilities of management in the handling of redundancies. Despite this change and the growing volume of debate about proposed or actual legislation on such matters as length of notice and severance pay, our knowledge of how the labour market actually works in a redundancy situation, of the problems facing management, and of the nature of the social and economic hardships for the men dismissed, remains minimal.

For this reason Dr Kahn's contribution to the small but growing body of case studies on redundancy situations is much to be welcomed. The field work was carried out in 1958, and although the analysis of the 447 interviews with men involved in redundancies in the motor car industry in the Midlands in 1956 is very thorough, it is to be regretted that the results have not been available before now.

Despite the recession in the motor car industry, the general employment situation in the Midlands remained good throughout 1956. Yet over a quarter of the men in this sample took more than a month to find another job. A special feature of the men's difficulties, Dr Kahn suggests, was the reluctance of certain employers to take on men from the motor car industry, who, it was feared, would leave to return to their old employer as soon as things improved (a fear subsequently justified, since over half the men were back at the time of the interviews). But another factor was the extremely short notice given. The author considers even the improvements in respect of notice, subsequently provided by the Contracts of Employment Act in 1964, as "timid" and she suggests that a minimum of one month's notice is desirable. She is concerned not only to protect the position of the men dismissed, but also to encourage a more economical use of manpower, for she suggests that the 1956 discharges were, in part at least, a rationalisation of an unduly swollen labour force in the motor industry.

This study shows, as have others, the small part currently played by the Ministry of Labour in placing dismissed workers. Only 15 per cent of the men obtained their new jobs through the employment exchanges, and applications on the "off chance" or through personal contacts were the really important channels. The implications of such a state of affairs for labour mobility are considerable. Reliance on local knowledge and personal contacts will inevitably mean that the search for new work is restricted to a fairly narrow geographical area. Dr Kahn herself concludes that an independent inquiry into the work of employment exchanges is called for. She is right.

An aspect of redundancy that receives too little attention is that of the principles for the selection of workers to be dismissed. This is somewhat surprising in view of the elaborate procedures which are agreed, and in many cases legally enforceable, in such situations on the continent. In the redundancy of 1956 methods varied from one firm to another, and even when length of service was a criterion it varied between service in a particular department and service with the firm. Dr Kahn found widespread support among her interviewers for dismissing special classes of workers first —married women and men over 65, and, regrettably, she found 45 per cent in favour of dismissing coloured or foreign workers first. She also argues that since only 62 per cent of the sample favoured the adoption, without qualification, of a "last in first out principle," some sort of points system to take account of both seniority and good workmanship might well be favoured by workers.

But it is at this point that caution is required, because of the special features of the motor-car industry: its tendency to have periodic lay-offs and the relative youth and short service of the workers (even more of the sample). Every redundancy is special in some respects and certainly one of the striking things to emerge from a comparison of this and similar studies is the common experience, attitudes and behaviour of groups of men dismissed in diverse circumstances. But it would have been useful to have a fuller consideration of the sociological evidence now accumulating which suggests that the men in the motor-car industry may be self-selected in certain significant respects. More than most they seem particularly responsive to the purely monetary appeal of high earnings. This will clearly have an important bearing upon their criteria for selecting jobs and upon their mobility.

Yet another dimension that could usefully have been added to the report would have been a study of management's policy in taking the decision to contract in this way and at that moment. But such criticisms are friendly comment upon an extremely workmanlike and useful study—the outcome, it should be noted, of a suggestion of the then Minister of Labour, Mr Macleod, that the redundancies were "worthy of academic attention."

Nigerian Background

Nigerian Political Parties: *Power in an Emergent African State*

By Richard L. Sklar.
Princeton University Press. London: *Oxford University Press.* 589 pages. £5.

When European powers withdraw from the pieces of Africa they so artificially shaped they tend to paper over the visibly widening cracks with federal constitutions. Most of these structures disappear almost overnight, but that of Nigeria seemed to possess a stability denied to others despite the astonishing amalgamation of diverse peoples it sought to effect. This book reminds us of much that was inherently centrifugal which was overlooked in the post-independence euphoria, and we can now see what a gigantic task is imposed on those who try to hold the country together. In their favour are the forces of geography and economics; against them are human differences that may yet prove too strong to be contained within a single country. It is these human forces which are the subject of Professor Sklar's study.

For a time some hoped that Nigeria's sane leadership and great size would act as ballast to the ebullience of newly freed African states, but it was always feared that the fascinating complexity of Nigerian internal politics would absorb too much of the country's attention for it to be able to exercise any real influence outside its borders. These hopes and fears have been painfully sharpened by the increasing bitterness of the political struggle leading up to the federal elections and by the desperate need of Africa for balanced leadership.

Professor Sklar's work is required reading for anyone wishing to follow at all closely events in Nigeria that are likely to be dramatic and will certainly be complex and inter-

esting for some time to come. How topical is its theme is indicated by its sub-title "Power in an Emergent African State"; but the book is also a political directory of Nigeria that has 500 pages of text and is supplied with footnotes on a Gibbonian scale. Factually accurate, it is fascinating to anyone connected with Nigeria in the postwar years. All the episodes of the pre-independence struggle are here and are well handled, with the possible exception of the Continental Bank affair. Here, one begins to doubt the author's grasp of financial and economic realities, particularly when he quotes approvingly an American statement about the outrageousness of the sterling balances of Nigeria: these are stated to have been accumulated forcibly "under innumerable pretexts" as a support for Britain's standard of living from 1945 through 1951.

Unfortunately, the work stops short of the upheaval that culminated in Chief Awolowo's trial and conviction; some earlier events might have been differently emphasised in the light of these happenings. Thus, Professor Sklar rightly decribes as bizarre the situation under the 1951 constitution, when the elections put the Action Group in a position to prevent Dr Azikiwe, though duly elected in Lagos, from achieving his aim of a seat in the centre. The relevant chapter, called "The Seeds of Discord," has turned out to be a truer comment than the author could have expected when he wrote it. Who can tell how differently Nigeria might have evolved if Chief Awolowo and his party had then accepted advice to be magnanimous, and had helped Dr Azikiwe to the centre instead of preventing him from ever getting there?

Although the processes the book describes may quickly spend their force, it will remain a worthwhile record of the detailed political history of the years leading to Nigerian independence. However, at five pounds it is essentially a book for the specialist, while providing in the immediate future a useful guide to the country's political personalities.

How We Are Planned

Central Planning

By Jan Tinbergen.
Yale University Press. 160 pages. 37s. 6d.

Professor Tinbergen knows a lot about planning, both in Holland and in a number of underdeveloped countries where he has acted as an adviser. His essay on the process, impact and techniques of planning might thus be expected to be of great interest in this country at this moment of time. Unfortunately, this expectation is not fulfilled.

The reason for this is, paradoxically, that Professor Tinbergen has not put a foot wrong. All problems are covered, all his observations are judicious and the consequence is that the book is rarely positive and frequently platitudinous. Few will quarrel, for instance, with his statement that "The instrument of outside contacts is, as a rule, the meeting, although there are simpler methods such as the letter or the telephone conversation."

Part of the book is occupied by a tabular summary of the responses (response rate 40 per cent) made by central planning agencies in various countries to a questionnaire about their organisation, aims and methods. Despite the inadequacy of this way of gaining information, about which Professor Tinbergen is disarmingly frank, it is interesting to note the predominance of trial and error methods and the very limited use of detailed economic models. Even such a simple method of establishing economic relationships as multiple correlation analysis is apparently used very rarely. Thus despite the prolification of literature on high-powered planning techniques, including works by Professor Tinbergen himself, planning in practice is fairly humdrum in most countries.

A major cause of this, duly mentioned, is the shortage of detailed statistics. This is so even in the United Kingdom, where the latest official input-output table is a decade out of date and is in terms of an obsolete classification of industries. Yet in most respects this country is statistically better off than the average.

Uneasy Alliance

The War of the Second Coalition, 1798-1801

By A. B. Rodger.
Oxford University Press. 312 pages. 48s.

The late A. B. Rodger, for many years a fellow of Balliol College, Oxford, had nearly completed this book when he died in 1961. Fortunately, a pupil of his, Dr Christopher Duffy, has sympathetically edited his text and, by adding a final chapter on the Amiens negotiations, has enabled the book to appear as one is confident the author would have wished.

The Second Coalition was the uneasy grouping of Britain, Austria, Russia, Turkey and Naples. It came into existence early in 1799 when Pitt realised that without it France could never be defeated on land; but a year later it had started to disintegrate because of clashes between Austria and Russia. France, working on interior lines, was able to beat the coalition, and the account of Masséna's movements in Switzerland is particularly interesting as a study in contemporary logistics. Again, the Marengo campaign shows how easily France could redress its losses even though the campaign did not achieve what Napoleon intended.

The sub-title of the book is "a strategic commentary," and it is from this standpoint that its success should be judged—indeed, if it were not for this extra dimension, it might perhaps be dismissed as yet another straight historical narrative that did little more than retell a familiar story. As it is, the author goads his reader, challenging him to speculate on, for instance, whether a convincing case can really be made out for the French expedition to Egypt; was it merely "une enterprise folle," as Pasquier said, or could it be defended as Napoleon always maintained and, much later, even Thiers still believed? At all events, we are told that it succeeded at first "against all reasonable probability" since the expedition could—and should—have been destroyed at sea and never even have reached Egypt. Thereafter, and particularly after the battle of the Nile, it became a problem to be studied in the following terms: could France both pursue this dream and also defend itself against the coalition? At first it clearly could have done so, but a series of military accidents, such as the murder of Kléber, the fact of the unenterprising Menou's seniority or Bruix's irresolution, changed the situation—a series of "tremendous trifles," as the author says in an aside, "which cannot easily be subsumed into any determinist system." Comments of this sort give quality to the narrative. Another example is when the author doubts "whether Bonaparte, with all his practical ability, had the sympathetic imagination needed for a really successful coloniser," and there is the half-whispered comment that, though the Frenchman may be a gallant soldier, "he is not a heavenborn settler (why should he be, with such a delightful homeland?)."

Statistics of Balance of Payments 1950-1961
Brings together the main series of OECD countries' balance of payments statistics, and presents them in a standard framework, so as to secure maximum comparability over a long period of time. The data are based on published national sources, supplemented by information appearing in the IMF Balance of Payments Year Books and by additional data supplied directly to the Secretariat.
12s. 6d. (13s. 5d.)

New Contributions to Economic Statistics
This publication contains articles of particular interest reprinted from out of print issues of *Economic Trends* February 1962-February 1964. Articles include: Developments in official economic statistics, 1957-1963; The incidence of taxes and social service benefits in recent years; Motorcar ownership and use; Passenger transport in Great Britain.
9s. (9s. 10d.)

Sugar Board Report and Accounts
For the year to 30th June 1964
Reviews the Sugar Board's activities and supplies information on its transactions during the year ended 30th June, 1964. The report also describes the course of world market prices and the corresponding changes in the rates of Distribution Payments and Surcharge.
4s. (4s. 4d.)

Prices in brackets include postage

HMSO

Government publications and those of OECD can be purchased from the Government bookshops in London, Edinburgh, Manchester, Birmingham, Cardiff, Bristol and Belfast, or through any bookseller

Canals and the Nations

The Law of International Waterways

By R. R. Baxter.
Harvard University Press. London: *Oxford University Press.* 378 pages. 76s.

In his memoirs Sir Anthony Eden has observed that President Eisenhower spent much of the Suez Canal crisis being "nervous about the Panama Canal." The Americans had every reason to be nervous at the attempts to draw analogies between the Suez and Panama Canals. Neither the Egyptian claim of a right to nationalise nor the Anglo-French assertions of the international status of Suez gave any cause for comfort. The United States Administration instead preferred the theme that the Panama Canal was an American and not an international waterway.

The essential differences and similarities between these two canals are skilfully pointed out by Professor Baxter of the Harvard Law School. His book breaks new ground by extracting guiding legal principles from the morass of treaties, court cases and state practice on international waterways; and the extent of his achievement is to be measured by the successful marrying of these principles with the technical, commercial and political realities involved. This meticulously documented study is not limited to the Panama and Suez Canals. The Kiel Canal and other lesser international canals, rivers and straits are also subjected to close scrutiny. Any codification of the rules governing navigation on international waterways—a task which Professor Baxter attempts *de lege ferenda* in the appendix—must take into account the diverse interests involved. The interests at stake for the operating agency of a great canal may diverge sharply from those of the countries using it if the operating state is not also a substantial user of that waterway. Germany both operates the Kiel Canal and is its main user. The stability arising from this fact may be contrasted with the case of the Suez Canal, where the United Arab Republic is the twenty-second most important user in terms of net tonnage per annum.

Professor Baxter provides, with a wealth of fascinating detail, case studies of administration by a private company (as exemplified by the pre-1956 Suez Canal); by the territorial sovereign (Kiel and post-1956 Suez); by a foreign sovereign (Panama Canal); and by international co-ordination (the St Lawrence Seaway). He also looks at the case for administration of such waterways by international commissions. Each and every incident arising from Egypt's policy towards navigation coming from or destined for Israel is examined in the context of the law on right of passage through international waterways in peace and in war. Reference is made not only to the guidelines provided by the International Court, but also to the less well known decisions of the Egyptian courts. Throughout, the author's learning is matched by his grasp of both political and technical issues—as the chapters on the technical problems of canal administration and on legal controls in the fiscal sphere bear ample evidence. He has assembled all treaties governing international waterways and has prepared an impressive list of relevant cases. While recent events have disproved certain of his political assumptions and legal pronouncements concerning the Panama Canal (Professor Baxter perhaps underestimated the demands stemming from militant nationalism as opposed to promotion of a flag of convenience), the merit of this book cannot be doubted. It will give great pleasure and help to international lawyers, to men whose business relies on shipping routes, and to those whose concern is international history and relations.

PAPERBACK SELECTION

The selection which was begun in last week's issue is concluded below:

History:

ILLUSTRATED SOCIAL HISTORY: Volume 1, Chaucer's England and the Early Tudors: Volume 2, The Age of Shakespeare and the Stuart Period: Volume 3, The Eighteenth Century: Volume 4, The Nineteenth Century. By G. M. Trevelyan. 327, 340, 329 and 293 pages respectively, all including illustrations. 8s. 6d. each. (Pelican.) THE BIRTH OF COMMUNIST CHINA. By C. P. Fitzgerald. 288 pages. 5s. (Pelican Original.) THE PRICE OF GLORY: Verdun 1916. By Alistair Horne. 364 pages. 5s. A HISTORY OF SCOTLAND. By J. D. Mackie. 406 pages. 6s. (Pelican Original.) THE HISTORIES. By Tacitus. (Translated by Kenneth Wellesley.) 316 pages. 6s. (Classics.) *Penguin.*

TUDOR FOOD AND PASTIMES: Life at Ingatestone Hall. By F. G. Emmison. 127 pages. 12s. 6d. *Benn.*

THE ACHIEVEMENTS OF WESTERN CIVILISATION: An Historical Outline. By Joan Thompson. 294 pages. 12s. 6d. *Darton, Longman and Todd.*

Literature and Literary Criticism:

AUDEN. By Barbara Everett. 117 pages. BECKETT. By Richard N. Coe. 118 pages. SCOTT FITZGERALD. By K. G. W. Cross. 120 pages. EVELYN WAUGH. By Malcolm Bradbury. 120 pages. MONTHERLANT. By John Cruickshank. 126 pages. ANGUS WILSON. By Jay L. Halio. 120 pages. 5s. each. (All Writers and Critics Series.) *Oliver and Boyd.*

TENNYSON: In Memoriam. By K. W. Gransden. 72 pages. FIELDING: Tom Jones. By Irwin Ehrenpreis. 77 pages. SHAKESPEARE: Merchant of Venice. By A. D. Moody. 64 pages. EMILY BRONTE: Wuthering Heights. By Frank Goodbridge. 71 pages. 5s. each. (7s. 6d. clothbound.) (All Studies in English Literature Series.) *Edward Arnold.*

THE FORTUNES OF FALSTAFF. By J. Dover Wilson. 151 pages. 7s. 6d. FIVE METAPHYSICAL POETS: Donne, Herbert, Vaughan, Crashaw, Marvell. By Joan Bennett. 161 pages. 8s. 6d. (18s. 6d. clothbound.) VIRGINIA WOOLF: Her Art as a Novelist. (2nd edition.) By Joan Bennett. 179 pages. 8s. 6d. (18s. 6d. clothbound.) *Cambridge University Press.*

AVANT-GARDE: The Experimental Theatre in France. By Leonard Cabell Pronko. 234 pages. 12s. 6d. CATULLUS AND THE TRADITIONS OF ANCIENT POETRY. By Arthur Leslie Wheeler. 291 pages. 17s. *University of California Press. London: Cambridge University Press.*

EUGENE ONEGIN: A Novel in Verse. By Alexander Pushkin. (Translated by Babette Deutsch. Edited by Avrahm Yarmolinsky.) 245 pages. 5s. (Classics.) THE FROGS AND OTHER PLAYS. By Aristophanes. (Translated and introduced by David Barrett.) 223 pages. 4s. 6d. (Classics.) POETRY OF THE THIRTIES. Edited and introduced by Robin Skelton. 300 pages. 5s. *Penguin.*

MODERN GERMAN DRAMA. By H. F. Garten. 296 pages. 15s. 20TH CENTURY ENGLISH LITERATURE, 1901-60. By A. C. Ward. 247 pages. 10s. 6d. (21s. clothbound.) THE FRONTIERS OF DRAMA. By Una Ellis-Fermor. 175 pages. 9s. 6d. (18s. clothbound.) (All University Series.) *Methuen.*

AUGUSTAN POETIC DICTION. By Geoffrey Tillotson. 144 pages. 8s. 6d. THE LANGUAGE POETS USE. By Winifred Nowottny. 237 pages. 12s. 6d. BALZAC'S COMÉDIE HUMAINE. By Herbert J. Hunt. 523 pages. 21s. *Athlone Press.*

UTOPIA. By St. Thomas More. (Edited by Edward Surtz.) 192 pages. 12s. 6d. (37s. 6d. clothbound.) *Yale University Press.*

Politics and Political Theory:

THE LIBERAL TEMPER IN GREEK POLITICS. By Eric A. Havelock. 443 pages. 18s. 6d. RUSSIAN FOREIGN POLICY: Essays in Historical Perspective. Edited by Ivo J. Lederer. 643 pages. 21s. *Yale University Press.*

THE GOVERNMENT OF GREAT BRITAIN. By Graeme C. Moodie. 221 pages. 8s. 6d. (18s. clothbound.) (University) INTRODUCTION TO POLITICS. By Dorothy M. Pickles. 224 pages. 9s. 6d. (University.) *Methuen.*

THE POLITICAL THEORY OF POSSESSIVE INDIVIDUALISM: Hobbes to Locke. By C. P. Macpherson. 319 pages. 10s. 6d. *Oxford University Press.*

DECISION-MAKING IN THE WHITE HOUSE: The Olive Branch or the Arrows. By Theodore C. Sorensen. 110 pages. 8s. 6d. *Columbia University Press.*

MARXISM TO-DAY. By Robert Conquest. 88 pages. 3s. 6d. (Ampersand.) *Allen and Unwin.*

PEKING AND MOSCOW. By Klaus Mehnert. (Translated by Leila Vennewitz.) 573 pages. 95 cents. (Mentor.) *New American Library, New York.*

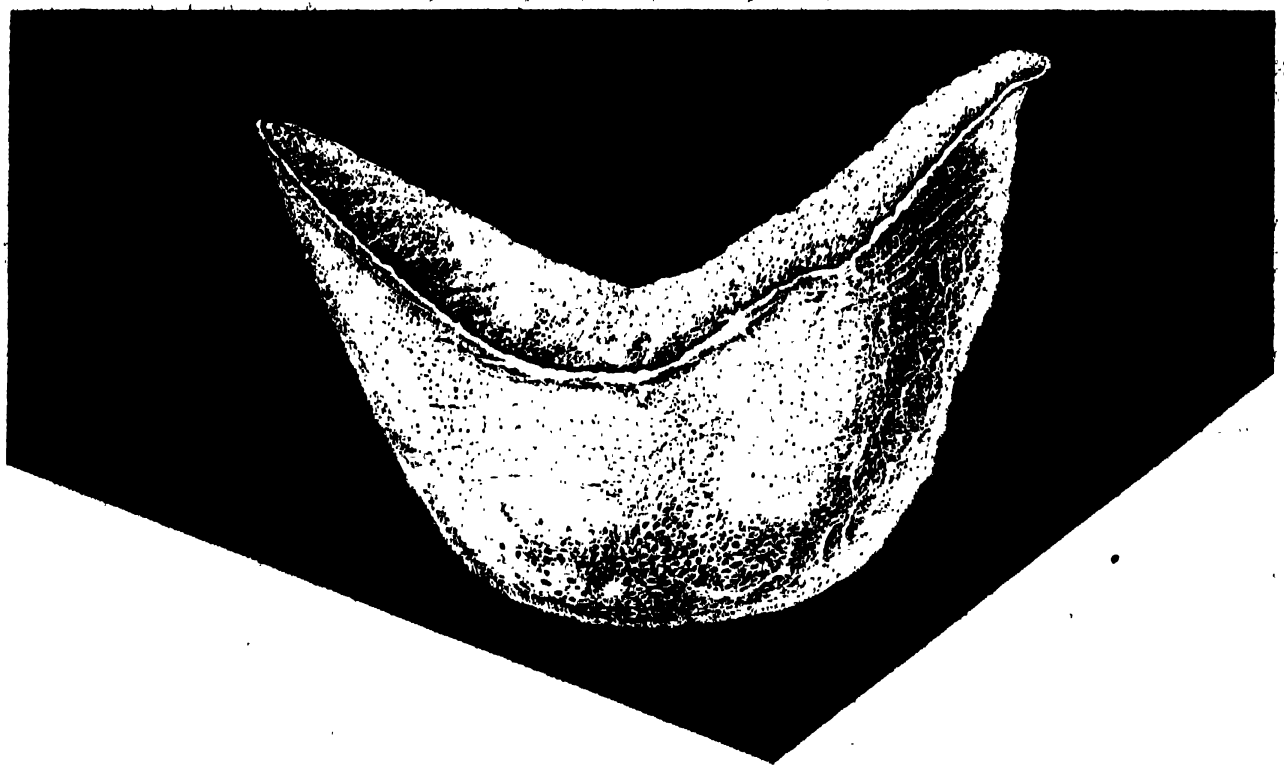
Philosophy, Psychology and Religion:

SUICIDE AND ATTEMPTED SUICIDE. By Edwin Stengel. 135 pages. 3s. 6d. (Pelican Original.) PSYCHOLOGY FOR EVERYMAN. By Larry S. Skurnik and Frank George. 128 pages. 3s. 6d. (Pelican Original published in association with the ABC Television Series.) *Penguin.*

LEARNING: A Survey of Psychological Interpretations. By Winfred E. Hill. 237 pages. 9s. 6d. (21s. clothbound.) (University.) BEHAVIOUR. By D. E. Broadbent. 215 pages. 9s. 6d. (University.) *Methuen.*

THE CONCEPT OF NATURE: The Tarner Lectures Delivered in Trinity College, November 1919. By Alfred North Whitehead. 210 pages. 12s. 6d. *Cambridge University Press.*

THE PURITAN HERITAGE: America's Roots in the Bible. By Joseph Gaer and Ben Siegel. 256 pages. 75 cents. (Mentor.) *New American Library, New York.*



Solid silver "Shoes" were used as a form of currency throughout China until early this century. **Times and Customs change.** Today, trade and finance with the East require the full facilities of great international banking organisations. The Hongkong Bank Group offers such a service and can provide, immediately, the latest information and expert advice on all aspects of trade and finance in these areas.

THE HONGKONG BANK GROUP

THE HONGKONG AND SHANGHAI BANKING CORPORATION
HEAD OFFICE: HONG KONG
LONDON OFFICE: 9 GRACECHURCH STREET EC3

THE HONGKONG AND SHANGHAI BANKING CORPORATION OF CALIFORNIA
80 SUTTER STREET SAN FRANCISCO
212 WEST SEVENTH STREET LOS ANGELES

MERCANTILE BANK LIMITED
HEAD OFFICE: 15 GRACECHURCH STREET LONDON EC3
WEST END BRANCH: 123 PALL MALL LONDON SW1

THE BRITISH BANK OF THE MIDDLE EAST
HEAD OFFICE: 7 KING WILLIAM STREET LONDON EC4

BUSINESS

ICI's Oyster

When Dr Beeching moves back to the boardroom of Imperial Chemical Industries this summer, he will find the company better adapted, after one or two salutary shocks, to the world it has to live in

No company in the chemical industry can reasonably complain about its fate. It is a greedy, restless industry that takes the latest discoveries in purest science and squeezes from them new materials, new properties; constantly overrunning new territories, finding its way into other industries, always growing; as essential to the industrialisation of under-developed countries as to the satisfaction of the material appetites of those already industrialised. It cannot lose. What other major industry can assume a growth rate of twice the national average for manufacturing industry as a whole? Only other technology-intensive industries, like electronics, have such a prospect facing them and they have smaller, less varied markets. Imperial Chemical Industries is not complaining. One of the three largest chemical companies in the world (in an industry that favours size) and the largest British industrial company, its plans for the future are glittering. If it has reason to carp, it is about its own less than glittering past; about the opportunities that have been missed, the markets that were not attacked and the profits that were not made.

A striking (and unfair) contrast with ICI is the progress of its old cartel chum, and the largest chemical company in the world, DuPont. Its sales in 1963 were at $2,555 million, nearly half as large again as ICI's, but it consistently earns higher returns and last year the ratio of pre-tax profits to operating investment was nearly 18 per cent, 1.7 times ICI's ratio. And by nearly any other measure one cares to think of, DuPont is far more profitable than ICI. Admittedly it makes different ranges of products, using different labour, and for different markets. Yet the comparison has value because DuPont's higher profitability comes from a rigid discrimination among the products it sells, discarding those that are no longer profitable and spending heavily on research to renew them—$58 million last year. It comes, too, from strict attention to modern management and accounting techniques that are not, however, special to the chemical industry; a lesson that has only just been taken by ICI.

Where DuPont only manufactures such basic and relatively unprofitable chemicals as sulphuric acid and caustic soda for its own use, ICI makes them for sale. It must, for historical reasons and out of a quite genuine, if rather fuzzy, belief in its social obligations that takes it into areas where its shareholders might prefer it not to go. Obviously, ICI's overall profit ratio would be much healthier if it kept away. How large a part of ICI's activities these chemicals comprise is a closely-guarded secret, but its extent is indicated by the plan of Mond Division (where many of them are made) to invest £100 million in new plant in the next seven years, as much as the company intends to invest on the continent in the ten years to 1970. Perhaps the largest group of old and traditional chemicals it still makes are fertilisers. Nearly a fifth of ICI's home sales are to farmers, DuPont sells to them only 2 per cent. On the other hand, nearly a third of DuPont's production goes to the textile industry, practically all of it being the highly profitable fibres Dacron, Orlon and Nylon, while ICI sells 17 per cent there, much of it dyes.

The balance between old and new is shifting towards the new. Petrochemicals of all sorts, plastics in particular, are a bare fifteen years old; the pride of ICI, the great petrochemical complex at Wilton stretching across the top of the page will have cost £200 millions by 1966. These chemicals provide the industry's startling growth: synthetic fibres at 15 per cent a year and plastics at 12 per cent. But, paradoxically, they are not always the most profitable. For ICI and DuPont trade in different markets—one important difference being the high tariff wall around the Americans which allows low-priced American exports to be sent into this country without fear of retaliation. If Mr Paul Chambers does sometimes seem to go on about this, bear with him; for, largely as a result of the price disruption caused by such exports to Britain during the chemical industry's traumatic, world-wide recession in 1961, the profitability of ICI's plastics division is considerably below that of the company as a whole—below even the despised heavy chemicals.

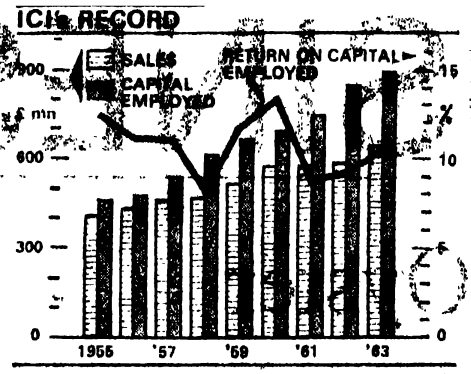
If ICI was aware of the need to invest in these new products it remained, with DuPont, insensitive to the possibilities of growth outside traditional geographical territories, for ICI mostly in the Commonwealth. How can one explain the lack of interest shown by both companies since 1945 in a European market shaking itself free from the destruction of war and ripe for a bold initiative unless by dimly-remembered cartel agreements stirring in the tribal subconscious? The chairman of ICI's European Council recently pointed out that the chemical industry in the common market has grown 70 per cent in the last six years, exactly twice as fast as that in Britain. Yet, even now the chemical industry on the Continent looks with stupefaction at ICI's Rozenburg site near Rotterdam, bought five years ago and, apart from some small plants, only now being seriously developed.

Further afield the record is better, with bold projects under way in many Commonwealth countries—in particular in India, Australia, Canada and Malaysia. But there is little to recommend investment in a really underdeveloped country, except where it pre-empts entry by competitors. The fast-growing areas for chemical sales are west Europe, America and Japan; these are also the politically stable areas with large enough markets to support chemical manufacture on a modern scale. They are also the most competitive markets with jealous producers already entrenched to repel boarders.

OBVIOUS defects on the management and the technical level have been largely remedied in the company, all of them the results of neglect in the past. There is always a danger that it will happen again but, for the moment anyway, ICI is too sharply self-aware to let events overtake it again, or allow itself to be lulled into an inert middle age by a dominant position in a protected market. As important to the company's future is its ability, not merely to adapt defensively to circumstances as they change, but to take advantage and if possible anticipate them.

In doing so, how close can ICI move to the DuPont pattern? Is there in all the bulk of ICI a thin, profitable, potential DuPont screaming to get out? Maybe, but ICI is too committed to its wide range of products to think of reshaping itself. But it can consciously take advantage of the new markets coming up. Plastics has had massive investments—of which the new ethylene cracker is effectively a part—even if they are not for the moment very profitable. Synthetic fibres will probably receive most attention; already current and planned capital investment of £400 million makes it the most important (and one of the most profitable) product groups of all. Moreover, the investment can be spread in other ways. In one direction ICI is integrating backwards towards the oil wells with a series of joint projects with Phillips Petroleum of America. In the other, it may have to secure outlets for its products nearer the consumer: Vyella in textiles, Marrick's plastic bottles and agricultural chemicals are examples.

This makes ICI interesting to watch even though, for its own technical reasons, the stock exchange seems to undervalue it. Operating now in a world market for chemicals that is in many respects a single market (a chemical is the same wherever and however made), ICI sees any major move, anywhere, as a threat. It is no longer enough for a major chemical power to confine itself to the old pattern of producing for the home market and exporting marginal production. The home market is no longer, in world terms, big enough. ICI is therefore putting up the largest units of production that are economic: a 250,000 ton ethylene cracker, 300,000 ton ammonia plants; nylon polymer capacity, virtually all for British Nylon Spinners, expanded to 110,000 tons a year. At this level it plans to be competitive with production anywhere in the world. It is also a massive aid to sales, since economies of scale permit price reductions that can encourage increases in sales. Thus, prices of polythene dropped by a third between 1959 and 1961 while imports grew to 10,000 tons a year (they are now twice that), but the reductions may have helped considerably in the increase of UK consumption that followed, a three-fold increase in the last five years. This may be crucial in encouraging the substitution of plastics for traditional materials, for example in the promised land of building materials, said to offer the plastics industry (present production 800,000 tons) a market for another million. Replacing natural products offers chemicals their most promising outlets.



The company has also drawn the obvious conclusion from comparison between the limited British market and livelier arenas elsewhere. The European Council is girded for action that will allow ICI to live up to its original promise of £100 million invested in Europe by 1970. The method of attack is by now standard: penetration of the market with imports, shifting to local production as volume of sales permits, and backed by a raw material supply from the enormous plants in Britain. Thus, polythene made at Rozenburg will be based on ethylene from Wilton and nylon will be spun in Germany from imported polymer. Elsewhere ICI plans large joint ventures (another recent innovation) as with Phillips in Australia and India and with Celanese in America, when it cannot justify going in alone.

BOTH to provide the power (in the context of chemical *realpolitik*) to attack the new markets and the products to replenish its vanguard of "new" chemicals, ICI is reorganising its research and has also set up a new plastics and polymers laboratory for basic research. Patents are a powerful tool for building up strong positions—at the beginning of the century Solvay based an empire on the ammonia-soda process—and ICI could use its processes for this purpose ruthlessly in the future, licensing only where unavoidable. A product like the paraquat/diquat "chemical ploughing" agents (for squares: weedkiller), ICI's latest and proudest invention, could become vital in world agriculture since they seem to offer a way of cultivating land predisposed to dust-bowls—Russia's virgin lands are an example. Something with this potential could provide a way into the American market, where ICI is presently only represented as a manufacturer

in its joint fibres project (Fiber Industries Inc.) with Celanese. There, as in Europe, ICI could build up (with infinite discrimination), as DuPont has built, highly profitable companies making a small range of profitable, protected ICI specialities. Fibres and plastics are more obvious choices for the Continent, where the market is less developed than in America, and once established, many other products can be fed in through a strongly-based organisation.

This activity will turn ICI into a truly international—no longer just an old imperial—company; the only sort of chemical company that makes sense in the modern chemical world of huge units of production and cheap bulk transport. Last year, more than a quarter of ICI's total capital investment was outside Britain; ten years ago it might have been 20 per cent; in another ten years might it be a third, or even a half? Nearly half of ICI's sales are already abroad and 58 per cent of those are from overseas companies. The logic is inescapable. ICI cannot be accused of ducking it.

Who's Taking Notice?

Readership surveys, the *Observer's* is the latest, have become key artillery pieces in the press-TV advertising war

THE old head-counting rules are ceasing to be adequate, and it is at this stage of the game that the *Observer* has published a survey of readership (which differs from circulation because it calculates the number of people who share the same newspaper) done by National Opinion Polls, on who reads daily and Sunday papers. It shows, for instance, that a fair number of people apparently read the colour magazines and ignore the rest of the paper. Statisticians will enjoy arguing about the discrepancies between NOP's findings and the last figures published by the Institute of Practitioners in Advertising, and for those who would like to do the same, the main figures are summarised in the table. But far more important is the evidence that both sets of figures provide of the increasingly sophisticated methods used to measure and classify newspaper readers; television has nothing so advanced to offer—yet.

This sophistication is, in fact, partly the result of competition from commercial television which for a time at least had the national press on the run. In the beginning of advertising, as in so many other spheres, the Word was all, and the creation of those words was in the hands of copywriters, some of whose names have passed into advertising mythology. Then, because so many companies were so ignorant of marketing, the advertising agency began to take on other functions. The importance of good copy is still recognised today, but a number of other arts are considered at least of equal importance, like the design of packages, even of the products themselves, and the location of suitable outlets for the products. Much of this work is rightly moving back to the client, as sales techniques of British industry improve, while at the same time there is an increasing tendency for the "creative" people, particularly those who do design and lay-out for advertisements, to work in independent groups and to be hired for special jobs by advertising agencies. The agencies can thus employ the kind of expensive talent they could never afford to keep permanently on their payrolls. As a result, advertising agencies are becoming more like impresarios, finding a market for talent, hiring it, producing the campaigns and then, crucially, placing them in the most effective places.

This last decision, that of selecting the right media and buying time or space in it, may involve decisions painful to the client's ego. Just as some impresarios in the theatre have to face the fact that their production is not good enough for the major outlets, so some products or services are best advertised in quite humble ways. The cinema industry for instance, still has not fully grasped the fact that the most effective time and place to advertise films is as near as possible to the time and place where they will be seen, leading logically to a concentration on local newspapers and on brochures delivered through the letter-box rather than on West End premieres and pages in the national press. It is because of such thoughts that local newspapers are waking up to the fact that for many advertisers, they could be, if they worked together, at least as attractive to a national advertiser as a national newspaper. Surveys are being carried out now on provincial evening papers' readership, and there is some talk of setting up a central advertising office for local papers, since one of the major limitations on the wider use of local newspapers is the administrative one of organising separate insertions in a very large number of extremely independent outlets.

IN deciding where to place advertisments, the space buyer in the agency has three sorts of guides. There are the negative ones of institutional bans and codes—no contraceptive advertising in most outlets, virtually no advertising hard liquor on television, and rigid control on patent medicines there as well. Then there are the basic statistical guides: circulation figures, readership and television sets switched on at any given time. Then, in some circumstances, it might be worth trying to look into the fine detail of just how much attention is being paid to the medium itself, or to advertisements within the medium. This is where the revolution in advertising techniques is coming. Much information is at present too expensive to get, many questions are unanswered, and some are not even posed. In fact at present only direct-sale manufacturers can measure the response to their advertisements with any real accuracy. They tell, of course, by the number of replies they get to coupons placed in different papers, on different days, in different positions within the papers, using different layouts, typefaces, and series of insertions.

Other advertisers are still largely guessing; if the difference between them and their rivals is small or nonexistent, lying mostly in their marketing skill, then sales differences should be a guide. But even here—with, say, detergents—advertisers may well be still unsure whether half the number of advertisements would have been adequate, or whether a few more might have paid several times over in sales. So the frequency, size and intensity of advertisements is still a matter

of art, good judgment and luck, as much as of scientific skill.

All the numerical uncertainties with which advertisers are surrounded when buying space or time make them cling the harder to the facts they have which are costly enough to obtain, without necessarily asking for better. This has particularly been the case with television, which has been the pace-setter for ten years in this country especially with the most serious advertisers, the manufacturers of mass-consumption consumer goods. The basic information available is still the Tam-rating, which is mechanically accurate, and for which the samples have recently been increased. But this only measures the number of sets switched on at any one time. Of course, the audience for a given programme can be measured by allowing for average numbers of viewers round a set. But there is still no regular measurement of the number of people actually *watching* the screen at any one time. Research by a number of advertising agencies has brought up the obvious point that in the early part of the evening—up to 7 o'clock particularly—many sets are switched on but up to nearly half the "viewers" may be in another room and another 15 per cent not watching the set. In other words, a lot of mothers are putting their children to bed and cooking supper. As the evening goes on, attention gets more concentrated round the set, but electricity consumption figures go up sharply (and water pressure goes down) during the minutes when advertisements are shown after favourite programmes. Which all goes to increase the real cost per thousand viewers to the advertisers. Nor have the agencies any control over BBC programmes which prevents them getting any guarantee of the probable size of audience at, say, 9.30 on Thursday evening. A serious commercial current affairs programme can reach as high as no. 3 in Tam's Top Twenty—when the BBC puts Mozart's *Marriage of Figaro* against it. It could fall right out of the Top Twenty if the BBC put on boxing or wrestling instead. It is a compliment to the power of television advertising that these uncertainties are not yet a deterrent. But they do prevent the most scientific use of the advertising time available. Agencies know (or rather suspect with good reason) that late evening time is relatively more use to their clients than early evening time, precisely because of the greater attention being paid to the screen. But they cannot prove this.

These inadequacies do not mean that commercial television is a laggard in selling its time: it is not and it has for instance pioneered the idea of test marketing over a definable market area through the use of the regional stations. It is spending over £300,000 per year on the latest Tam contract; but in view of the very large numbers involved, any real further step forward would be extremely expensive—certainly into the seven figure range. The reaction to the success of television by other mass media, like the national press and the mass-circulation women's magazines, has been to step up their research to a high degree of sophistication. The IPA surveys now include questions on most consumer habits. Odhams', whose parent company, the IPC, publishes all five mass-circulation women's weeklies, has gone further. Where the IPA survey measures the number of people seeing *a* copy of *a* weekly in a given week, Odhams set out to measure the number of people seeing a particular *issue* of the same weekly. The answers are very different and can lead to differing calculations about the number of insertions needed to reach a given audience. At the same time, Odhams and others have asked readers of weeklies why they read them, to show the best advertising medium for particular classes of goods.

READERSHIP OF SOME NATIONAL NEWSPAPERS

	Total Readership* (in '000's)			Upper class and Middle class readership		
	IPA	NOP	Per cent difference NOP on IPA	IPA	NOP	Per cent difference NOP on IPA
Daily Mirror	15,144	14,032	− 7·3	2,619	2,428	− 7 3
Daily Express	12,919	11,258	−12·9	4,523	5,096	− 9·4
Daily Mail	6,650	6,699	+ 0·7	2,779	2,741	− 1·4
Daily Telegraph	3,420	3,478	+ 1·7	2,551	2,581	+ 1·2
Telegraph Weekend Supplement	N/A	3,880	N/A	N/A	2,730	N/A
Guardian	954	942	− 1·3	727	737	+ 1·4
Times	917	830	− 9·5	693	633	− 8·7
Financial Times	552	533	− 3·4	476	451	− 5·3
Sunday Times	3,284	3,396	+ 3·4	2,295	2,439	+ 6·3
(Colour Mag.)	N/A	4,305	N/A	N/A	2,879	N/A
Sunday Telegraph	2,014	2,059	+ 2·2	1,429	1,423	−0 ·4
Observer	1,602	2,294	+43 2	1,206	1,631	+35·2
(Colour Supp.)	N/A	2,660	N/A	N/A	1,717	N/A
Sunday Express	10,846	9,667	−10·9	5,171	4,897	− 5 3

* Not the same as circulation.
National Opinion Poll Survey, October–December, 1964.
Institute of Practitioners of Advertising Survey, July, 1963–June, 1964.

The surveys cover different periods. The second half of the year is traditionally a bad time for newspapers, so in general the NOP survey would be less favourable to circulations than the IPA one which covers a full 12 months. Against this, NOP covers the period of maximum interest in the new *Observer* and *Daily Telegraph* Colour Supplements and in the general election, which should help the sales of the more serious press. It also covers the crucial few weeks after some of the dailies (though not the *Mail* or *Telegraph*) put their prices up to 4d.: but the *Guardian* put its price up to 5d. and did not suffer. The figures for the smaller circulation journals are subject to greater error than for the bigger papers, as the sample involved is necessarily much smaller, so small discrepancies can well be due to normal statistical errors. But, broadly, original suspicions are confirmed—about the *Mirror* losing less than the *Express* by going to 4d.; the *Guardian* forging ahead from the *Times*, and the *Observer* from the *Sunday Telegraph*.

In order to use this and other, similar, information to the best advantage, one group of agencies is using a computer, which can of course be fed with all the data available, and can then be used on a number of different accounts. The computer has room for much more information, and the improved efficiency it brings could offset the expense of asking more people more questions. For despite the jeers which accompany any particularly fatuous piece of market research or self-evident "discovery," not nearly enough is in fact spent on such media research, as whether it gets done or not depends too much on the initiative of agencies and advertising media, rather than on the initiative of their clients. These, like the first Lord Leverhulme, can complain that half the money he spent on advertising was wasted, but he did not know which half. It is at least partly their fault if they do not.

BUSINESS BRIEF

In Britain the new year started with a shower of price increases which has moved the Minister of Economic Affairs to ask for explanations.

Publication of the reserves for December was an unpleasant reminder of just how rough a patch the pound had last month.

No surprises in President Johnson's State of the Union address, but Wall Street is cheering up.

Big feature of the week has been the most intense activity in gold markets in both London and Paris since the Cuba crisis—a speculative burst set off by new demonstrations of national sovereignty by General de Gaulle.

UNWANTED DOLLARS

The decision of the Bank of France to convert a substantial slice of its existing stock of dollars into gold could have wide repercussions. For 1965 is in any case overshadowed by questionmarks over world currencies. Certainly the French move will add new urgency to the debate over basic reform of the international payments system.

France's decision also throws into bold relief the question of whether the Americans will once again be able to finance a balance of payments deficit of well over $2 billion without large gold losses. In practice, the Americans had to accept this threat with good grace—but the drive to convince Congress to dispense with the 25 per cent domestic gold cover requirement will now almost certainly be hotted up.

Americans have other problems as well. One is the still unresolved battle over increased quotas in the International Monetary Fund—and this, too, could mean American (and British) gold losses. The other is their dwindling stock of silver which has caused intense speculation in the silver market.

FRENCH CHALLENGE

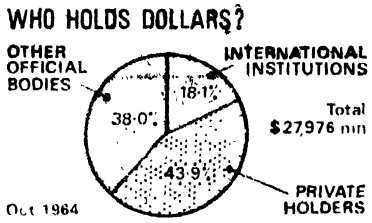
Stories that France intends to rock the boat by converting the bulk of its $1.3 billion official dollar holdings into gold are exaggerated—but only just. **What the Bank of France does plan is to convert into gold between now and March over $300 million in dollars.** The operation will probably be phased out over several instalments, with the precise timing fixed in co-operation with the Federal Reserve. No doubt even the March deadline is flexible. In itself, then, this conversion of existing dollar balances need not prove so very embarrassing to New York. The rub is that the **French also intend to take the whole of any further additions to their reserves in gold**—and to add insult to injury will denominate their reserves from next month on in francs instead of dollars. The French themselves calculate that their continuing large surplus on international transactions will total a further $300 million during the first six months of 1965 alone. And this could be pitching the figure too low—official estimates of reserve gains for 1963 and 1964 certainly proved conservative. **So it is quite possible that between now and June, French calls for gold,** in exchange for existing dollar holdings and in settlement of their running payments surplus, **will total well over $600 million.**

De Gaulle's government hopes to accomplish two things with this tough policy. First, to show the Anglo-Saxons that France does not intend to confine itself merely to verbal warnings or hazy studies in its criticism of the present international monetary system. By putting to the test the American commitment to convert official dollar balances into gold on request, the French intend to give a practical demonstration of the fragility of the system. The elimination of so-called "inconvertible" dollars from all countries' reserves has long been a pet project with the Elysée.

WHY NOW?

Secondly, given the state of nerves in the world's exchange markets which has already so badly rocked the pound—and could in the French view still infect the dollar—**Paris wants to run down any excess holdings of foreign currencies,** the value of which could, however remotely, be **threatened by devaluation.** The recent run on sterling evidently made a deep impression on General de Gaulle. The French intend to bring down their holdings of exchange to little more than $1 billion—an amount

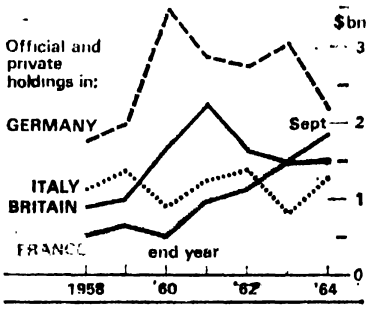
nicely calculated to cover long-term dollar debts totalling some $650 million and to leave a small contingency fund. Presumably this extra margin of $350 million is earmarked for operations in the foreign exchange market. **Just what the new French gold policy implies for the operation of the central bankers' gold pool is, however, uncertain.** The logic of France's determination to minimise its dollar holdings implies that additions to the country's reserves will duly involve a call on American gold.



GOLD RATIOS

The effect of the French plan to convert some $300 million of its existing dollar balances and the whole of future reserve gains into gold will be to **push up the ratio of gold to its total reserve holdings** from 74 per cent at the end of 1964 **to around 82 per cent by the end of June,** a figure considerably higher than the previous peak of 79 per cent in 1960. This is a sharp accentuation of France's previous policy, rather than anything really new. As can be seen from the chart, the French had already managed to build up their gold ratio last year; while their total reserves rose by just under $650 million, their gold stock rose by about $1,000 million.

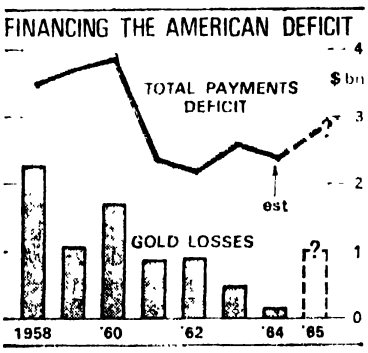
This build-up will not carry France to the top of the league. As a matter of policy, not only Britain—which is, after all, a reserve currency country—but also Switzerland try to hold 90 per cent or more of their total reserves in gold. Holland maintains a gold ratio of over 80 per cent. The only major European countries with gold ratios considerably below this level are Italy, Germany and Sweden. And **even the Germans have not put all of their exchange eggs into the dollar basket.** In November the Bundesbank held some $679 million of special US Treasury securities payable in marks—an amount equivalent to 10 per cent of the country's total reserves. Together with purchases of gold this represents a considerable reduction in the proportion of German holdings staked on "risk-bearing" dollars.

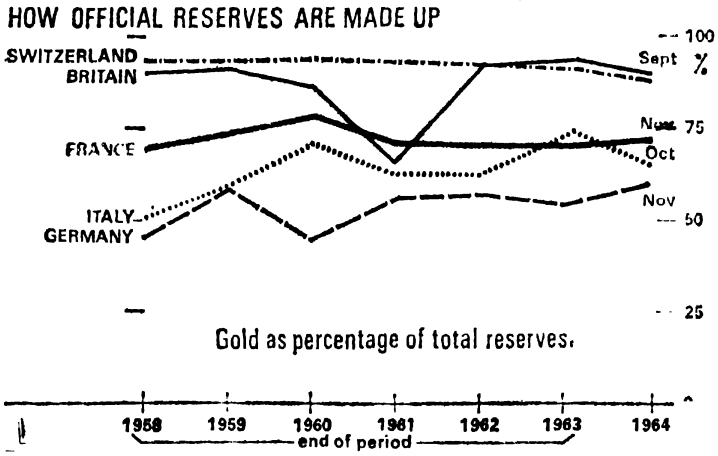


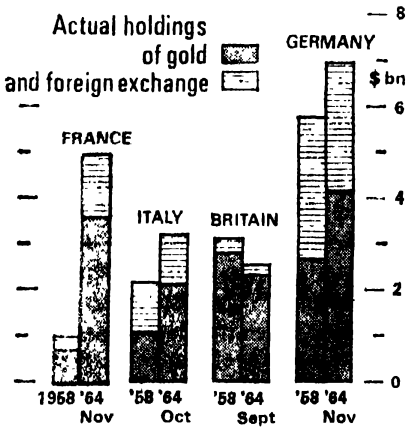
THE DOLLAR

The fact remains that this latest French move comes at an awkward time for the dollar. Last year the Americans managed to finance a deficit on their balance of payments of close to $2½ billion, largely through a build-up of private dollar balances abroad. The gold loss, some $125 million, was the lowest for years—despite the presumably expensive operations undertaken by the gold pool in the London gold market during late November and December.

This year's American deficit is likely to be larger still and its financing clearly far more tricky. Unless private calls on gold markets in London and now Paris taper off significantly—and the French move coming on top of lingering uncertainties over sterling is hardly calculated to soothe jagged nerves in either the gold or exchange markets—**America's gold losses this year could be substantial,** almost certainly the biggest since 1960.







BUSINESS INTERNATIONAL

INTERNATIONAL FINANCE

Operation Gold

DIFFERING national philosophies about the international monetary system are no longer of purely academic significance. France certainly is now taking every convenient opportunity to expose what it sees as the contradictions of the present gold-exchange standard. Specifically, it is pressing ahead with embarrassing conversions of its own dollars into gold, as discussed on page 133; it has taken a tough and conditional view of special loans for Britain; and it is insisting that the 25 per cent increases in International Monetary Fund quotas agreed in Tokyo should themselves carry the full gold subscription—which would actually mean that for Britain and the United States the whole operation would result in a reduction rather than an increase in international liquidity. On each of these points, French officials have carefully avoided crossing the line from normal diplomatic bargaining to outright trouble-making. France has not yet openly declared for a rise in the price of gold. Yet if France continues to indulge its gold preference, and to resist the creation of gold-substitutes internationally, then the eventual psychological result may not be so different, however discreetly and politely the gold operation is fought.

The argument about the IMF quotas, or "gold mitigation" as the negotiators call it, arises from the normal requirement for 25 per cent of quotas to be paid up in gold (the rest in one's own currency). This imposes a particular strain on the gold reserves of the United States, which beside its own gold payment will be faced with purchases of gold against dollars by other members of the dollar area in particular; and by Britain, which also will have to provide the gold for some sterling area countries and, because it has already drawn its whole "gold tranche" in IMF credits, will receive no compensating benefit for these gold payments. Certainly it cannot now lightly face a loss of, perhaps, $200 million, any more than the United States can welcome the estimated $500 million draft on its gold; together, these potential drafts represent about the total amount of gold added to official reserves as a whole in 1964.

Decreasing International Liquidity

So four possible ways of "gold mitigation" have been put forward:

1. *Waiver.* Article III, 4 (a) of the IMF agreement allows (but does not oblige) the Fund to waive the gold payment for countries whose gold and exchange reserves are less than their new, increased quotas. It appears that no less than forty-nine countries are in that condition at present, including both Britain and the United States—for the reckoning here is of net reserves, deducting short-term liabilities, by which token both Britain's and America's reserves are comfortably, or uncomfortably, negative. If these or all countries could pay in "gold certificates" rather than gold metal, that would be a useful, small, first step in genuine credit creation through the IMF.

2. *Gold deposit.* The IMF articles also have provisions for deposits of IMF gold in certain centres, including New York, London, Paris and India; and the Fund has already, as an "investment," sold some $800 million of gold against US Treasury bills, in a special gold account. But some continental central bankers are unhappy about seeing gold doing a double job in this way, first being paid in by Britain and America and then being redeposited with them; unfortunately, this mirror operation is seen by them as a danger, rather than a new version of the ancient money creating trick, already accepted internationally in the central bankers' swap operations.

3. *Special drawings.* Britain could make a special drawing of, say, German marks from the Fund; and use them to buy gold from the Bundesbank for transfer to the IMF, which would then sell the gold back to Germany against marks. Britain would thus end up with an increased repurchase obligation at the Fund. Difficult questions then arise of when such credits would have to be repaid.

4. *Instalments.* The most limited expedient is simply for the gold payments—but also the quota increases that go with them—to be spread out over a period. If this is the most that can be agreed, then the IMF mechanism will indeed be working in a perverse direction—with a quota increase actually putting more rather than less strain on sterling and the dollar, the currencies which need to be most reinforced.

It is wrong to suppose that the line-up in these arguments is France versus the rest. But the time may be approaching when France's continental partners can no longer reserve their positions in the gold/credit choice. Many of them—Germany, for instance—may have little inclination for experiments in international liquidity, but view with equal horror an increase in the price of gold. For them an unwelcome choice may be approaching. *Rueff, oui ou non?*

GERMANY

Cameras and Cartels

Frankfurt

THE New Year began with glad news for West Germany's camera-bugs: on January 1st, the six leading producers (among them Agfa-Gevaert, Kodak and Leitz) lowered prices of still and small movie-cameras, projectors and colour films, by between 3 and 17 per cent. Retailers, whose margins were correspondingly reduced, are not so happy. But the photographic industry did not decide on the cuts of its own free will. The Government Cartel Office observed some time ago that there was a certain amount of undercutting of manufacturers' prescribed resale prices, and hinted that camera-makers might like to consider lowering those prices or run the risk of legal anti-trust proceedings. They took the hint.

Lower prices are thus part of the struggle being waged to preserve the right to fix resale prices for consumer goods. In many fields rpm has already collapsed completely; only a few producers of electrical equipment have succeeded in maintaining it; the majority have had to satisfy themselves with "recommending" prices (most of which have been considerably undercut in practice). For chocolate and spirits it is much the same, and here too the collapse of rpm has brought lower prices in the shops and a cut in trade margins.

This was not exclusively the work of the wide-awake cartel office. In many cases competition was simply too strong for rpm

KEY INDICATORS

WORLD COMMODITY PRICES

The all-items indicator FELL almost 1½ points this week (to January 6th). Meat, sugar, soya beans and oils declined: cereals advanced slightly. Lead, zinc and tin prices continued to fall, but copper has regained ground over the past fortnight.

	Index 1958 = 100		Percentage change from*	
	Dec. 30	Jan. 6	Previous month	Twelve months ago
ALL ITEMS	107·3	106·0	− 2·8	− 6·3
Food	104 4	103 5	+ 0·1	− 16·7
Fibres	100 3	100 4	− 0·7	− 7 3
Metals	191·3	191·8	−20 1	+55 4

The Economist Commodity Price Indicator includes nineteen commodities weighted according to their relative shares of world trade in 1958.

** Changes relate to this week's figures, but these, except for the metal group, are provisional because quotations for tea and wool are not yet available beyond last week.*

to survive: generous trade margins provoked undercutting and gave the cartel office an opportunity to intervene and, where producers did not drop rpm, to make them cut maintained prices. This process is clearly not at an end. Can the automobile industry's rpm arrangements (still working faultlessly) be maintained if growing productive capacity is faced with stagnating demand? They have been abandoned in Britain.

SILVER

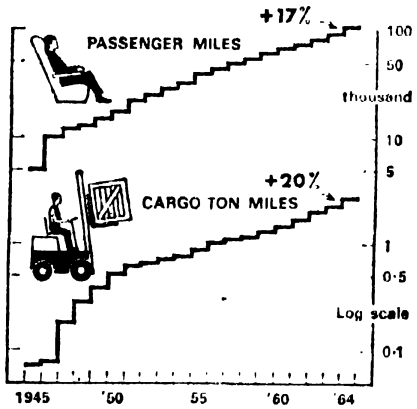
Every Cloud . . .

THE sterling crisis has added to the United States Treasury's difficulties in managing the world market for silver. The same diffidence about sterling that strengthened the price of gold at the end of 1964 led some speculators into silver—which has the added attraction of a statistical shortage that could well push the price of the metal far above present levels in the not too distant future. Imports of refined silver into this country were worth £25 million in the first 11 months of 1964, compared with £9.3 million worth in the whole of 1963, and brisk demand in December, largely speculative, must have increased the year's total considerably.

The United States Treasury is involved in the market because of the silver content of the subsidiary United States currency. If the price of spot silver were to rise above 138 cents the coinage would disappear into the melting pot. So the Treasury is selling from its vast store (nearly 1,200 million ounces at the end of 1964) to keep the price down. Spot silver remained at 129.3 cents in New York throughout the year—but only because the Treasury's stock was run down by 300 million ounces. Meanwhile a committee is due to report in February on whether or not the coinage should contain less silver or none at all. They can hardly opt for the *status quo*, since the Treasury's stocks will disappear in 3 or 4 years if the present rate of depletion continues. If the silver content is reduced or abolished the price can be allowed to rise to the point where supply equals demand.

Apart from American mint requirements, world demand for the metal for industrial uses and for coinage requirements outside the United States exceeded production by 100 million ounces in 1964, according to estimates made by Mocatta and Goldsmid, the London bullion dealers. They reckon that stocking by industrial users, particularly in America, plus the taking of speculative positions, mopped up another 50 or 100 million ounces, and that the balance of the Treasury's 300 million loss—100 or 150 million ounces—was accounted for by US Mint requirements. Increased demand from industrial users, particularly the electrical and electronics industries, has increased the shortage recently: industrial consumption in Britain increased by about 20 per cent to 25 million ounces in 1964. On the other hand, silver is produced in association with lead and zinc, and the strong rise in the price of these metals during the year could lead to higher output of silver; but this is most unlikely to plug the gap.

Flying 1964



Why air traffic rose so fast last year is a matter of speculation: the airlines are sturdily maintaining in the face of the evidence that lower fares on the North Atlantic had nothing whatsoever to do with it. But traffic did rise at an exceptional rate, freight even more dramatically than passenger traffic, and the airlines have been warned that although growth is likely to continue throughout 1965, the rate is likely to slacken. The International Air Transport Association has suggested that 14 per cent for passenger and 18 per cent for freight are the sort of increases to be expected, much closer to the average growth rates to which aviation is geared.

There was an acute shortage of seats at certain times but this is not likely to persist. 260 jets are on order for American airlines alone. Some are taking delivery at the rate of one a month and a very big jump in capacity is likely during the next two years—much bigger than the probable increase in traffic.

INDIA

Mr Shastri's Dilemma

Calcutta

THE new year begins badly for the prime minister, Mr Shastri, with prices still rising, against the normal seasonal fall to be expected as new crops arrive on the market. By the government's own admission the situation is "extremely grim." Not surprisingly, foreign businessmen at their meeting with Mr Shastri just before the year's end pinpointed inflation as the biggest economic challenge faced since independence.

The president of their association, Mr A. D. Ogilvie, laid the blame squarely on increased defence spending and changes in plan priorities since the emergency. In three years, outlays on defence have risen threefold, while capital expenditure on the plan has gone up by 50 per cent. Without matching increases in production, particularly of foodgrains, which account for the largest part of consumption expenditure, excessive liquidity has set in motion an inflationary spiral which has pushed the general price level up by 15 per cent in the past twelve months—much more in the case of cereals. Mr Ogilvie asked for changes in budgetary and fiscal policies to revive investment and production, and for a realistic approach to the next plan, starting in 1966.

A few days later finance minister T. T. Krishnamachari announced in parliament a system of tax credits to encourage investment in new issues. Like Mr Shastri, he admitted that the capital market was in need of succour, raising hopes that further concessions were on the way. Hope was strengthened by the announcement that Mr Shastri had invited leading industrialists to meet him in New Delhi for discussions, presumably on taxation and other problems. 1964 actually saw a substantial rise in new issues but most of it has had to be taken up by underwriters and financial institutions who are now overextended.

In private, government spokesmen are quite willing to concede that heavy taxation of corporate profits has so dimmed prospects of capital appreciation that property speculation and trade are more attractive than the stock market—especially as fortunes made elsewhere can evade taxation more easily. But concessions are politically difficult to make to shareholders unless relief is offered simultaneously to the common man caught in an inflationary spiral.

Businessmen know that the government is in a quandary. At the Calcutta meeting Mr Ogilvie seemed to accept in advance that no significant reduction might be possible in the next budget and pleaded, therefore, for modifying its incidence by spreading the total burden on to all those who could pay. He was referring to rich farmers, who get off very lightly at present. Tackling rural incomes raises grave political problems which Shastri may be reluctant to take on until he is much more firmly in the saddle. In the meantime, there is not much that can be done to widen the tax net except to plug loopholes. This is already being done, but it makes little difference to the total picture.

The real issue, therefore, is whether Shastri will have the courage to take hard political decisions without which there can be no substantial retrenchment in expenditure. Cutting back development will be unpopular and reducing the defence bill even more so, so soon after the Chinese let off their bang at Lop Nor. He clearly cannot go full ahead with both, but this is something that is still little realised within the country. It would help if the alternatives were stated sharply enough to make an impact on the public mind, a task in which the prime minister is obviously in need of assistance. None has been forthcoming, even from business bodies, who are as reluctant as any politician to risk the penalties of plain speaking.

WORLD BANK

Two-Tier Lending

AGREEMENT has now been reached on a scheme for a two-tier lending rate to be applied by the World Bank. This scheme, whose outlines were first made public at the Tokyo meeting last September, turns ordinary banking precepts upside down: for the higher lending rate is to be charged to the more credit-worthy borrowers, with a preferential rate for just those countries that could not borrow on their own standing in world capital markets. But the World Bank is not an ordinary bank, it is in the aid-dispensing business: so that its precept for charging is above all what its customers can afford, rather than what they are worth. The need to lever up lending rates on its richer borrowers arises from the World Bank's own return to world capital markets this year, following a period in which it has been able to finance new business entirely from liquid assets and the flow of repayments. And while the bank's issues in the United States have been granted exemption from the interest equalisation tax —a $200 million issue of 25-year bonds is to be made in the week beginning January 18—it is pretty clearly understood that excessive reliance on the American market alone would be distinctly unpopular with the United States Treasury.

So the World Bank will soon have to raise money again in Europe; and this is expensive money. In present circumstances there is no prospect of an issue being made below, say, 6 per cent anywhere other than in Switzerland (where a small issue is likely soon). Given the burden of interest payments on most developing countries the bank is very anxious to avoid an increase in its general lending rate of 5½ per cent. But to do this it has to find a way of recouping the additional cost of its European borrowings. The obvious method is to charge a higher rate, possibly 6½ per cent, to the relatively small group of richer and more credit-worthy countries, defined as those countries that can and do raise money in their own name on the international bond market. The group is small; the only likely World Bank borrowers in this category at present are Japan, Norway and Italy, though Australia may clearly return as a borrower in the future. Needless to say, these countries have not relished the idea of dearer borrowing at the World Bank; but they have accepted the point that, to preserve the element of aid for the countries that really need it, the better-off should take their World Bank money at more or less the rate they would have to pay in the market.

SHIPPING CONFERENCES

Has Senator Douglas Dipped His Flag?

SENATOR DOUGLAS leaves the chairmanship of the Congressional Joint Economic Committee in Washington this week. Many European shipowners are doubtless

FRENCH INDUSTRY

Mixing it with Monsieur Mouli

Pre-Mouli methods . . .

Paris

A troubled year lies ahead for electrical household appliances in France. For the first time, an American company, Scovill Manufacturing Company, has a foothold in France and is showing every intention of attacking the king of the market: Moulinex. This means war. Attacks so far have been discreet, but direct enough for a real offensive to be expected.

Scovill got a foothold in France in the usual way. It took control of a small company established in Lourdes, Les Etablissements Laurent, employing 250 people and making pocket torches, miners' lamps, mixers, coffee grinders, hairdriers, and so on. The first attack on Moulinex was a staff raid: one after the other, Scovill enticed away the director-general, the export director and the chairman's personal secretary. Shortly afterwards, it stole a march on Moulinex with full-page advertisements in the biggest French newspapers. Moulinex replied with a double page.

The affair would be of little importance if it did not concern such an unusual market and a company as extraordinarily dynamic as Moulinex. Known the world over, Moulinex was created by one small-time engineer without a diploma to his name. The founder and chairman, M. Mantelet, broke into household equipment 33 years ago with a speed unknown in France. The key to his unfailing success: to manufacture at the lowest possible price in order to widen the market.

The story of M. Mantelet's beginnings illustrates his methods. In 1932, he presented his first piece of household equipment, a vegetable mill, at the Lyons Fair at a price of 36 francs: it flopped. A few months later, the same appliance was presented at the Paris Fair at 20 francs: success. The following year M. Mantelet was selling his vegetable mill at 15 francs and producing 2,000 a day. "Moulin-à-légumes" (vegetable mill)—the name of his company—prospered. Ten years ago now, it allowed M. Mantelet (then employing 750) to found a second company which made his fortune: Moulinex. This company now has a turnover of Frs. 200 million (£15 million), employs 7,000 people in five factories, builds 40,000 electric motors a day and exports to 90 countries.

The creation in 10 years of a European-size firm, capable of exporting to the world, is proof of exceptional dynamism. The secret of Moulinex's success, which allowed M. Mantelet to say "I have no competitors," was to be ahead of the field in the revolution brought to household equipment by the electric motor. Moulinex practically created a market for each appliance launched, taking the lion's share.

The first big success was the coffee grinder. Moulinex launched its model in 1956 at Frs. 14.90 and in that year a few thousand were produced in France. In 1961, production reached 3,500,000 units and the market began to be saturated. There was a similar phenomenon in hair-dryers. These were expensive, and only 70,000 were made in 1959. In 1960, Moulinex launched its model and consumption climbed to over 1.5 million units. Similar successes were scored by the kitchen robots (whisks, mincers, mixers), vacuum cleaners, and more recently by peelers, liquidisers, spin-dryers and fan heaters.

Although there are not more than two or three models per appliance, the Moulinex range is wide. No European manufacturer has one comparable. Scovill's range in France is still much more restricted. For the battle with Moulinex, the chosen weapons are coffee grinders, hair dryers and mixers, i.e., the cheapest appliances, which have not yet saturated the market. About 68 per cent of households have coffee grinders, 24 per cent mixers and 14 per cent hair dryers. On these, Scovill is now ready to attack on prices, and it is backed by a American parent company (turnover £59 million).

Cut to the quick by Scovill's first attacks, M. Mantelet stated: "They would need to spend Frs. 100 million to kill me." In spite of its size, this sum is quite within the reach of Scovill's. Moulinex on the other hand is one man's company, and M. Mantelet is 64 and childless.

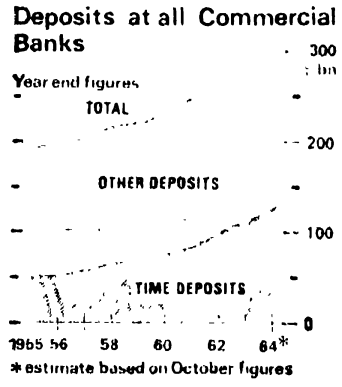
The battle may be very tough for Moulinex if other companies, particularly Philips, come in against it. Scovill alone, he should be able to tackle single-handed.

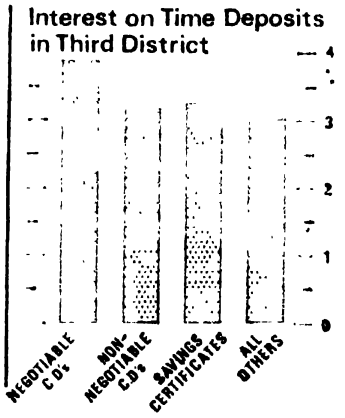
hoping that the heat will thereby be taken off the Federal Maritime Commission's efforts to curb the European shipping conferences. Much of this heat was generated originally by Senator Douglas, who claimed that disparities between inbound and outbound shipping freight rates were and still are harming American exports—it is alleged to be costing American companies more to export than to import. This thesis is just as questionable now, after the publication of last week's report of the JEC, as it was when Senator Douglas first promoted it more than a year ago. But one recommendation made in the JEC report was that an international conference should be called to discuss shipping agreements. The JEC said it wanted this conference to elicit "needed information" on anti-competitive agreements in shipping and on the cost and profitability of shipping lines.

The initial reaction from European shipping nations will probably be to deny that agreements between shipping lines are anti-competitive, and hence to question the need for a conference. But there is a distinct difference between the Senator's thesis about freight rate disparities, and the larger subject of uncompetitive shipping agreements. Even though European shipowners have no sympathy for American suspicions about the shipping conference system, it might be worth their while to attend an international conference which discusses the regulation of freight rates—if only to have a forum for putting their own point of view. If this happened it could strengthen the hand of the American government—which has no control over the JEC, and only a little over the FMC—in putting a sensible shipping policy before a notoriously seasick Congress. If, on the other hand, the new and developing shipping nations stood firmly behind the United States in its criticisms of the conferences, instead of privately supporting it while publicly condemning it as they are doing now, this might have the very useful result of making all governments of shipping nations take a collective look at shipping agreements—how they are and how they ought to be arrived at. It is little use the companies thinking that Senator Douglas's stepping down means that everything will now be as it was before ; the Senator is still a member of the JEC and will hardly be a silent one.

Time Deposits Compete

PHILADELPHIA





Americans as a whole have been, and in many cases still are, remarkably insensitive to differentials in interest rates within the boundaries of their own country. Frequently this thick-skinned approach to interest rates has been carried over into business affairs and not uncommon is the corporate treasurer whose reply to queries about how he uses idle company funds is "we're in manufacturing, not investing." However, an increasing number of Americans do now shop around for a good return on their savings. This, combined with vigorous competition among savings institutions for savers' dollars, has produced a new sophistication. One manifestation of this has been a dramatic increase in the dollar volume of time deposits at commercial banks. Unlike savings accounts, which may only be held by individuals or non-profit-making organisations, time deposits may be held by any person or institution.

There are two major types of time deposits: certificates of deposit and open-account contracts. CDs, issued by a bank to a lender, state that the lender will keep a certain sum on deposit for a predetermined length of time at a fixed rate of interest. These CDs may be negotiable or not. Open-account contracts specify rate of interest and date of maturity but they are not negotiable and not necessarily for specified sums.

In an effort to learn more about these time deposits, the Federal Reserve Bank of Philadelphia has conducted a survey in its district. In this Third District by far the largest proportion of time deposits is held in the form of negotiable CDs. There are two reasons for this. First, they carry the highest rate of return in the district. Second, and this is especially important for corporate holders, negotiable CDs have become the second largest instrument after Treasury bills in the United States money market. This liquidity is particularly attractive.

While demand deposits have remained virtually constant in the district since 1961, and actually declined for the country as a whole, time deposits in the Third District climbed by $2 billion, apparently for several reasons. First, savers of all kinds have become more sensitive to interest rates. Individuals who can receive only 3 per cent or so on savings accounts at some commercial banks can earn about 4 per cent in time deposits. Corporations find CDs competitive with other money market instruments for many maturities.

Second, on the demand side, commercial banks need funds to lend. Time deposit funds are more stable than demand deposits—they may be withdrawn only on 30 days' notice—and considerably lower reserves need to be maintained against them, although they cost more than demand deposits (which receive no interest by law). Third, the increased volume of funds invested may have outstripped available government and corporate debt in the money market and time deposits are an obvious solution to this problem of supply and demand.

The Philadelphia Fed's study* shows also that banks with total deposits of over $100 million hold more than 60 per cent of all time deposits. The survey confirmed something which many bankers have maintained for some time, that individuals prefer to deal with smaller banks while corporations prefer to deal with larger institutions. Large banks in the district held over 80 per cent of the dollar volume of corporate time money, while smaller banks held almost 80 per cent of individuals' time deposits.

Another interesting titbit revealed by the survey is that the lowest rates are paid on time deposits held by the banks' own trust funds. For example, in the largest banks, trust fund money earned an average of only 1.98 per cent annually. Another group receiving particularly low rates of return is non-official foreign holders. Their funds, on deposit almost entirely with the largest banks, earned only 2.53 per cent. Business readers will be particularly interested to see that corporate time deposits in the Third District received lower average interest rates than those of several other types of holder at banks of all sizes.

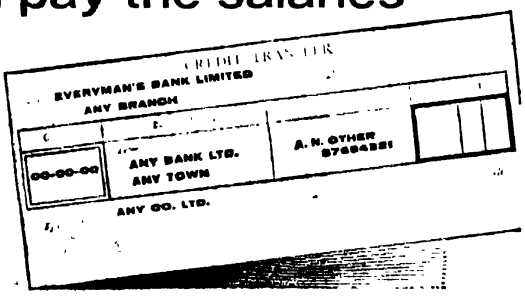
* In its *Business Review*, December issue.

"237 salaries—all paid on one cheque"

Credit Transfers have saved us I-don't-know-how-many clerical man-hours over the last year alone. Particularly on the salaries side—*one cheque*, instead of 237. Everyone is delighted—most of all our accounts department who, much to their satisfaction, now find themselves able to get away home on the dot each day.

How Credit Transfers can help you pay the salaries

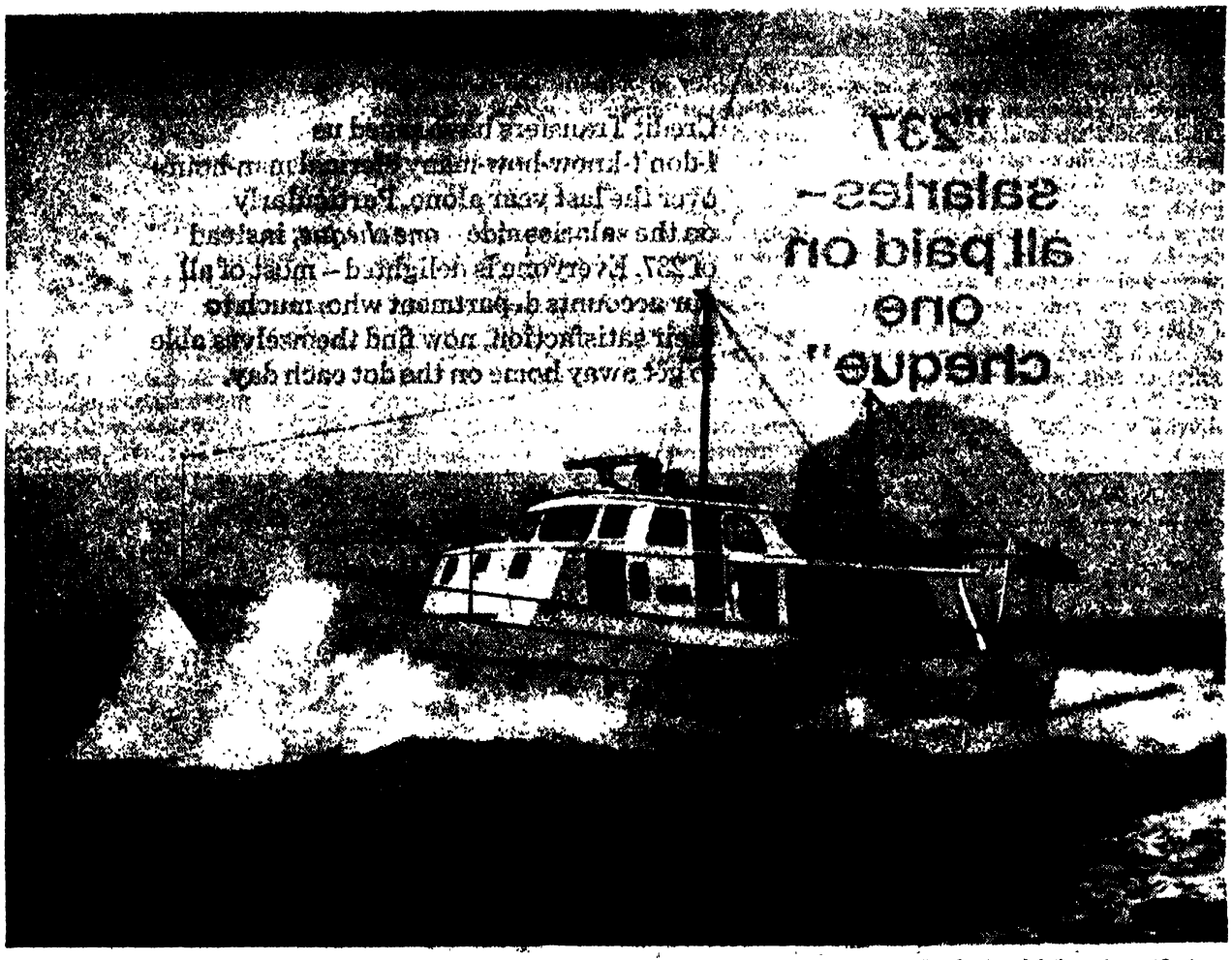
Your accounts department makes out a Credit Transfer slip payable to each salaried staff member through his or her bank. These are listed and totalled, and one cheque is made out. You then send this one cheque, with the list and the Credit Transfers, to your own bank—who will then do the rest by sending out the various Credit Transfers to the banks concerned. If your weekly-paid staff accepts wages through the bank, then of course the same principle—and benefit—applies.



Ask your bank about **Credit Transfers**

part of the comprehensive system for the transmission of money operated by the Eleven Clearing Banks

BARCLAYS BANK · COUTTS & CO · DISTRICT BANK · GLYN, MILLS & CO · LLOYDS BANK · MARTINS BANK · MIDLAND BANK
NATIONAL BANK · NATIONAL PROVINCIAL BANK · WESTMINSTER BANK · WILLIAMS DEACON'S BANK



"Neleh"

For further details and specification of this type of yacht contact sole agent, GEORGE B. BUTLER ESQ., 26 Hans Crescent, London, S. W.1.

BUILDING PROGRESS PAYMENTS
MARINE MORTGAGES

for British Registered Craft (Income tax relief may be claimed on interest charged).

CREDIT FINANCE

for Non-Registered Craft; Marine Engines and Plant Machinery

Our Marine Manager Commander D. F. Johnson D.S.C., R.N. (Ret'd) and his colleagues will be available on the **LOMBANK STAND IN THE HARBOUR FEATURE** throughout the period of the International Boat Show, Earls Court, 6-16 January, 1965.

LOMBANK
MARINE DIVISION

Lombard House, 5 Aldford Street, Park Lane, London, W.1 Tel: GROsvenor 6211 (20 lines)

A Subsidiary of Lombard Banking Limited

BUSINESS BRITAIN

BANKING COMPETITION

Never Beyond the Fringe?

It now seems clear that the London clearing banks have settled on the way in which they will compete for deposits: indirectly. The banks have always had strong reservations about any direct competition among themselves for money at market rates, since they fear that this would inevitably make them pay more on their existing deposits as well as on new deposits. And when Mr Reginald Maudling as Chancellor of the Exchequer in effect blocked a limited move for more competitive deposit rates in the autumn of 1963, many banks breathed a private sigh of relief—the idea had in any case started with outside commentators, and with Lord Cromer of the Bank of England, rather than in the clearing banks themselves. Yet this great banking debate did convince bank managements that they should find indirect ways of bidding for money at market rates. Banks like the National Provincial, with wholly owned hire purchase subsidiaries, had a ready made instrument. The Midland Bank, in addition, formed a new subsidiary in association with overseas banks to specialise in export finance; and Barclays formed its own export finance subsidiary. But the business of these subsidiaries need not be rigidly confined; thus a customer who nowadays asks his clearing bank whether it can place say £100,000 at the going rate in the local authority deposit market is likely to find himself steered through the appropriate subsidiary rather than turned away.

In the past week Glyn Mills, one of the smaller clearing banks which is in itself a subsidiary of the Royal Bank of Scotland, has taken this logic to its farthest point yet, by creating a subsidiary finance company with a capital of £500,000 to carry on general finance business. Glyn Mills Finance Company will take deposits from those of Glyn Mills' own customers—initially not from others—who want to deposit large amounts for fixed periods at current market rates of interest. Export finance is likely to be among its activities but there is no attempt to confine it to this sphere, even initially. In effect this may mark the first creation by a London clearing bank of its own subsidiary merchant bank—a few weeks after the National Commercial Bank of Scotland joined with Schroder Wagg to set up a new merchant bank in Glasgow.

EXPORT CREDIT

More, but not Cheaper?

It looks certain that the package of export incentives that Mr Jay is expected to announce on January 19 will include some improvement of the credit facilities available to British exporters. It also seems that strong opposition remains in the City to the key step that is necessary for any really significant advance: provision of cheap export finance from an official source. The Bank of England, like the Bank of France, should offer a special low re-discount rate for export paper.

The changes that are being given favourable consideration concern medium-term credits. At present the joint-stock banks provide credit for from 3 to 5 years at a fixed interest rate of 5½ per cent, for amounts of not less than £100,000. Mr Jay may decide to lower the £100,000 floor, which would be administratively easy. He may also have suggested to the joint-stock banks that they provide their fixed interest credits for periods of from 2 to 5 years. Lowering the bottom limit to two years would greatly increase the amount of business and would add to the risk, from the banks' point of view, that fluctuations of Bank rate above and below 5½ per cent might not go near balancing each other out in the shorter period, so that they would be left with an unlooked-for profit or loss. However, it should be possible to find a way round this if only the principle of a special discount rate for exports were accepted. In France, export paper can be discounted at the Banque de France at a rate ½ per cent below the normal discount rate. In addition, the banks are able to give a cheaper rate on the portion of clients' overdrafts attributable to export operations. Considerable administrative preparation might be needed before such a scheme could be introduced here: all the more reason for deciding to begin now. One possible snag is that the British joint-stock banks do not have direct access to the Bank of England, but go through the discount houses for their needs. If necessary, they should now be allowed direct access for export paper—there is no need for the City's established patterns to be treated as sacred cows.

An important advantage of such a scheme is that it would be possible to cheapen short-term export credits too, being applicable to all export paper. The longer the period of credit, the greater the impact of high interest rates on the price to the customer, so a special rate for exporters would do more to increase our competitiveness on goods requiring medium or long-term finance. On the other hand, they put more strain on the balance of payments than short credits. Discounting export paper at the Bank of England would, of course, formally widen the monetary base, but modern methods of monetary management are well able to take care of any excessive increase of liquidity that might result.

KEY INDICATORS

THE BRITISH ECONOMY

GOLD RESERVES

Down. Drop of £10 million hides more than it reveals.

EMPLOYMENT

No change for the third month running.

	Month	Index 1958 100	Percentage change from: Previous month	Three months ago	Twelve months ago
Industrial production *	October	129	+2	+2	+5
employment *	November	104·1	Nil	Nil	+1·1
productivity *	October	124	+2	+2	+3½
Export trade *	November	123	+3	−3	+3
Retail trade *	October	124	+1½	+3½	+4
Unemployment *	December	81·0	Nil	−6·4	−25·2
Wage rates (weekly)	November	124·7	+0·4	+0·6	+4·7
Retail prices	November	117·3	+0·8	+0·9	+4·6
Export prices	November	108	Nil	Nil	+2

* *Seasonally adjusted. Indicators of export and retail trade reflect movements in volume terms, i.e., in value at constant prices. Unemployment indicator refers to numbers wholly unemployed, excluding school-leavers. Total unemployment level in December running at an annual rate of 1.5 per cent.*

TRANSATLANTIC TAKEOVER

Who's This Guy Huddersfield?

DAVID BROWN of Huddersfield is a family company known the world over as the maker of Aston-Martin sports cars regardless of the fact that the bulk of its activities consist in making industrial gears and tractors. Breaking into the American market for gears some years ago, the company was obliged to buy a substantial stake in the Chicago company of Foote Bros., with which went an option to buy a controlling interest. Foote was subsequently merged with Whitney Chain and Gear, which in its turn was taken over by Hewitt-Robins, a holding company big enough to be quoted on the New York Stock Exchange (its market capitalisation is nearly $25 million). David Brown retained its interest and its options throughout these moves. Recently the company was faced with a decision on whether to take them up. It decided to do so, which would have given it 240,000 out of a total of 689,000 shares. So David Brown decided to go one further, and put in a bid by tender which would give it a controlling interest in Hewitt-Robins too.

The reaction was the immediate and familiar one that occurs whenever American companies try to take over European ones. Only here was a British company, and a private family one at that, still owned and run by David Brown, father and son—making a bid for an American one. The first ploy was to raise the interim dividend and seek a more suitable i.e., true-blue American, partner for Hewitt-Robins. Tentative talks that had been going on with Litton Industries, the fast-expanding electronic and office-equipment group, run by a former colleague of Mr Macnamara's at Ford, Mr Tex Thornton, became much more pressing. The move had no apparent industrial logic, for Hewitt-Robins' chief business lies in conveyor and processing machinery and in power transmission equipment, which is where David Brown (and Foote Bros.) came in. A merger through a share exchange with Litton was proposed, to be agreed at a special meeting due to be held on January 14th. David Brown appealed in the courts against Litton's being allowed to vote with the shares Hewitt-Robins had already issued to it, and an injunction has been obtained. Now although the shares can be issued to Litton, the votes cannot be counted until after the full legal hearing, which is due to start on January 19th. Apparently the depositions put before the court by the directors of Hewitt-Robins are what might be called Gaullist in their rejection of the foreign invader. Meanwhile David Brown has given further proof of enterprise by getting some very valuable heavy tractor dealerships recently relinquished by Ford in the United States, so that, with estimated sales of up to 6,000 a year, it should be well compensated even if its bid for Hewitt-Robins is unsuccessful.

COMPUTERS

On the Defensive

A FEW off-the-cuff remarks about imports of computers made by Mr George Brown last week have touched a raw nerve. Suddenly, the Treasury announces that government departments will buy 42 computers for installation by 1970 in addition to the 45 already in use (confirming, incidentally, the frequently disputed claim of American companies that all but nine of those are British). The Board of Trade Journal carries an article from the biggest British computer maker, International Computers and Tabulators, explaining why British computers are inferior to American—for this is what the recent high rate of computer imports signifies (a proportion of those imports consists of American computers sold by British companies under licence). And everyone's bogy-man, the American company, International Business Machines, spends the week trying to look as inconspicuous and as British as possible.

Why have British computers fallen behind American when it looked in the late 1940s as if this country might conceivably have a head start? The Board of Trade Journal suggests three reasons. One is the relative cheapness of office staff in Britain compared with America, which has reduced the financial incentive to computerise paper-work. Another is the different scope of American and British defence and space programmes. American air defence, to take one example, required elaborate computers specially developed, so did American space research. Comparable British programmes make do with ordinary civil designs, hence fewer fat defence contracts and less government money for computer development. The electronics industry here finances most of its own computer research—not always generously or wisely. ICT, which is repeatedly infuriated by the way English Electric filches computer orders from it, has its own special reasons for saying that a basic weakness of the British computer industry has been "that scarce talent was dissipated" among competing designs, but there is some truth in this, and when large and vital contracts for military computers, i.e. those needed for atomic weapon design, were placed with British industry, the effort any one company could put on to them was so small as to make delivery unnecessarily slow, and the computer full of trouble when it arrived. The four successive mergers that produced ICT—the chairman is still talking in his latest report about reorganisation to digest them—have reduced the "dissipation" of scarce talent, though the process of rationalisation has probably not gone far enough to suit ICT which would prefer to be the only native company in the British computer market (a development that would automatically give it the lion's share of government orders). The purely British designs now on the market are also more competitive with American than they have been for 14 years. Imports must fall, if only because the sale of computers under licence will now cease. The British industry has needed government help in the past, it will in all probability need help in the future; it is not at all certain that it needs help now, but if the government thinks it does, the industry is hardly likely to argue.

SAVINGS AND MONEY

Natsavits?

THREE new ideas for National Savings are now under consideration at the Treasury, where the new government's National Savings policy is being formulated. Two of these, contractual savings and a special investment department of the Post Office Savings Bank, have been inherited from Mr Maudling's tenure of the Treasury. The third, a state unit trust, has been a pet idea of some Labour thinkers for some time.

The explosive growth of life assurance and unit trust savings schemes suggested that there might be a potential demand for some sort of contractual savings facilities (of which the essential feature would be a bonus for those savers that stay the full course). But much of the growth of life assurance consists of pensions business (stimulated by the 1956 Finance Act and the graduated pensions scheme) and the unit trust investor tends to be a rather different animal from the regular National saver. The wisest course would be to carry out some preliminary market research to assess the strength and type of this demand.

But there seems good reason to go ahead with the scheme to give the Post Office Savings Bank, a Special Investment Depart- of its own, on the same basis as the present SID's of the Trustee Savings Banks, which generally pay around 5 per cent interest. Post Offices are more convenient for some people and there are more of them.

With no less than one hundred and six unit trusts now operating in the country, it might seem surprising that there should be any room for state participation in this new field. But the weakness of the present unit trust movement is that units in general cannot be bought over the counter, thus making it more difficult to extend the unit trust habit to smaller non-bank-account investors. This is a job the clearing banks have carefully fought shy of, probably with good reason. There are too many trusts and at bank branches, staff would undoubtedly be pestered to give advice on the relative merits of different trusts. A single state unit trust reaching the customer through the post office would therefore meet a real need. But there would be no need to set up yet another whole new government sub-department to run it. The government should draw upon and build upon the unit trust expertise and facilities already existing in the City and at the office of the single "public sector" unit trust management group, which now manages the Local Authority Mutual Investment Trust, and the Charities Official Investment Fund.

FILM RENTALS

The Old Old Battle

THE Rank Organisation like so many other industries, and followed as usual by many other film exhibitors, is raising its prices of admission by about 6d. At the same time it is attempting to alter the "break figure" in its agreements with distributors, and thus alter the level at which a cinema is supposed to pay its way. This has happened before, without much fuss, the last time two or three years ago. Now things are different. The British Lion affair, and the current Monopolies Commission enquiry into the machinery of film exhibition has made the independent producers angry enough to complain, and produced a protesting letter in *The Times* on Tuesday from three members of Parliament.

The independent producers are not represented in the negotiations now going on which are conducted by Rank with the distributors, performing here the role of wholesaler. Most of the distributors are American and in a rather weak position vis-à-vis Rank and ABC, the other major circuit, who are both under strong pressure, especially now, to show a proportion of British films far greater than the quota. This they do, although many of the "British" films are distributed by American companies. The trouble this time is compounded by the polarisation in popularity of films. The most lucrative are now so profitable that it is very natural for Rank as a cinema owner to share more fully in the profits. But the majority scarcely scrape by, and producers making them are hard hit by any increase in the cinemas' break figure. Because of Rank's strength, the "negotiations" it conducts under these circumstances are largely nominal and tend to have a foregone conclusion.

Critics of the Rank Organisation within the industry complain that this is merely a further step in its campaign to drive everyone else out of the business before the Monopolies Commission report—which is likely to be a thorough job, judging by the weight of evidence being collected. Others may feel that it is just a combined product of Rank's occasional lack of diplomacy combined with the extreme inequitability of the present British Film Levy, which lavishes its proceeds on those film producers who are already making the most money. Nor does it ensure in any way that the money is reinvested in the industry. There are a number of very simple steps which could be taken—and have been taken abroad—to remedy this situation, without involving any expenditure of government money. Levy money can be geared less to actual box-office receipts: quality bonuses can be awarded, especially for short films: a proportion of levy money can be reserved for further production. Many film people are getting restless at the government's apparent lack of interest here, and asking what Miss Jennie Lee intends to do about it.

RAILWAY FARES

As Night Follows Day

AFTER the recent railwaymen's pay award which the British Railways Board says will make up a large part of the expected £30 million rise in costs this year, rail fares outside the London area will go up on February 1st by a farthing a mile and freight rates by about 4 per cent. Here the association between cause and effect is blindingly simple. The London area, stretching some 30 or 40 miles around the city centre, is supposed to be escaping the increase in charges even though there have been recent wages increases for London Transport workers. But the Transport Tribunal is even now considering an application from the Railways Board to increase season ticket rates in the London area by five per cent and to withdraw the statutory day return fares. Even though this application went to the Tribunal before the London men got their wage increase, this was anticipated and was used in evidence by the Railways Board before the Tribunal.

DEVELOPMENT DISTRICTS

Where's The Rub?

EVERYBODY knows in a woolly sort of way that the package of grants and tax reliefs offered up to companies by Mr Maudling in 1963 for their capital projects in development districts were of unprecedented generosity. But just how much do they mean to a company in terms of profits or, for a given level of profits, of reduced capital costs? The Board of Trade attaches a good deal of significance to calculations carried out by Mr A. M. Alfred, chief economist at Courtaulds and published in the current issue of the Journal of Accounting Research.

The benefits a company gets from investing in a development area, rather than somewhere more congenial, are grants of 10 per cent of the cost of its plant and 25 per cent of the cost of machinery (for development districts in Northern Ireland these go up to 33⅓ per cent of the cost of plant and buildings). It is also allowed free depreciation, which can mean that the whole cost of the investment can be written off for tax immediately. The company with profits from other activities will have the advantage of getting its relief sooner, perhaps all of it in the actual year of the investment.

Mr Alfred has assumed the existence of sufficient "other" profits and applied discounted cash flow techniques to these grants and tax benefits. The conclusion is that for a given level of profits, a company could afford to spend up to an extra 35 per cent on plant and 25 per cent on buildings if it went to a development district (for Northern Ireland, read 70 and 40 per cent). Alternatively, for a given capital outlay, the grants and benefits would compensate him for a drop in profits of up to about a quarter (30 to 40 per cent in Northern Ireland). Moreover, the benefits have been discounted in this analysis at 7 per cent, which Mr Alfred treats as the cost of equity capital. This cost (which some directors seem to think is nil) in fact varies from company to company. Had Mr Alfred used a 9 per cent discount rate, which some experts would have considered equally reasonable, his results would have been even more spectacular.

Then why have companies not been flocking to these areas? Mr Alfred thinks the Government does not sell these incentives energetically enough, but there could be three other possible factors. One is managerial immobility. Top company managers comfortably settled in Surrey or Solihull could feel unenthusiastic about migrating development area-wards whatever the profitability, especially if they had never visited one. Then there is managerial myopia. As the Richardson committee showed, this country is well endowed with company managers who do not allow for tax when evaluating different projects. How many of these, one wonders, would be able to quantify the advantage of free depreciation? Thirdly, there is the volatility of profits. The hard fact is that a compensation of up to 25 per cent of profits is not really as generous as it seems. Profits are a residual figure, not, in even a feebly competitive world, a component of cost. Suppose a company's turnover is £100 and its profits £10. The benefit of moving to a development area then would be extra profits of 25 per cent or £2½. But this must be seen against the company's total cost of production, namely £90. The company in other words would be compensated for extra costs of up to £2½, or 2.8 per cent of its total costs. Transferring to a development area would therefore only be worthwhile if the company's costs were thus increased by no more than 2.8 per cent. And to how many companies would that apply?

GOLD AND EXCHANGE MARKETS

Further Disappointments

ON the optimistic view, this first week of the new year should have seen a full blooded recovery by the pound from its difficult year-end tests. Some recovery there was—but precious little. On Monday the spot and even forward rates strengthened slightly as some of the funds that had earlier been withdrawn from London to fatten up December balance sheets abroad, and to hedge against any official wickedness over the (traditionally suspect) long holidays, began to return. But the inflow has been small, and virtually no funds have come back uncovered. In the event, moreover, these early gains were not held. By Thursday the pound was back down to $2.79 against the dollar—itself to close to its official floor in many continental centres—and the Bank of England was again supporting forward sterling.

For this, the new uncertainties created by the French decision to convert dollars into gold must have been partly to blame. The impact of the French move on the gold markets in Paris and London was substantial, after a momentary softening of the market on Monday as a result of gold sales by Egypt. Feverish speculative buying in the small French market pushed up gold prices there by as much as 3 cents a fine ounce for bullion on Tuesday, and a further rise on Wednesday brought the price to the equivalent of $35.13, its highest level since the Cuban crisis; turnover in ingots amounted to some $1.4 million, more than double the normal daily figure. In London too, intense activity carried gold prices to a two-year high, official supplies being given only grudgingly. By Thursday demand in London had fallen back to more moderate levels but the price at the fixing was allowed to rise further to $35.13⅜, bringing the total increase over Monday's close to 1⅛ cents. Activity also slackened on Thursday in Paris. But turnover was still above normal, and ingot prices held steady. Both markets remain extremely sensitive.

Clearly all of this makes it more questionable than ever whether the Bank of England will be able to recoup much of its earlier losses in support of the pound over the early weeks of 1965. It is still impossible to say just how much ground has to be made up. Oddly enough, the published figures on Britain's reserves for December managed willy-nilly this time to exaggerate the true fall. On the official arithmetic the reserves fell by £10 million to £827 million. Set against the enormous additions to the kitty of £357 million from the International Monetary Fund and a parallel credit of £28 million from Switzerland were special payments of only £23 million: £18 million on the 1961 Swiss credit; £3 million on Marshall aid and £2 million (in interest deferred in 1956-57) on the postwar North American loans. Not a word has been said—officially—about repayments of the August to mid-November Basle credits (Mark I) which clearly must have absorbed the bulk of the IMF drawing. Nor, more significantly, has any indication been given of the extent to which the Bank of England has had to dip into the central bank credits (Mark II) granted at the height of the recent sterling crisis. It is known that some use of the $3 billion had in fact already been made in December, for straight supporting purchases of spot dollars; in addition, a further and probably more substantial slice was mortgaged ahead by the authorities' purchases of three and six months forward dollars.

SHORTER NOTES

■ The explanation for the staggeringly high cost of hiring a tower crane quoted in *The Economist*, December 19, 1964—was not the superiority of the crane but the intrusion of an extra 5; the hiring rate per week is £50, not £505.

*

Stocks of bricks crept up slightly last November: 674 million were produced and 670 million delivered during the month. But the build up of stocks was all in non-flettons. Stocks of flettons—the cheap mass produced bricks made of "Oxford blue clay"—now stand at about 25 million. If the dispute over pay in this part of the industry is not settled, the threatened strike starting on January 25th may have a disastrous effect on building plans throughout the country.

*

■ A pilot, Captain James, currently in charge of British European Airways' flight operations, has been appointed to BEA's board; he is the first professional pilot to reach such eminence on this side of the Atlantic. The most recent example of successful pilot promotion in the United States has been Floyd Hall, who not so long ago was flying for TWA and who has recently taken sole charge of the very big and ailing American domestic airline, Eastern, with responsibility for putting it right. Captain James' promotion will certainly increase pressure for a pilot on the board of the British Overseas Airways Corporation, where past attitudes towards air crew have been notably undemocratic.

■ The furniture industry may be given a little helping hand by the government. The Board of Trade is considering an application for import rebates on selected materials used in exported furniture. The list includes certain timber, plywood and other laminated wood products, chipboard and certain kinds of glass and laminated impregnated paper. But the price of furniture for the home market has already started to rise.

For messing about in

A DEVONSHIRE boat builder was rolling twenty-five £725 four-berth sailing cruisers a week off the production line at the height of last summer. His total output for the year was 587 boats of five different designs; roughly two-thirds were exported—to both Europe and the United States. This year output is expected to reach about 700 vessels. Fibreglass makes this scale of production possible; it also makes it essential if prices are to be kept down—the cost of the mould alone is not far short of £10,000. But fibreglass is not just for the cheap end of the market. Powerful motor cruisers and architect-designed ocean racers in the £5,000 region are also being pressed out—although not in such quantity. Halmatic, now part of the Hunting Group, has sold 72 largish boats costing £5,475 each in the last 15 months, and its smaller design will sell at £3,410—roughly half the price of the equivalent custom-built vessel (but far more than a Jaguar).

The small boat market has been soaking up a growing amount of consumer spending in the past five or six years. It is an obvious target to be hit by more expensive credit but the builders themselves hope this will merely mean that families will buy less lavishly fitted boats than they might otherwise have chosen. Although there is still enough demand for the true luxury yacht—particularly motor vessels—selling at over £25,000, to keep the specialists in the business occupied, the main market is for the cheaper, small, soundly constructed weekend cruisers—specially those that trail behind a car. The shortage of moorings, which even the opening of all the marinas now planned will not completely overcome, makes this almost essential.

The desire to sleep on board has continued to hit the popularity of small outboard motor driven runabouts. And the spate of new designs of sailing dinghies—and the rush of demand—has also levelled off. *Which?* published a survey of sailing dinghies in its January issue. The conclusion it reaches may not be as obvious to the novice as it sounds to the experienced sailor: the dinghies that are the most exhilarating to sail are also the most difficult—and are not for the learner. Which has possibly some bearing on the troubling rate of sailing accidents.

consult us at the earliest planning stage. More than 1000 Royal Bank branches throughout Canada are in an excellent position to provide practical help and information to anyone interested in this growing market. Wholehearted co-operation and practical assistance is available to you through our London offices.

THE ROYAL BANK OF CANADA

Incorporated in Canada in 1869 with limited liability

HEAD OFFICE: MONTREAL · ASSETS OVER $6,000,000,000

LONDON BRANCHES: MAIN BRANCH 6 Lothbury EC2 · MONarch 6633
WEST END 2 Cockspur Street SW1 · WHItehall 7921

IF GESTETNER HAD BEEN THERE:

in view of the increased efficiency of his administration, the achievements of Henry VIII's reign would have been even more glorious.

Unfortunately for our remoter ancestors, the Gestetner process was not invented until 1881 . . . The time they were obliged to waste! And the money! And the effort! For the last 80 years, however, businessmen and administrators have been better able to concentrate on the things that matter, thanks to Mr. Gestetner's enterprise. There are now fast, simple and economical on-the-spot duplicating and printing machines available for every size of business, for every kind of office. Your local Gestetner branch (see the phone book) will show you what they can do to help *you* in *your* business.

Gestetner **the world authority on office printing**

stencil offset GESTETNER DUPLICATORS (B.S.O.) LIMITED · GESTETNER HOUSE · 210 EUSTON ROAD · NW1 · EUSTON 7021

Result of Competition No. 1

Shell-Mex and B.P. helped build the Forth Bridge. You helped to commemorate the opening ceremony. Here's how.

COMPETITORS WERE ASKED to write extracts from a speech that might have been made by one of the following, had he been present on the occasion of the recent opening of the Forth Road Bridge: Dr. Johnson, Keir Hardie, Sir Harry Lauder, Dylan Thomas, John Knox or Hadrian.

REPORT
by Allan M. Laing

The standards achieved in this competition were as high as the Forth Bridge itself; and never was the opening of a bridge celebrated with such a diversity of famous tongues. Dr. Johnsons by the dozen talked like whales; Dylan Thomases, even more numerous, spoke with all the quips and quirks in the Welsh poet's repertory. Hadrian was third favourite, some of his "ghosts" even reporting him in the language which (as the *nouveau riche* said to his professor guest)"neither you nor me understands" —Latin. One competitor went even further and submitted a faked ancient document, complete with age-browned edges, seal and ribbon, and written in a beautiful script, apparently by the Emperor himself. The Lauders, unfortunately, were rather too outrageously comic and irrelevant to strike a winning note, while the Keir Hardies and the John Knoxes seemed little more than single voices howling in the wilderness. Results follow. (Don't shoot the judges: they have done their best.)

FIRST PRIZE (Ten guineas)

M. J. Lynch, 154 Rochdale Road, Abbey Wood, London, S.E.2.

Extract from the speech delivered by Dylan Thomas at the opening of the Forth Road Bridge.

'. . . and I who in my youth thought the Menai the apotheosis behold the Bridge. Behold, the mighty have laboured and have brought forth the Bridge, an ugly lovely thing far-flung, bar-hung, planned and plotted, he-manned and hammered, preened and queened, ferried over the little and big ships that ply and play in the spume and splash of the Firth beneath.

'" Stands Scotland where it did," sang the Bard, but not where Scotland stands, rather what stands upon Scotland – a catenaried monument that exults and exalts and cantilevers its silhouette against the scotched and scowling sky.

'It is built; now across the beeping roading bridge will roll the shoo back, shoe black, hey Mac, rigged and racy, slick and pacy deified cars. I hear voices cry "Gory, Glory, Gory" – and the Bridge will take its toll and things will never be the same again

'And I a Welshman who . . .'

RUNNERS-UP (Four guineas each) Mary Wolfard, 2 Langbourne Mansions, London, N.6. E. O. Parrott, Flat 1, 5 Ladbroke Square, London, W.11. J. A. Lindon, 106 New Haw Road, Addlestone, Weybridge, Surrey. Russell Lucas, 11 Aldhouse Close, Limbury, Luton, Beds. Stanley G. Brown, Cairngorm, Curris, Midlothian, Scotland. P. Faith Ritchie (Mrs.), 5 Fassett Road, Kingston, Surrey. Stanley J. Sharpless, 48 Barlyn Drive, Northwood Hills, Pinner, Mdsx. G. J. Blundell, Lane's End, East Malling, Kent. Seumas Stewart, Harrow House, Chipping Campden, Glos. John Edser, 60 Dollis Hill Ave., London, N.W.2.

Latin entries:
G. S. Harris, 55 Parklands, Gotrey (Near Pontypool), Mon. Upper VIth, Convent of the Holy Sepulchre, New Hall, Boreham, Chelmsford. M. O. Carter, Belvedere, Leigh Woods, Bristol. Misses M. Thomas and M. G. Teachem, Bryn House Cuddington, Cheshire. Adrian Bull, 94 Parkanaur Ave., Thorpe Bay, Essex. Mrs. A. M. Nice, B.A., 94 Nightingale Lane, Bromley, Kent.

SHELL

Finally we would just like to remind you that:-
SHELL-MEX AND B.P. LTD MARKET PETROLEUM PRODUCTS OF BOTH BP AND SHELL IN THE U.K.

BUSINESS □ INVESTMENT

JAPAN

New Injection for the Kabutocho

This week has been the brightest on the Tokyo stock exchange for many months, with the Dow Jones average rising from 1216.55 to 1274.27 by Thursday. Primarily, share prices have been helped by the setting up of yet another support agency with some £200 million resources available for support purchases. An early reduction in the discount rate is also expected and stock market sentiment has been helped further by an optimistic view on the Japanese economy by Mr Sato, the prime minister. Our Tokyo correspondent assesses some of the reasons for the stock market's present weakness and discusses some of the measures proposed to strengthen it.

"THESE days I am often asked by foreign businessmen why the Japanese stock market has plunged so low at a time when Japan enjoys the world's fastest economic expansion," said Mr Moriatsu Minato, president of Nikko Securities Co., one of the nation's four largest securities firms. "It is very difficult to make them understand that the answer is actually quite simple: many companies have foolishly increased their capital far beyond their profits by acquiring enormous loans from the banks."

The banks also must share some of the blame for today's critical market situation. They were active in urging companies to boost their capital to enable them to repay loans and, as a result, the Japanese stock market (the Kabutocho) has become a dumping place in the "deficit economy" of Japan with banks sucking money out of the market by encouraging companies to increase their capital, producing an obvious imbalance between supply and demand and a steady plunge of stock prices. This has forced the Japanese Government, the Bank of Japan and Tokyo Stock Exchange authorities to rush around like Dutch boys sticking their fingers in the holes in the dyke in an attempt to hold the Dow-Jones average at the 1,200 mark.

To buttress the rickety market situation, the Government and the Bank of Japan have used several different tools. One of the most effective has been the Japan Joint Securities Company, a buying syndicate which has so far been able to support effectively the market's "first section" by pouring more than £170 million of its £230 million in total resources and pledged funds into market buying operations and direct purchases from the securities houses. The JJSC has been operating with £30 million in capital (mostly from the banks), £120 million in borrowing capacity against capital at a four-to-one ratio with the money coming from the banks (which in turn obtain it from the Bank of Japan), another £40 million on loan or to be loaned by the Bank of Japan through the Japan Securities Finance Company (a semi-official credit agency for the Tokyo stock market), and £10 million in securities put in as capital by the major industrial firms with the JJSC able to borrow £40 million at a four-to-one ratio against this.

Officials of the JJSC have been negotiating with the investment trusts to buy direct £150 million worth of their holdings and to obtain the money to do this from the Bank of Japan. This is important to the market at this time, since pressure from the investment (unit type) trusts has been among the main factors currently pushing the market down. But now the central bank is to advance through Japan Securities Finance £150 million (at an interest rate of 7.3%) in special loans to a new support agency, Japan Securities Holding Association, established by the Japanese Finance Ministry, and the securities houses for buying up surplus stocks owned by the securities dealers and the investment trusts. Another £50 million will be raised by the "big four" security houses and from other sources. The new agency is expected to buy shares worth about £170 million from securities houses and investment trusts and hold them for periods of two to three years. In addition, the association will take over from the securities houses some £35 million of shares already bought in market stabilisation operations.

The securities houses have been complaining bitterly to the Bank of Japan and the Finance Ministry that they have had no say in how the JJSC is operating. They have apparently succeeded in convincing the two organisations that they should have their own agency to give them a more flexible operation. It has been pointed out (with a great deal of justification) that the JJSC is being directed by a group of frustrated former bankers who have obviously convinced themselves that with both Government and central bank backing the equity market the public will regain its confidence and return to the sinking market. This has not happened and the JJSC has managed no more than just hold the Dow-Jones index at the 1200 mark.

The swift expansion of Japan's economy in the past decade has been accompanied by much unorthodox financing by Japanese companies. Typically, they have expanded on borrowed money and, instead of placing their earnings in reserves, have been using these as a basis for borrowing money from the banks for construction of plants and purchase of new equipment. The economy was hit twice in the last three years by credit clamp-downs and the companies turned to the stock market to raise funds through large new issues.

Small investors who rushed into the 1958-1961 bull market in hope of quick capital gains were as quickly soured when the market collapsed. Yet the supply of shares continually increased as the demand dropped. The "surplus" of shares is estimated at between £200 million and £500 million, but the latter figure is probably closer to the facts. The critical ratios of earnings to capital and dividend to capital

KEY INDICATORS

MOVEMENTS ON THE WORLD BOURSES

LONDON

Bank shares lead short-lived rally.

NEW YORK

President Johnson's State of the Union message did no harm to market.

JAPAN

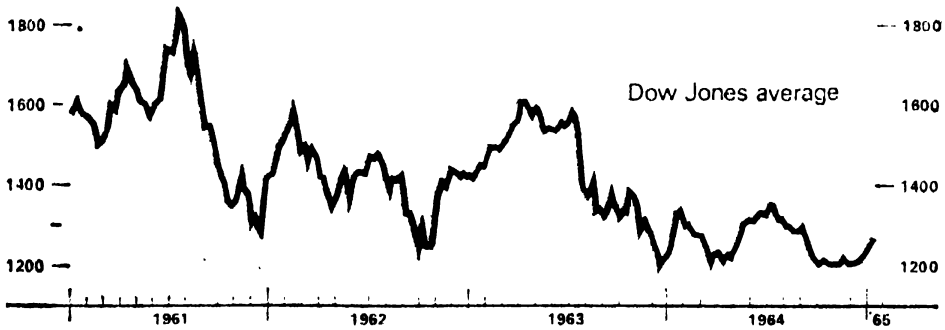
A sharp r lly.

	INDICES		Percentage change from :		
	Dec. 30 †	Jan. 6 †	A week ago	A month ago	Twelve months ago
London	387·3	387·8	+0·1	−1·3	− 6·0
New York	868·7	879·7	+1·3	+0·7	+14·3
France	99·6	98·6	−0·1	−0·5	− 4·9
Germany	102·9	103·9	+1·0	+1·3	+ 2·3
Holland	354·9	362·6	+2·2	+8 9	+ 4·9
Canada	159·7	163·6	+2·4	+2·1	+22·3
Australia	365·7	368·8	+0 8	+3·5	...
Japan	1,216 6	1,274·3	+4 7	+5 6	+ 5·7

* For Bases and Stock Prices and Yields see pages 168 and 169.

† London and Japan, December 31st and January 7th

JAPANESE SHARE PRICES



also dropped as issued capital increased, dragging lethargic prices down further. Early last year when the central bank resumed its tight control over credit, chronically undercapitalised Japanese industries found themselves in a precarious financial situation, over-extended and facing bankruptcy. In 1964 the number of business bankruptcies involving companies with debts of over £10,000 reached a record 4,212, with aggregate debts of over £462 million.

A SALES and earnings survey of 317 companies listed in the First Section of the Tokyo Stock Exchange for the April-September term, compared with the previous October-March term, showed sales up 6.3% but earnings after taxes down 0.8%. Eleven of these firms had increased dividends, 43 slashed dividends or omitted them and 31 which had not been paying dividends for months continued to omit them.

The equity-debt ratio of all major companies now averages 26-74, compared with 34-66 several years ago. As a first step, the Government is likely to reduce the corporation tax rate from 38% of profits to 37% and may also add further provisions to encourage the building up of company reserves The finance ministry has let it be known that it is considering means to reduce over-borrowing from the banks, in acknowledgment of the desperate financial structure of many corporations.

Shrewd market observers place much of the blame for the topsy-turvy situation among the companies and in the market on the numerous abuses in the securities trade which have caused the public to lose confidence. The finance ministry's Securities Bureau and Securities Exchange Council (an advisory body) is now drafting amendments to the Securities Trading Law for submission to the Diet. If the amendments become law, the finance ministry will have the power to issue, deny or revoke licences for securities houses. Under the present law, the securities houses have only to meet modest minimum financial requirements and then register with the finance ministry before starting business. Licensing authority would give the finance ministry much stronger control over trading.

The amendments are designed also to provide stiffer minimum financial standards, more precise accounting procedures and stricter qualifications for executives of securities houses. The finance ministry would be given the power to take preventive action against dubious practices and conflicts of interests in securities trade. Securities houses in Japan can now act as: brokers (buying and selling for customers), as dealers for their own account, managers of investment trusts (not mutual funds where investors have a say, or at least nominal voice, in management) and as investment bankers, and as agents for client firms in floating new issues. The securities houses have been accused in the past of loading up on stock, pushing up prices, unloading on customers, using investment trust funds for their own benefit, pushing shares of client firms on customers, issuing misleading information and using high-pressure sales tactics.

Exactly what the finance ministry plans to do to resolve the problem of conflict of interest is not yet spelled out, but one sure step would be to divorce investment trusts completely from securities house's control. The plan is to enforce the programme gradually over a period of years to give the securities houses time to adjust to the changes while the Government slowly extricates itself from the costly trap of having to support the equity market.

The programme, as outlined, would eventually stop the present practice of securities houses using the investment trusts as a major source of funds. The trusts theoretically have been putting up the funds for loans into the call market where the houses borrow it. Actually, the money has been marked for particular houses which use it for market buying operations for their own account. As a result, the trusts have seen their investment status drop as investors cash in their certificates. The trusts are obliged to buy the certificates back or pay off at maturity (unit type trusts are for five years, open-end funds have no maturity period). To raise the cash for paying off these certificates, the trusts must sell their securities pushing down market prices still further. The securities houses themselves have launched extensive economy drives to meet the sharp decline in business.

The most important question facing Japanese bankers is how far to ease credit controls under pressure of big business now that the balance-of-payments has improved. The first step in easing credit was the halving of the reserve deposit rate from 3% to 1½% in mid-December. A cut of 0.365% in the present discount rate of 6.57% to about 6.2% is expected soon. But credit relaxation is likely to be taken cautiously because the existing credit controls themselves will not solve the numerous problems facing the dizzy economy. Relaxation is designed to slow down the bankruptcy rate, not to stimulate business to any great extent. No doubt, Prime Minister Sato will order the ministry of finance to tighten up again if the payments balance, despite his present optimism, turns unfavourable. He has continuously talked of the need for "stability before further growth." Meanwhile, for the first time since September the Dow-Jones average has moved significantly above the support mark of 1,200. It could mark the turning of the tide.

HARD FIBRES

A quarterly publication devoted entirely to the affairs of the sisal, manila and allied industries, giving them much more exhaustive treatment than any other publication.

The December issue contains a special report on

The Japanese Cordage Industry

plus regular features including a comprehensive statistical appendix

Further details from

THE ECONOMIST INTELLIGENCE UNIT

Spencer House 27 St James's Place London SW1

Telephone HYDe Park 6711 ext 27

60 East 42nd Street New York 17 NY

Telephone Murray Hill 7 6850

In Brief . . .

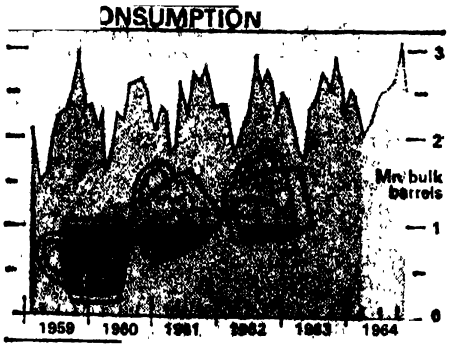
Associated Television

In the note on Beaverbrook Newspapers' acquisition of a stake in **Associated Television** on page 1456 of our issue of December 26th we committed a foolish error. We referred to the new television profits tax, when we should, of course, have said turnover levy, which is a very different thing.

It has also been drawn to our attention that the word "enemy" in the same note could carry offensive implications for ATV. We hasten to say that no offence was meant, and to disclaim any such imputation. All that was meant was that in addition to its several rivals in the competitive course of its business, ATV has its many critics on cultural and political grounds.

BREWERIES

As usual, at a time of incipient economic recession, shares of brewery companies are attracting attention as defensive stocks. This attention comes at a time when brewers are reporting their best year ever, with beer output and profits at record levels. Their results, however, are flattered by comparison with previous year figures hit by the 1963 winter. Investment interest has wavered between the regional breweries, many of which are take-over favourites, and the nationals, with their greater distribution problems but prospects of benefits from rationalisation. Two nationals have reported recently. Both have been adding to their Irish interests.

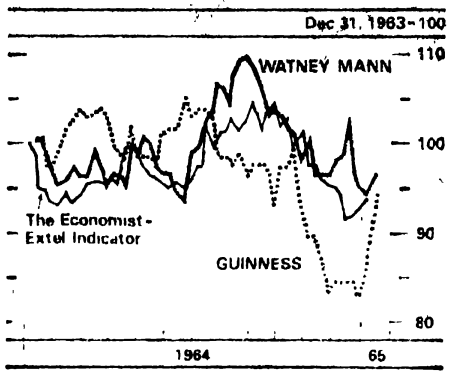


WATNEY MANN

A Bad Bear

THE full point about Watney Mann is that its trading record has been the best of the national breweries over the past five years. The bear point is that this very comparison may indicate that Watney Mann has extracted the benefits of its mergers more speedily and energetically than its competitors. Bottled beers have already been rationalised. Its houses on the whole are probably less in need of modernisation than its competitors' (even if the acquisitions of Bullards and Steward and Patteson may have thrown up some problem children in the remoter wastes of East Anglia). In its cellar installations, including the use of carbon dioxide dispensing and tanks where possible, it is probably at least as advanced as the other nationals. And it has been longer in the keg business than anybody else. Therefore, the bears growl, more of the benefits of rationalisation must have emerged in Watney's case, and the shares of other more underdeveloped brewery companies are potentially more attractive.

The argument should not be pushed too far. Modernisation of outlets will involve the other brewers in considerable capital expenditure and will be slowed down accordingly. In the meantime the country is by no means saturated with Red Barrel, and the company is pushing ahead into new areas, usually acquiring local brewing capacity at the same time. Last year it was the East Anglian breweries; this year Watney Mann has done a deal with the Irish brewers, James J. Murphy of Cork, whereby Watney's will take a 30% interest in Murphy, which will then brew Red Barrel to supply Eire where, as Arthur Guinness too has noticed, sales of ale have been buoyant.



In the year to September group profits rose £900,000 to £11.1 million before tax, with turnover, revealed for the first time, up from £82.4 million to £100.8 million. Equity earnings are up from 27.5% to 34.3%, partly because of the acquisition of the East Anglian breweries, on a cash plus shares basis. The dividend is two points higher at 16%. More interestingly, the company for the first time has given a breakdown of turnover between its principal items of cost. Thus it emerges that excise duty takes 44% of turnover, a figure that would vary between brewery companies according to the proportion of turnover representing wines and spirits.

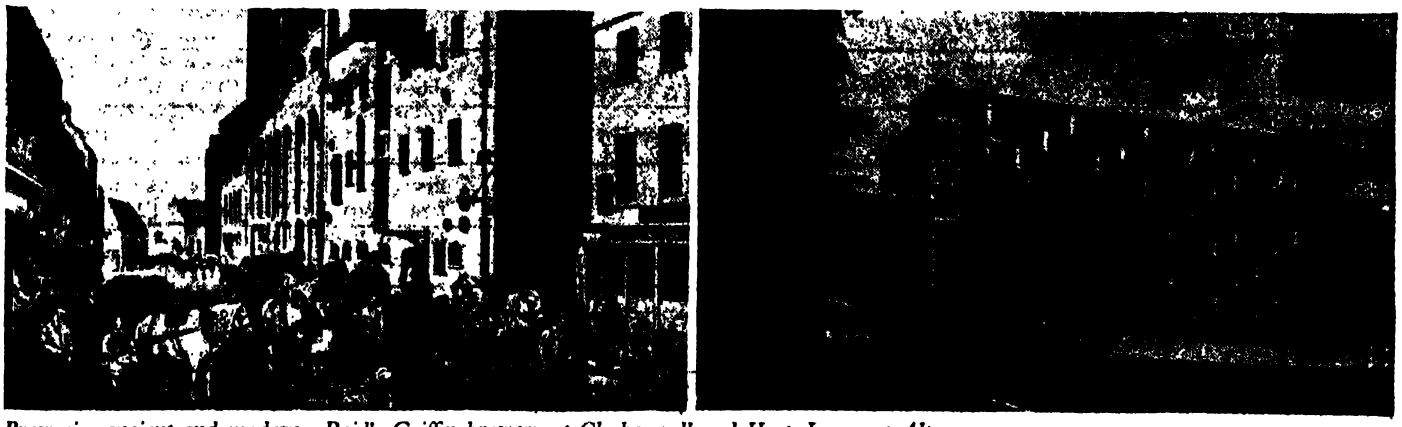
At 16s. 9d., Watney Mann 5s. shares yield 4.8% on the 2.1 times covered dividend. This return is more generous than the average for brewery shares (which is 4.7%, but covered 1.7 times). Given the company's record, Watney Mann, with its outlets well concentrated in the south of the country, is one of the better buys among brewery shares at the moment.

ARTHUR GUINNESS

Down with Depreciation

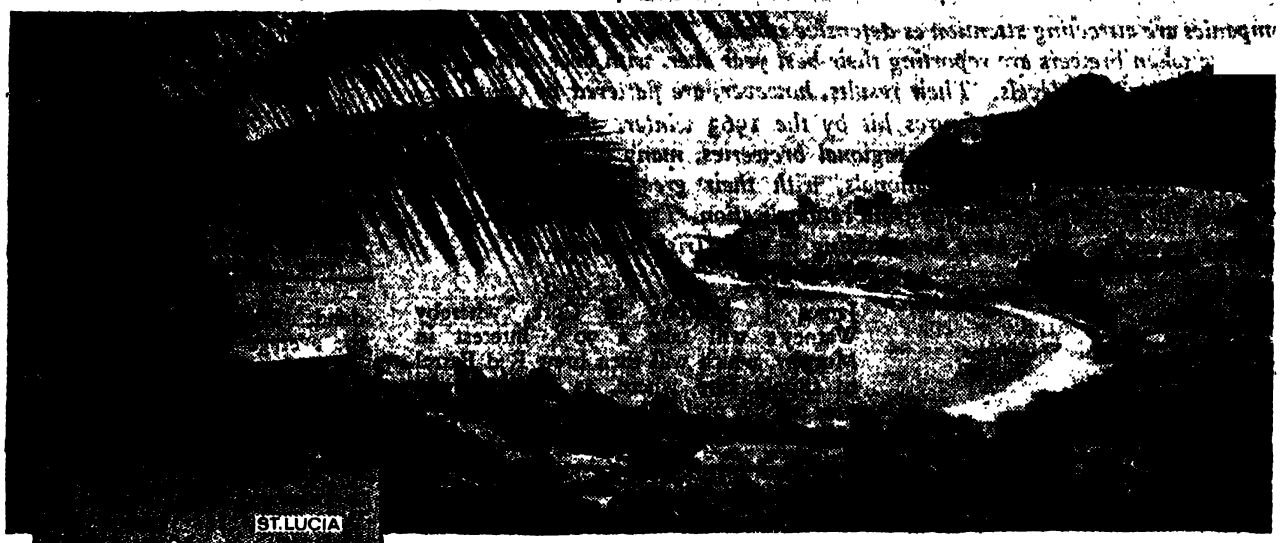
THERE are several odd things about Guinness as a business. It is a law to itself, unpredictable—yet profitable. Other brewers own pubs, Guinness does not. Other brewers produce a full range of beers, Guinness sticks to its tried and tested product, a product against which almost any direct competition seems doomed to ineffectiveness, leaving Guinness with the market for bitter stout to itself. And such excursions into diversification as it has made are always unexpected. While other brewery companies have edged into related fields, like hotels and wines and spirits, Guinness has gone into confectionery and pharmaceuticals. Guinness is a puzzle. But for analysts, the chief puzzle about the company in the last few years has been its depreciation policy.

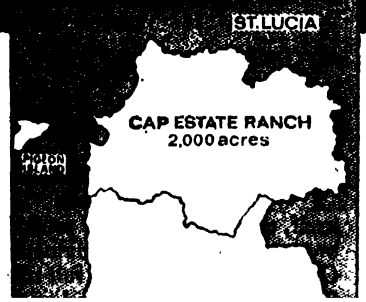
In 1959, when Viscount Boyd became managing director, depreciation policy, perhaps coincidentally, was radically revised. Since then the charge in Guinness's annual accounts has risen by 125% while pre-tax profits have risen 25%. This process could



Breweries ancient and modern. Reid's Griffin brewery at Clerkenwell and Harp Lager at Alton

CARIBBEAN PROPERTY/St.Lucia/Windward Islands





■ Freehold oceanfront land available for residences on the private 2,000 acre Cap Estate ranch, photographed above. Four miles of coastline, magnificent beaches, rolling green pastureland with unsurpassed land and seascapes. ■ Developed by Gill Lister Associates St. Lucia. ■ Secluded beachfront property is also available in the romantic British Virgin Islands. ■ The Caribbean is now only a few hours away and B O A.C. fares are lower than ever before. ■ A booklet with photographs, surveyors layout and acreage prices on both properties is available from the London agents.

RICHARD ELLIS & SON CHARTERED SURVEYORS
DEPT. TE.1 26 DOVER STREET LONDON W.1 GROsvenor 7151
CITY OFFICE 85 GRACECHURCH STREET E C 3.

The Economist DIARY

For the better ordering of the working day, and for the comfort and delectation of secretaries, there is nothing to equal it.

A week's appointments at an opening; a book that lies open flat on the desk

Bound throughout in red leather; title blocked in gold. Size: 10" x 8"

A memorandum book, an appointments register and a complete reference book

A diary lay-out specially designed for use at Board level

All information easily found by means of handy thumb-indexes.

72 pages of facts and figures covering the world; 32 pages of maps

Price for UK only, including postage and purchase tax 47/6

Price overseas by surface mail 45/- Air rates on request.

ILLUSTRATED PHAMPHLET From DIARY DEPT., THE ECONOMIST 25 ST. JAMES'S STREET, LONDON, S.W.1. Whitehall 5155

An American Edition, price $12.50, is available from Brooks Brothers, 349 Madison Avenue, New York 10017.

not last for ever. In 1963-64 it stopped: the depreciation charge actually fell slightly to £2.4 million. Quite obviously Guinness is now writing down its fixed assets more quickly than it once did. Now that the adjustment has been completed, however, it is reasonable to expect future depreciation charges to move more closely in line with profits. So the sluggishness of Guinness' growth in the last five years could prove to be a once and for all feature of the company's history.

Profits last year (to September) rose 10% before tax to £9.3 million. Apart from depreciation, the main factor at work has clearly been the success of draught Guinness. This leap forward moreover has been achieved even though sales of the bottled product have continued to increase in line with the general level of beer consumption. Apparently they do not compete with each other significantly. What is more, most of the increase last year seemed to come from sales in outlets where draught Guinness had been installed in the previous year or two, not from new outlets. It can now be obtained in roughly one in five of Britain's pubs—a proportion roughly accounted for by the free trade, the houses of Courage Barclay and Simonds, and the tied houses of a number of smaller brewery companies. In addition, some of the other larger groups are now quietly testing it in a few of their houses.

The import surcharge, affecting about one-third of the Guinness drunk in Great Britain and Northern Ireland (where there have been no reports of smuggling so far) may cost Guinness about one farthing for every pint consumed in the UK. This could easily be passed on along with other cost increases in the next price rise (for bulk Guinness) in the British market.

In the meantime Guinness is pressing ahead on other fronts. Harp lager is now earning profits, thanks mainly to the exceptional weather. Ominously, "the public demand for good quality ale in Ireland is increasing." What Viscount Elveden does not say is how much of this increase represents a swing of the Irishman's taste away from Guinness, which at present accounts for 80% of Ireland's total beer consumption and is vulnerable to this extent. Precautions are being taken. Irish Ale Breweries, owned two thirds by Guinness, one third by Ind Coope, "recorded a substantial increase in sales." And "as a further step in consolidating our position, we took the opportunity of" buying up Smithwick of Kilkenny, the oldest brewing company in Ireland. Overseas brewing at the Malaysian brewery will begin in the second half of 1965, and arrangements have been completed for the distribution of Guinness in Japan, "which is now rapidly becoming one of the world's leading beer markets." At 21s. 3d. Guinness shares now offer 4.9% on dividend and 8.3% on earnings, compared with 4.7% and 8.1% for the brewery group as a whole. The recent closing of the differential seems fully justified.

BANKS

Soaring Profits

It is rare for banks and discount houses to produce similar sets of results, for the discount houses generally fret under just the conditions that favour the banks—periods of rising interest rates. And the 1964 results are proving no exception. So far, the performance of the big banks have exceeded expectations while results from the discount houses show that two increases in Bank rate—and particularly the two-point increase to 7% in November—made 1964 even more difficult for them than had seemed likely.

At the time of going to press only two banks had announced their results. **Martins** set a fair pace with a 17% increase in disclosed net profits to £1.67 million. The dividend was only one point higher at 15% and at 17s. 6d. the shares yield 4.3%. This yield may look even more out of line when the other banks announce their results and presumably raise their dividends. The take-over hopes die hard.

The real boost to bank shares and to the market generally came from the results of the **Westminster Bank** with a 30% rise in disclosed profits to £5 million. The dividend on the "B" shares, forecast at 1s. after this summer's rights and scrip issues, is boosted to 1s. 6d. to give a total for the year on the present capital of 2s. 4¾d. per share against a comparable total of 1s. 9½d. for the previous year. It seems clear that Westminster is now enjoying the benefits from the expensive progress it has made in installing computers and this has helped keep costs down despite the sharp rise in salaries. Westminster, too, has been in the forefront of the trend to make branch managers more cost-conscious, and to be more realistic in fixing commissions and, to a lesser extent, lending rates. The bank's overseas ventures have also prospered. This year, there will be continuing benefit from the high level of interest rates, and even if the level of advances falls under liquidity pressure, the average for 1965 should still be lifted by the steady rise through 1964. Having jumped a net 5s. 9d. to 53s. 9d. since the results the "B" shares yield 4.4%.

DISCOUNT HOUSES

The Long and the Short

Union Discount is not only larger than the other two discount houses reporting at end-December, its results are better. The dividend is maintained at 12½% to leave the £1 shares at 48s. on a 5.2% yield. The drop in the disclosed net profit is from £885,000 to £718,000. And this was achieved—without drawing on inner reserves.

This has also been achieved by Alexanders Discount, whose results also tend to support the suggestion in these columns three weeks ago—that the discount houses had weathered the adverse phase of the interest rate cycle more comfortably than ever before. Disclosed profits are down from £343,000 to £250,000, after providing for depreciation of securities and after taxation. This result compares with figures £51,000 and £170,000 disclosed in 1957 and 1961 respectively. The dividend is up from 11.1% to 12.5%, giving the shares at 41s. 6d. a yield of 6.0%.

The results of **National Discount**, whose profits are traditionally among the most volatile of the discount houses, tell a different story. Disclosed profits are down from £817,000 to £362,000, but it is clear that this is not the full extent of the damage. The 1963 figure was struck after making transfers to inner reserves. But last year, the depreciation on the company's securities was charged against inner reserves, not against profits. Thus although the disclosed profit compares with amounts varying between £196,000 and £269,000 in the years from 1955 to 1958, whether National really did much better than in this period must be rated doubtful, although the exceptional year 1957 must still be its worst ever. The main reason for this depressing outcome seems to lie in losses on the bond portfolio, which actually increased from £77.1 million to £81.7 million, at disclosed book values, in a year in which interest rates were rising, market values of bonds falling, and in the first nine months of which the discount houses as a whole were unloading bonds as fast as they could. The dividend is cut—not for the first time—to 12½% against 16% last year (which included a "bonus" of 1%), giving the "B" shares at 45s. a yield of 5.2%.

ENGINEERING COMPANIES

Fifteen per cent Blues

Mr Paul Chambers's pronouncement this week that the import surcharge may hurt exports more than it will benefit the economy in reduced imports sounds incredible: but his attitude is shared by a number of other company chairmen. Broom & Wade (whose results were reviewed in these columns) has "already had some cancellations as a result of this measure": Brook Motors is "very concerned with the possible adverse effect." It could well be that companies like Brook's which makes low-powered electric motors, where price and quality competition is fierce the world over, and there are no major differences between the competitors, are going to feel the effects more than companies making more specialised equipment. It is certain that other sales directors will echo the cry "No one is breaking a leg to buy British now."

Brook Motors had an excellent year, with trading profit up by over 50% to a record £1.2 million. It has a narrow range of products and consequently a rather cyclical

	1964-65 High	1964-65 Low	Current price	Div yield	Earnings yield
Broom & Wade	21/3	14/3	18/4½	5·4	9 2
Brook Motors	26/6	21/8¼	24/-	5 2	13 0
Muirhead	41/-	21/3	22/3	3·2	11·2
Ass. Engineering	14/3¼	10/2¼	11/-	6 8	11 6

record in the past, but for the moment demand still seems to be strong. With about 25% direct export trade, a substantially greater figure indirectly sent abroad, and with a dividend cover of over two-and-a-half times, it should be in an ideal position to be a "labour" stock: but it is buying a lot of specialised machinery abroad (at 15% extra cost), and will not know for some time how far its export trade will actually be hit.

Muirhead, in the scientific and control instrument field, and makers of facsimile transmission equipment for photographs and newspapers, should be an even greater favourite, with 38% of direct exports from its main works, higher proportions elsewhere, and a three times cover for the dividend. This was increased despite a slight downturn in earnings, because of higher tax charges, a narrowing of profit margins (down by 2.6% to 22%) on sales 16% higher at £4.4 million—yet another company to give this information for the first time. The current year should be a good one, with a number of new young faces on the board and some benefit from the increased appropriations for research and development, which are being charged against profits.

Less hopeful a situation confronts **Associated Engineering**, which now includes Glacier Metal, acquired during the year. The first benefits from the merger are apparent in Glacier's ability to proceed with its £2 million expansion programme under AE's ægis. Trading profits ex-Glacier were up by a third to £6 million despite a further loss by its Italian subsidiaries: but this increase is diluted by £400,000 additional depreciation, and by £100,000 extra interest at £675,000 paid on bank loans (although the liquidity position is better now). This comes before £570,000 on debenture stock; and also £120,000 on the preference capital, a gearing which will impose an extra burden after corporation tax. AE and Glacier are both tied rather closely to the fortunes of the motor industry, for which they make most of the "bits and pieces" which the makers buy in for their engines. Production is unlikely to be up this year, and with gearing as high as AE's it cannot be considered nearly as sound an investment as Brook or Muirhead, both of which would look cheap if the new export incentives prove sufficiently worthwhile.

APPOINTMENTS for further announcements see pages 162, 163, 164, 165 and 166.

CHRYSLER MOTORS LTD.

invite applications for a new position in the

Marketing Department

The Staff member will be concerned with the development of the Dodge truck Distribution system and will assist the Marketing Manager in shaping the general marketing programme.
The position offers excellent prospects for promotion in an expanding organisation to someone with initiative and enthusiasm.
Are you an Economics graduate with Motor Industry experience? Or have you gained experience of Vehicle distribution? Twenty-five to thirty years of age?
Write, giving full details of experience and salary to the

Personnel Manager,
CHRYSLER MOTORS, LTD.,
Kew Gardens, Surrey.

AN ADMINISTRATIVE CAREER IN GOVERNMENT SERVICE

ASSISTANT SECRETARY

in the MINISTRY OF HOUSING AND LOCAL GOVERNMENT

Applications are invited for a post of Assistant Secretary at Ministry of Housing and Local Government Headquarters in London. This appointment is being made as part of the plan to recruit to the Administrative Class a small number of men and women possessing experience not normally available within the Service.

Candidates must be at least 40 and under 46 years of age on January 1, 1965, and should have wide experience, in a senior post, of the overall administration, organisation and working of local government, of housing or of large scale planning. They should have a close working knowledge of the functions of the main departments of county councils and county borough councils and be familiar with the inter-relationship between councils on each tier of local government. Service within local government itself will be an advantage, but candidates from closely associated fields are not excluded.

The salary scale is £3,135 - £3,985. There are prospects of promotion to Under Secretary (£4,785) and above.

Selection will be by interview in mid February, 1965.

Appointment may be made on an established (i.e. permanent and pensionable) basis or for a period of five years initially. This will be a matter for agreement between the Ministry of Housing and Local Government and the successful candidate. A five year appointment would be unestablished (i.e. non-pensionable) but with the possibility of extension or conversion to pensionable status later. It may be possible in certain cases to preserve existing superannuation rights during a non-pensionable appointment.

For further details, application form, and descriptive booklet, write to the Civil Service Commission, 23 Savile Row, London, W.1, quoting *6057/65*. Closing date January 29, 1965. (18)

Milk Marketing Board

COMPUTER PERSONNEL

With their initial applications now operational on their two I.C.T. 1301 computers installation the Milk Marketing Board are expanding their Computer Division to meet the growing demands of management and require additional computer personnel to deal with a wide range of further applications.

OPERATIONAL RESEARCH
Young men with experience or the necessary educational background to investigate and develop computer techniques for a number of interesting problems of an operational research nature.

MATHEMATICIAN/STATISTICIAN
A suitable qualified young man interested in the mathematical and statistical treatment of problems in a variety of fields.

SYSTEMS ANALYSTS/PROGRAMMERS
Young men with experience of this type of work to handle various data processing applications. A degree or professional qualification would be an added advantage.

Please write or telephone for an application form to:
Personnel Officer,
Milk Marketing Board,
Thames Ditton, Surrey.
FMBerbrook 4101.

APPOINTMENT OF SECRETARY

JOINT DIPLOMA IN MANAGEMENT ACCOUNTING SERVICES

Applications are invited for the post of Secretary to the Joint Board for the above Diploma.

The Diploma is under the auspices of the Councils of—

The Institute of Chartered Accountants in England and Wales
The Institute of Chartered Accountants of Scotland
The Institute of Chartered Accountants in Ireland
The Institute of Cost and Works Accountants
The Association of Certified and Corporate Accountants.

The Secretary will be responsible to the Board for co-ordinating and carrying out its decisions, and for all the work involved in arranging examinations and interviews, and for general administration. An important part of his duties will be to promote and publicize the Diploma in industry and in the accounting profession.

The position requires a man of imagination and initiative, and with the ability to deal with people at all levels in business, industry and the professions. Accounting experience is not required.
The appointment will be at a salary of about £3,000 a year and will be pensionable.

Applications quoting the reference "JWG," in envelopes marked "Joint Diploma," giving details of age, experience, qualifications, and previous appointments, should be sent to:—

Messrs. Linklaters & Paines,
Barrington House, 59-67 Gresham Street, London, E.C.2

All applications will be treated in the strictest confidence.

SOUTH DURHAM STEEL AND IRON COMPANY LIMITED

MR B. CHETWYND TALBOT ON INSTABILITY OF STERLING

The sixty-sixth Annual General Meeting of South Durham Steel and Iron Company Limited will be held on January 26, 1965, in the Council Chamber of the Federation of British Industries, 21, Tothill Street, London, SW1.

The following is the statement by the Chairman and Managing Director, **Mr B. Chetwynd Talbot, TD,** circulated with the report and accounts:

In forwarding to you the Reports and Accounts for the financial year which ended on October 3, 1964, I include my address to shareholders to be made at the Company's Annual Meeting in London on January 26, 1965, and which will appear in the Press in advance of that date.

FINANCIAL RESULTS

The financial results for your Company for the past year ended October 3, 1964, which comprised 53 weeks, show the gross profits, including £21,477 income from investments, amount to a total of £8,198,925 which constitutes a record in your Company's long history, as compared with £5,043,180 for the year 1962/63.

It will be noted that the net level of profit after deducting Directors' Fees, Pensions, Depreciation and Interest Charges amounted to £2,239,296 compared with a loss of £681,676 in 1962/63. The details of these amounts are embodied on page eight of the Report and Accounts.

In commenting on the Balance Sheet at October 3, 1964, you will note that during the year the capital expenditure incurred amounted to £1,041,936. The outstanding commitments of £500,000 comprise capital expenditure of a routine nature.

As compared with the amounts at September 28, 1963, due to the higher levels of trading the value of stocks and work in progress increased by £1,937,907 and debtors increased by £65,989. Trade creditors increased by an amount of £3,299,531, due to advantage being taken of discounting at favourable rates Trade Bills payable in respect of supplies of certain raw materials. In making any comparison of the liquid position of the Company at October 3, 1964, as compared with the previous financial year the large increase in the value of stocks and work in progress requires to be offset against the increase in creditors.

During the year the indebtedness to Barclays Bank Limited was reduced from £12,983,881 at September, 1963 to £10,962,342, a decrease of £2,021,539, and the loan from the Finance Corporation for Industry Limited from £23,000,000 at September, 1963 to £20,500,000 at October 3, 1964, a decrease of £2,500,000. This reduction in indebtedness of £4,521,539 arose from moneys secured from depreciation and retained profits in excess of capital expenditure.

No tax liability, other than handing over the net tax deducted from interest and other payments, arises on the results for the year.

It will be noted that the amounts charged for Workmen's Pensions and Life Assurance Schemes in the Profit and Loss Account have decreased by £18,286, due to a change in the funding rate and a reduction in the number of members during the year largely due to retirements.

The charge in the Profit and Loss Account for Supplementary Non-contributory Pensions amounted to £32,354. This represents the amounts paid during the year in respect of employees who have retired and whose services to the Company warranted ex-gratia payments above their pensions under the Contributory Pension Scheme.

RENATIONALISATION

I advised shareholders in my Remarks twelve months ago that it would doubtless be the intention of the Socialist Party and their fellow travellers to include again in their election manifesto a further attempt to impose on the Nation the renationalisation of the Steel Industry arising from the doctrinaire Marxist views embodied in Clause 4 of the Socialist Constitution. It was a subject which was deliberately soft pedalled during the General Election as it is a well-known and established fact that a lukewarm feeling has existed from experiences already gained among a substantial proportion of the Labour electorate—as compared with doctrinaire Socialists—that further tampering with the efficient operation of industry in general under private enterprise can only terminate in a short number of years in disaster for the Country. Despite the majority views of the electorate contained in the Conservative and Liberal polls and already an evident lack of conviction among some members of the Socialist Party, the Prime Minister has indicated, due to the fact that he himself is a convinced believer in the worn-out dogmas of Clause 4, the future economy and welfare of the Country will be jeopardised in order that these beliefs, which have failed to succeed time and time again when applied, will be forced on an unwilling public.

I intend to make the attitude of your Directors quite clear under the present obscure conditions. Firstly, in no way will the highly established degree of the management of your properties be relaxed, and secondly, there will be no postponement of schemes to improve efficiency and increases in the level of production which have already commenced or are in an advanced state of development.

In the conclusion of my observations on a subject to which it is well known I am bitterly opposed, your Directors will continue to make every effort to safeguard the rights of Debenture Stock holders and holders of Ordinary Shares as owners of all the assets of your Company. I know you will share my views and hope that the deplorable chaos in world and home affairs which has already arisen after eight weeks of office may cause a degree of sanity in the future handling of the fate of the Nation.

HIGH LEVEL OF PRODUCTION

I advised shareholders in the course of my Statement twelve months ago that the results secured in the early months of the financial year which ended on October 3rd last gave every indication that a substantial increase in the overall level of profits would be secured. This satisfactory state of affairs is entirely due to the economies which can be secured by operating modern plant at a high level of production, since during that period the increases in wages costs to which I referred twelve months ago have applied and likewise the full burden of the amount of local rates has had to be carried by the Industry. The prices of heavy steel products have not varied in the home market and any advantages in higher export prices which had been secured were only operative during the latter months of the financial year. Due to world capacity exceeding demand these increases in export prices have proved to be of a temporary nature and now no longer exist.

I have refrained from including in my Statement in previous years the levels of production of steel products as under the conditions of short working then prevailing I considered the figures were somewhat meaningless. The comparison of the outputs of the principal products of the last two financial years are as follows:

	1964 tons	1963 tons
Coke	696,000	496,000
Pig Iron	945,000	639,000
Ingots	1,365,000	949,000
Steel Plates	579,000	413,000
Steel Sections and Rails	314,000	249,000

The present level of ingot production and of rolled steel products represents an economic level of output, but I raise a note of warning on these levels being maintained at a later stage in my Statement.

It has always been the policy of your Company to give particular attention to maintaining and increasing deliveries in export markets. Out of the production figures I have quoted above direct exports during the financial year have been:

Plates	25 per cent
Sections	25 per cent
Rails	30 per cent

These figures include the substantial tonnages of steel plates which are fabricated at the Stockton Works into pipes for export to world markets.

ACTIVITIES AT STOCKTON

I now intend to refer to the activities at the steel pipe plant at Stockton during the year. In this period an order from N.V. Nederlandse Gasunie was completed covering 70 miles of steel pipes for the development of the natural gas resources in Holland. Deliveries commenced in February, 1964, and were completed in May, 1964. In April, 1964, an important contract was placed with your Company by Constructors John Brown for the supply of 290 miles of steel pipes for the construction of the oil pipe line in Algeria to convey oil from Haoud-et-Hamra to the coast. Delivery of this contract is due for completion by February, 1965. Your Company has also been entrusted by British Petroleum with a contract to supply 130 miles of steel pipes for the development of the oil resources in Libya. Production is due

to commence in March, 1965, and will be completed by September, 1965. During the financial year many miles of steel pipe have been supplied to the Gas Council for the modernisation of the supply of gas in the United Kingdom and further substantial orders have been secured for delivery in 1965.

That is a brief account of the activities of this important sector of your Company's ramifications during the last twelve months. The Industry regularly comes under criticism—particularly under the present Socialist Government—for having neglected opportunities in the past to secure a larger proportion of exports compared with sales in the Home Market, but in this case I consider no critics can complain. The 40-ft. pipe plant—the first of its type in Western Europe—came into production in the latter months of 1954. Since that date no less than 840,000 tons of steel pipes have been manufactured at Stockton for export, representing 80 per cent of the total production of the plant.

HOME MARKET

Deliveries of steel products in the Home Market have been at a high level. The Credit Aid Scheme to the Shipping Industry, which the Conservative Government introduced in May, 1963, has proved of great assistance to the shipbuilding industry, and will provide during 1965 a level of demand for steel at an equivalent rate to the tonnage supplied during the last twelve months.

The present Socialist Administration, despite its boasts of increasing the all-round level of production, has made no effort to ensure that the shipbuilding industry will continue to receive assistance of a similar nature in future years and their contribution up to date has only been to propose an enquiry into the efficiency of this vital industry.

A new demand for steel has also arisen in recent months for the construction of drilling rigs for the exploitation of the potential oil and natural gas resources under the bed of the North Sea. Your Company has secured important contracts for the provision of steel plates for these constructions.

The demand for products rolled at Cargo Fleet has continued at a high level. The final tonnage of production of steel piling will approximate the previous year's record output. Further large contracts have been secured in home and export markets and the total tonnage which has been supplied during the year under review for the construction of the Fawley Power Station now amounts to 22,200 tons, constituting a record for an individual contract in Great Britain.

An increase in demand for constructional steelwork has occurred during the year. Your Company is participating in the supply of fabricated steelwork for two important power stations which will ensure a constant load on the Constructional Departments over the next eighteen months.

PRICE LEADERSHIP POLICY

You will recall that the Restrictive Practices Court in a judgment given in last July ruled that the pricing system under which the Industry has efficiently operated its business in the Home Market over a period of some 30 years—which includes six years of Socialist Administration—should be terminated. Direct exports of rolled steel products have always been extraneous to the Home Market Agreements and no criticism can be levied that these arrangements have been in any way constricting, as far as prices were concerned, the quantity of steel which individual Companies intended to export. This system ensured to all consumers of steel the assurance that the price of a prime raw material would not be subject to violent fluctuations during a lengthy period. The Iron and Steel Board's present maximum price schedules for heavy steel products became effective as long ago as February, 1962, and since that date any variations have been downward in spite of increases in production costs. It is my view many advantages were secured by consumers in the United Kingdom from this long established policy as compared with the Basing Point System as operated by the ECSC incorporating alignment terms, which has under conditions of recession caused steel products to be sold at prices which did not cover interest on capital or depreciation charges and tended to cause wide fluctuations in the range of prices to the consumer.

The Industry has sufficient knowledge and confidence in itself to refrain from entering into an era of internecine competition and by adopting a long term policy such as Price Leadership covering the principal products I am confident any violent fluctuations in prices can be avoided.

THE FUTURE

I am writing this Statement in the early days of December so it is yet early to discern the extent of the long term damage to the National Economy which the Prime Minister and his inept advisers may have caused. A Bank Rate of 7 per cent is bound to cut down development in practically every Industry and taking into consideration the distrust of the present Administration in both Europe and the United States to correct the impression for which the Socialists alone are responsible the present rate could be operative for a considerable period. During the present financial year continuation at the rate of 7 per cent would cost your Company an additional £500,000 which would otherwise have been available for further reductions in the loans from F.C.I. and Barclays Bank.

The probable level of demand for steel products in the 1965 calendar year has been carefully considered by the Industry. Prior to the increase of Bank Rate to 7 per cent, production for the first half of 1965 was anticipated to be at the rate of 27-million tons for the year. As regards the level of demand during the second half of 1965 I consider a reduction may well occur and will tend to worsen still further during 1966 in the event of the present Administration remaining in power. The full effect of the impending credit squeeze will by then be felt by both the long term investment and the productive sectors of Industry.

I regret I cannot end on a more optimistic view with regard to the future but it must be borne in mind that at the times a 7 per cent Bank Rate was applied in 1957 and again in 1961 demand for steel products destined for capital projects showed a sharp decline. On those two occasions the increase of the Bank Rate was sufficient to restore confidence in sterling and was only operative for a relatively limited period. This time, as is now well known, no signs of confidence were forthcoming and desperate measures had to be accepted by the Socialist Administration to avoid devaluation of sterling.

I do not see world confidence in the value of sterling being restored during the life of the present Administration and I consider we will be faced in the course of the next twelve months with a further period of recession.

In conclusion I would like to pay my tribute and that of your Directors to the loyal services of our staff and workpeople during the last twelve months. I brought to the attention of the shareholders twelve months ago the loyalty of our staff and workpeople during the difficult period of 2½ years of recession and I am certain you would like me to place on record on your behalf your appreciation of the support and co-operation which has been received from all employees of your Company in their various capacities of managers, clerical staff, foremen and workpeople. I am confident this co-operation to sustain the great name which your Company has established will continue to be given in a similar measure

Points from the Chairman's Statement.

George Nott Industries
LIMITED

Year to April 30th	Group profit after tax	% on Ordinary Earned	Paid
	£		
1963	310,796	51½	25⅝
1964	424,598	70½	30

Shipping Free Enterprise I enjoyed a most successful season on the Dover/Calais route.

Electrical Considerably improved results in both the contracting and manufacturing fields.

Property Buoyant house sales throughout the year. Land stocks held at the year end sufficient for 2,560 houses.

Future Profits for the year ending April 30, 1965, expected to be not less than £800,000 before tax—Stanhope Steamship Company Limited, acquired July 1, 1964, expected to become major profit earner—Free Enterprise II with capacity for 200 cars goes into service in May, 1965.

Shareholders' Concession 50 per cent reductions in fares on the Dover/Calais car ferries M.V. Free Enterprise I and II are available to holders of 200 Ordinary Stock units.

Copy of full statement available from the Secretary, Market Chambers, Shelton Square, Coventry.

EXPANSION: 40% IN 1964
150% SINCE 1960

Year ended 31st October	Shareholders Funds at Beginning of Year	Group Profit Before Tax	Available for Ordinary Shareholders (Net)	Net Dividend Paid to Ordinary Shareholders
	£	£	£	£
1960	5,892,000	1,433,000	797,000	368,000
1961	9,362,000	1,657,000	854,000	483,000
1962	9,877,000	2,137,000	1,125,000	579,000
1963	10,387,000	2,583,000	1,392,000	579,000
1964	14,346,000	3,613,000	1,845,000	927,000

ROOFING

TILES FOR 200,000 HOMES.
INCREASED SHARE OF MARKET.

SHOPS

62 NOW OPEN—NEW ONE EVERY FORTNIGHT.

EXTRUSIONS

PRODUCTION UP BY 50%. ADDITIONAL PLANT READY FOR FURTHER DEMANDS.

CONCRETE

5 FACTORIES—7 BY 1966.

FLOORING

INCREASED SALES AND COLOUR RANGE.

EXPORT

SALES TO 90 COUNTRIES UP BY 50%.

JOHN GALLOWAY AND COMPANY LIMITED

TRADING PROFIT UP BY 46 PER CENT

RECORD PRODUCTION

The thirtieth Annual Ordinary General Meeting of John Galloway and Company Limited will be held on January 29th at the Registered Office, Balerno Bank Paper Mills, Balerno, Midlothian, when **Mr John Galloway**, Chairman and Managing Director, will preside.

Mr Galloway's Statement to the Shareholders has been circulated to them with the Directors' Report and Accounts and reads as follows:

TRADING RESULTS

I am pleased to report to you that the steady improvement in the trading position of the Company has been maintained and that we have had a very successful year. Raw material costs have in general remained comparatively steady and the increased demand for our papers has enabled us to work more overtime and to increase production by more than 8 per cent. Trading profits have indeed been the highest since 1956 when conditions in the industry were very different from those of today. Since the end of the financial year, an increase in woodpulp prices has made it necessary to adjust the prices of all the grades of paper made at Balerno. Another important raw material, casein, has risen in price recently; this will add to our material costs in the current year.

It has been suggested in the Press that the recent decision of the Government to impose a 15 per cent charge on imports into the country would be of considerable benefit to papermakers such as ourselves in that it would effectively counter the severe competition from imported papers presently being experienced on the home market. It is only fair to say that, so far, this competition has not affected to any appreciable extent our particular market. On the other hand the import duty has not been applied to any of the raw materials used in the industry.

By keeping the Mill plant, machinery and buildings up to date and in the best possible condition, the Company has been able to maintain the high quality with which its name has been associated and to participate in the general rise in the level of trading activity during the past year.

ACCOUNTS

You will observe that the trading profit of £173,254 shows an increase of 46 per cent on that of the previous year whilst the net profit at £101,773 is up by £36,432. The charge for taxation of £71,481 is proportionately less than the £53,490 charged last year due mainly to an increase in investment allowance relief on Capital Expenditure. In passing I might mention that this will be the last year in which the profits of the Company will bear income tax, as Corporation Tax will fall to be paid on the profits of the Company for the year ending September 30, 1965.

As you will see from the Balance Sheet current assets have increased by £55,381 and current liabilities by £44,349, resulting in an increase in net current assets or working capital of £11,032. Stocks of raw materials, engineering and other stores and finished paper have not shown any appreciable change over last year, but debtors and creditors have each increased by some £52,000. The Board of Directors consider that the enhanced profits of the year merit a substantial increase in the distribution to ordinary shareholders and they therefore recommend that the final dividend be increased from 8 per cent to 12 per cent making a total distribution for the year of 15 per cent against 11 per cent last year. The ordinary dividend will, if approved, absorb £41,343 and the preference dividend £4,379 leaving unappropriated profits of £56,051 to be carried to Revenue Reserve.

CAPITAL EXPENDITURE

More than £140,000 has been spent this year on improvements and additions to our buildings, machinery and motor vehicles. The major item of expenditure has been the erection of a new Supercalender House alongside the present Papermaking Machine House. A new Supercalender and a new Reeling Machine have been installed in this building and in the course of the next few months our existing supercalenders will be dismantled and re-erected alongside them. This equipment is of considerable importance to the Mill because supercalendering is the operation which produces the final glossy finish on coated papers and gives the degree of smoothness essential for high quality printing results. The improvements which have been made to the drying capacity of No. 1 Machine and the alteration to the drive of the other papermaking machine will be of assistance in increasing future production capacity. Failures in power supply can cause considerable dislocation to production schedules, in order to minimise that risk considerable reinforcing of power supply arrangements was undertaken during the year.

EXPORTS

Export sales during the year under review were disappointing and it is apparent that we are not the only company to have found overseas markets difficult during 1964. We have, however, persevered with attempts to extend sales in countries in which we are already established and to make contacts in others. Since the end of the financial year an improvement in orders from abroad has been noticed.

DIRECTORATE

Mr Gordon C. Sciarretta has been appointed to the Board of Directors. Mr Sciarretta has been in charge of the London Sales operations of the Company for some three years and has been with the Company for twenty-seven years. His knowledge and experience of selling paper both at home and overseas will prove of considerable assistance to the Board.

PERSONNEL

The trading results this year have not been achieved without a great deal of hard work on the part of employees at all levels in the organisation and I would like to take this opportunity of thanking them on your behalf for their support, loyalty and enthusiasm. Good relations continue to exist between the management and work-people.

THE OUTLOOK

The success of this Company has been in the main due to the quality of the paper it produces. During the twenty-six years since the manufacture of coated paper started at Balerno many technical improvements to the process have been developed in the Mill, and we have seen production of this quality become the main part of our output. Our reputation is such that we have won and retained a share of a market in which there is fierce competition from makers of other types of coated paper. In the papermaking industry one cannot afford to stand still; it is necessary to make continual reappraisals of methods and machines in order to keep pace with developments. A study of coating methods and the market for coated paper which our technical staff has made, has indicated that the installation of a considerable amount of new plant must be made soon in order to keep our place among the leaders. Preliminary inquiries into this have been completed and the proposals are presently being carefully examined.

In the meantime the current year has started well. The Mill is working to capacity and our order book is full. I hope that next year I will present to you another favourable report.

The Economist

Subscription and Gift Orders

If you would like to receive The Economist regularly please fill in your name and address and hand this order to your newsagent—or send it direct to the publisher at the address below. If you would like to give The Economist to a friend, we will gladly arrange for a gift card to be sent with the first copy.

Annual subscription by ordinary mail UK £6.0.0d.; USA £19 50; elsewhere overseas £6.10 0d. By air see page 161.

☐ Payment enclosed ☐ Please send bill

The Economist, 25 St. James's Street, London, S.W.1

NAME .....
(BLOCK CAPITALS)

ADDRESS .....

the united steel companies limited

The following are extracts from the Annual Statement of the Chairman, Mr. A. J. Peech, to the Shareholders on the accounts for the year ended 30th September 1964.

The year just ended showed a great increase in demand for our products with the result that all our major departments were working to capacity.

PROFIT AND LOSS ACCOUNT

Turnover at £149 million reached an all time record figure.

The surplus of income over expenditure, including extraneous items, was £15·52 million compared with £8·7 million which excludes £550,000 profit on sale of investments in the previous year, showing an improvement of 77%. Depreciation charged increased by £350,000 to £7 million. Although the main factor leading to this improvement was the higher operating rate, I am pleased to say that a substantial contribution was made by the increased efficiency of all our works.

It is interesting to compare the year's results with those of our best year when we were last working to capacity. In the year 1959/60, profit, excluding extraneous items, amounted to £22·9 million against this year's comparable figure of £15 million, a difference of £7·9 million. Since then capital expenditure amounting to £63 million has been incurred by the Company and £10 million of new money has been subscribed by our shareholders. The schemes on which this money was spent were designed to improve the Company's earnings and consequently one would have hoped that the 1959/60 figure would have been exceeded.

Since the 30th September 1960, there have been cost increases which have now amounted to an annual rate of £10 million.

This enormous annual charge has been carried by the Company to the benefit of its customers and the difference between this figure and the reduction of £7·9 million mentioned previously, namely £1·3 million, has been more than made good by improved efficiency in our operations, bearing in mind that our costs have also been inflated by losses of some millions of £'s incurred in running in new plant, such as the Steel, Peech & Tozer electric-furnace project and the rod and bar mill at Appleby-Frodingham.

SALES

Demand for nearly all our products picked up very quickly immediately after the summer of 1963 and this recovery was maintained and even increased over the whole of the past year. Order books progressively improved and this has led to better manufacturing programmes and consequently to improved efficiency.

DIVIDENDS

When the interim dividend was announced on the 21st May 1964, your Directors indicated their intention to recommend a final dividend of 9% provided that the current level of earnings was maintained. I am pleased to say that this rate has not only been maintained but slightly exceeded and consequently a final dividend of 9% is in fact recommended.

It is also proposed that a tax-free capital dividend of 5% be paid out of profits on the sale of investments in previous years.

FUTURE PROSPECTS

In present circumstances and writing now, early in December, it is difficult to know what to say about the future prospects of our Company.

Trading. Trading prospects are undoubtedly excellent and I would anticipate that output rates should remain at a high level. Here there is the danger that the country's insecure position from the point of view of balance of payments may lead to some contraction of output in the latter part of the year.

Nationalisation. The Labour Government has confirmed its intention to nationalise part of the industry and this Company is likely to be included in view of its being the largest steel producer in the country. Until we have to accept the *fait accompli*, I am sure that all our shareholders will agree that it is necessary to continue the argument against nationalisation.

It is unfortunate that constant adverse publicity has led to a poor image of the industry and that this has been increasingly accepted, but let us examine some of the many criticisms, the only common factor of which is their misleading character:—

(1) **Lack of capacity**—During the war years, the industry was not allowed to expand its iron and steelmaking plants so that there was a lag to be made up. Since 1945, capacity has expanded from 14 million to 30 million ingot tons. In the earlier years the pace of expansion was held back by lack of capacity among plant suppliers; in latter years there has been considerable idle time in all sections of the industry owing to insufficient demand.

(2) **Obsolete capacity**—There is still a small amount of obsolete capacity but most of this is in areas where there are difficult social conditions and where the steel industry is the main employer.

(3) **Research**—The research effort has been increasing rapidly over the years and so far as this Company is concerned, its Research and Development Department led the world—which is a fact which has been accepted by experts from other countries—and this lead has not been lost.

(4) **Technological progress**—While some important new processes have been invented abroad and imported into this country, it would be wrong to assume that there have not been inventions here which have been adopted abroad. This Company alone has, through its development of sinter plants and the use of up to 100% sinter in blast furnaces, pioneered the use of lean ores for ironmaking. It was first in introducing bulk oxygen into open hearth steel furnaces and has been a leader in the development of continuous casting plants, particularly for the production of small billets which are one of the most difficult products to manufacture by this method.

(5) **Exports**—The industry's policy for direct export of steel products has to have regard to the demands of our customers at home who export goods in a more finished state containing a higher labour content. An increasing number of foreign countries have their own iron and steel industries and there are difficulties over foreign exchange in other countries. In spite of these facts, the industry's direct exports last year were at a record level.

(6) **Monopoly**—To say that the steel industry is a monopoly is nonsense. No industry can be a monopoly when there are several companies—or in some cases dozens of companies—making the same product and competing with each other for a larger share of the market.

(7) **Interlocking directorships**—I firmly believe that it is helpful to have some outside directors on the boards of large companies and surely it is better that some at least of these outside directors should have a knowledge and experience of the Company's manufacturing and selling problems as well as being able to give useful advice on financial and general matters.

COMPENSATION

If the steel industry is nationalised, we do not know the terms under which this might be brought about but it might not be out of place to give some figures of the value of the Company's shares based on differing methods of valuation. These have been as follows:—

Stock market valuation..	47/-
Dividend yield	57/-
Balance sheet value ..	45/-
Current replacement cost	74/-
Capitalisation of earnings	69/-

From the above it would seem that any figure of less than, say, 60/- could only be described as unfair expropriation. I trust that no British Government will lend itself to such action.

THE UNITED STEEL COMPANIES LTD

Copies of the full Statement are available from The Secretary, The United Steel Companies Limited, The Mount, Broomhill, Sheffield 10.

BARCLAYS BANK D.C.O.

ANNUAL GENERAL MEETING

The thirty-ninth Ordinary General Meeting of Barclays Bank D.C.O., followed by an Extraordinary General Meeting, was held on Friday, January 1, 1965, at 54, Lombard Street, London, EC3.

Sir Julian S. Crossley (the Chairman) presided.

The Secretary, Mr A. E. V. Oliver, read the Notice convening the Ordinary General Meeting and the Auditors' Report to the Stockholders.

With the concurrence of the Stockholders present, the Report and Accounts and the Statement by the Chairman, which had been previously circulated, were taken as read.

DIVIDEND POSITION

The Chairman stated that, as the Bank was a United Kingdom registered Company operating overseas, the incidence of taxation on future earnings could not be determined but it was felt that this should not prevent an increase of 1 per cent in the dividend on the past year's favourable results on which the tax liability was defined.

It was hoped that a dividend of 11 per cent would be possible in the present year but this would depend on the tax position and on the economic health of the country. The Chairman said that the United Kingdom had not yet shaken off the malady from which it had been suffering in recent years—which was easy to diagnose and could only be cured by the old-fashioned remedy "live within your income." He said the time for wizardry was past and it was time this was put in forthright terms rather than in the language of the economists, and preferably in the mother-tongue—it was not so long since there was a man who knew how to use it.

TERRITORIAL NEWS

On the subject of the territorial news the Chairman said that Stockholders would be relieved to know that the two European members of the Bank's subsidiary, the Crédit Congolais, in Stanleyville were well and unharmed. In Ghana history had been made by the first appointment to the Local Board of an African member of the staff, while for the first time in Malta a local member of the staff had been appointed a Local Director.

In November last a pensioner who retired in Cape Town in December, 1923, set up a record by becoming the Bank's first centenarian pensioner.

The Chairman congratulated the Emir of Yauri, a Member of the Nigeria Board, on being appointed an Officer of the Order of the Federal Republic, and Mr Bishop on his appointment as an Assistant General Manager in London. The only change to record at Board level was Mr Macdona's appointment during the year. The Chairman said Mr G. F. Lewis wished to retire from the Board, having reached the age of 70 years, and thanked him for his valued services and was glad to say he had agreed to remain a Member of the London Committee.

Referring to a balance-sheet item, the Chairman pointed out that deposits over the year had increased by a figure which was more than double that shown for deposits in the first balance sheet of Barclays Bank (Dominion, Colonial and Overseas) in September, 1926.

The Chairman then advised that it was proposed to change the Articles by increasing the present authorised capital of £25,000,000 to the full £30,000,000 authorised and to promote a new Bill through Parliament to have the authorised capital increased to £50,000,000 and that Stockholders would be asked to consider this at the Extraordinary General Meeting immediately following the Ordinary General Meeting.

Finally the Chairman said he would like to thank all Stockholders for the support and encouragement he had received for so many years and that he would not feel as happy about retirement if it were not for the fact that the Bank was never in better condition, nor the future in better hands.

FORMAL BUSINESS

The Chairman then moved the adoption of the Report of the Directors and the Statement of Accounts and the payment of a Final Dividend of 6 per cent actual on £24,000,000 Ordinary Stock, less Income Tax at the standard rate of 7s. 9d. in the £.

The Motion was seconded by The Hon. Sir Geoffrey C. Gibbs, KCMG, Deputy Chairman, and carried.

The retiring Directors, Mr Richard Evelyn Fleming, MC, Mr Brian Fraser Macdona, Mr George Gilbert Money and Mr Harry Frederick Oppenheimer, were re-elected.

In terms of special notice given, Mr Paul Vychan Emrys-Evans was re-elected a Director.

On the Motion of The Rt Hon. The Viscount Knollys, GCMG, MBE, DFC, seconded by Mr J. D. Cowen, MC, TD, the Auditors, Messrs Deloitte, Plender, Griffiths & Company; Price Waterhouse & Company; Peat, Marwick, Mitchell & Company and Cooper Brothers & Company, were re-appointed.

On the motion of the Chairman, seconded by The Hon. Sir Geoffrey C. Gibbs, KCMG, Deputy Chairman, the authorised capital of the Company was raised from £25,000,000 to the full £30,000,000 permitted under the Barclays Bank D.C.O. Act of 1957 and the Special Resolution approving the alteration to the Articles was moved by the Chairman, seconded by The Hon. Sir Geoffrey C. Gibbs, KCMG, Deputy Chairman and carried unanimously.

A vote of thanks to the Staff, proposed by Sir Eric G. Machtig, GCMG, KCB, OBE (a Director) and seconded by Mr Gordon Adam, was carried unanimously and was responded to by Mr R. G. Dyson (a General Manager).

This concluded the business of the Ordinary General Meeting and, at the Extraordinary General Meeting which followed, the Bill to amend the Barclays Bank D.C.O. Act of 1957 was approved by the Stockholders.

In the course of proposing a vote of thanks to the retiring Chairman, Sir Julian Crossley, Mr A. W. Tuke reminisced on the eleven years when he, as Chairman of Barclays Bank Limited, and Sir Julian shared adjoining rooms in Lombard Street. The ease of communication was of the greatest value in fostering the relations between mother and daughter. The door was not much used because the mother had ample proof that the daughter was well able to look after herself in the wicked world and the daughter perhaps felt, as daughters are apt to do, and in this case quite rightly, that her mother would not understand her problems anyway. After all, the young woman was by this time getting on in years, and perhaps getting less and less likely to need bailing out of trouble, which might well have happened when she was younger.

Mr Tuke continued "The Ancient Romans used to say of a citizen who had done a good job 'de republica bene meruit'—he deserves well of his country. We may, perhaps, permit ourselves to rejoice that Sir Julian's services have been noticed in the proper quarter just in time."

The Motion was seconded by Mr John Thomson, who welcomed Sir Julian's successor, Mr F. Seebohm, and was carried unanimously.

CRANLEIGH GROUP LIMITED

EXTRACTS FROM MR DAVID BLANK'S REVIEW

For the year ended June 30, 1964, our Group trading profit before depreciation was £1,057,982. After providing for depreciation of £199,792, our Group net profit, before taxation and minority interests, was £858,190. This compares with last year's figure of £723,401, the net position after taxation and minority interests producing £428,141 against £353,510.

As previously announced, your Directors have decided to recommend the same Final Dividend as last year, i.e., 7½ per cent which, with the Interim Dividend of 7½ per cent already paid, makes a total of 15 per cent for this year, as for the previous year. The effect is that our dividend cover has increased from 1.5 times to 1.9 times.

Your Board welcomes the recent recommendations from the Council of the Stock Exchange, requiring Companies to provide further information to their shareholders. We ourselves were pioneers in this respect, having published much of this additional information for several years past in our Annual Reports. We shall continue to expand this information, and expect to issue our first half-yearly Statement during the first quarter of 1965.

DORMAN LONG STEEL FACTS

Here is a steel company's answer to some of the uninformed criticism being levelled against the steel industry in attempts to justify nationalisation.

THEY SAY . . . TOO MUCH OBSOLETE PLANT

Dorman Long have spent nearly £100 million since the war in the Iron and Steel Works alone on a continuous programme of modernisation and development without a penny coming from Government loans.

Result:—80 per cent of our total rolled steel output comes from modern highly efficient units. In a few years it will be near 100 per cent.

We have replaced old plants and concentrated our efforts on raising efficiency of new units. Old plants with a capacity of three-quarters of a million ton. of iron and half a million tons of steel per annum have been closed.

THEY SAY . . . POOR PRODUCTIVITY

Dorman Long labour productivity at its iron and steel works is 27 per cent higher than the national average quoted in The Iron & Steel Board's Special Development Report 1964—evidence of excellent employee-management co-operation. Our aim is to produce nearly 50 per cent more steel within the next few years than to-day, with little increase in the number of men.

The Iron & Steel Board report that in America the average weekly iron output is 8,400 tons per blastfurnace. Dorman Long average is 10,000 tons. American open hearth steel furnace average is 1,700 tons per week. Dorman Long average is 2,350 tons.

THEY SAY . . . PRICE-RIGGING AND THE NATIONAL INTEREST

Maximum prices for steel are fixed for the industry under supervision by an independent Iron and Steel Board and the prices charged have been held to be fair and reasonable by the Restrictive Practices Court. Under these circumstances we compete with other manufacturers to achieve the lowest production cost. Our success has enabled the Dorman Long Group, since the war, to provide about £97 million towards expenditure on new plant development and the necessary additional working capital. We have also contributed £4 million towards public expenditure by way of Income Tax and Profits Tax.

THEY SAY . . . INADEQUATE EXPORTS

In a world with surplus steel-making capacity Dorman Long made a creditable contribution to the national economy by exporting rolled steel valued at £8.5 million last year. In addition, the exports of our customers, including subsidiary and associated companies of the Group, contain substantial tonnages of Dorman Long steel.

THEY SAY . . . INSUFFICIENT RESEARCH

Dorman Long has given particularly close attention to the application of research to production processes and our advances in efficiency and productivity stem from this. Research expenditure is already running at over £500,000 per annum and, in addition, £400,000 is to be spent on building and equipping a new Central Research Establishment.

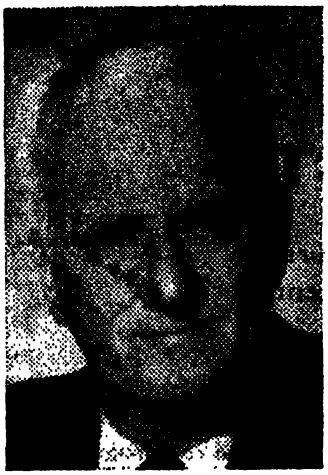
THEY SAY . . . NEPOTISM AND NON-TECHNICAL DIRECTORS

All Dorman Long executive directors are well qualified technically. They joined the Company as young men and have worked their way to the top. It is open for others to follow, since directors and chief executives in Dorman Long do not inherit a place from relatives. We believe that those who really know the Company serve it best in management.

There is no complacency and the persistent search for higher efficiency and greater productivity will continue throughout the Group.

Dorman Long has a good record which given freedom from interference we shall improve upon. We do not believe it would have been achieved under nationalisation.

*This is an extract from the Statement by the Chairman, **Mr E. T. Judge,** to the 35,000 shareholders of Dorman Long & Co., Limited.*



FENNER

MECHANICAL POWER TRANSMISSION EQUIPMENT

EXTRACTS FROM THE STATEMENT TO THE SHAREHOLDERS OF J. H. FENNER & CO. (HOLDINGS) LTD.

The Consolidated Trading Profit of the Group, after providing for Depreciation and deducting Minority Interests, amounts to £1,477,229 compared with £1,201,758 for the year ended 31st August, 1963.

All sections of our business based in the United Kingdom have contributed to the advance, and our overseas businesses have reached new high levels of profitability.

There has been net expenditure during the year on new buildings, plant and equipment, and on Trade Investments of over £600,000. Our total net capital expenditure over the last five years has been more than £2,000,000, which comfortably exceeds the entire amount of the Shareholders' Funds invested in the Group at the beginning of this period.

The whole of this capital expenditure has been financed out of retained profits and depreciation reserves. No less than 70 per cent of our aggregate net profits has been withheld from distribution for the purpose; its justification is, I think, clearly apparent, not only in the steady growth of profits but equally in the increased range and high quality of the products which we manufacture and sell. These practical demonstrations of responsible stewardship by the Management of the Company are those which I rate most highly.

Early in the financial year, sums were placed aside for the development of our overseas manufacturing facilities in Australia, South Africa, Western Germany and India. Additionally, two building developments are in hand at Marfleet an extension to the Research Centre, and the provision of additional manufacturing space in the factory.

AT HOME: Sales have increased in all divisions of the Fenner Company, and it is this increase that has been responsible for the preservation of profits, despite the pressure which has been felt on wage rates and in benefits such as the shorter working week and longer holidays.

OVERSEAS: During the course of a year in which we changed the name of our overseas Company to Fenner International Limited, we completed a record twelve months of trading both in terms of mechanical power transmission equipment and in other directions.

CONCLUSIONS: We believe that general economic activity, both at home and abroad, will increase in proportion to the strides now being made in technological and scientific development. In taking a long-term view of the situation, we are planning ahead on the basis that there will be an increasing demand for the type of products that this Company develops and markets. We are fully aware of the dangers of possessing surplus capacity in an organisation, but an even greater danger would arise if we found ourselves in a position where we could not meet our share of the demand.

For many years now the amount of capital investment in factories and equipment in the United Kingdom has been much too small. In most industrial countries which we visit, we find that a bigger proportion of the national product is being spent on industry, and a smaller proportion on schools, houses and the like. We can only have the houses, the schools, the hospitals and the rest if we can earn enough money by having efficiently equipped industries. This lesson takes a long time to get home.

It is never wise to make predictions about the future course of business. I avoid this whenever I can, because I have seen so many good industrial plans changed or considerably modified due to the impact of political decisions. As I write this report, we have a Government which is committed to, and believes in, running our national affairs on different lines from those on which we have been working for the past thirteen years. Whether it is successful or not, this Government, if it stays in power, will change the present rules under which industry lives and works.

So I make no predictions for the future . . . I leave this to the almanacs.

S. B. HAINSWORTH,
Chairman

HARRODS (BUENOS AIRES), LIMITED

MR O. R. GUARD'S REVIEW

The fifty-second Annual General Meeting of Harrods (Buenos Aires), Limited will be held on January 28, 1965, at Winchester House, Old Broad Street, London, EC2. The following is a précis of parts of the Review by the Chairman, **Mr O. R. Guard,** which has been sent to shareholders:

On November 19th the Board announced the provisional results for the year to August 31, 1964, declared the preference dividends for the year and recommended a dividend of 6d. per share, less income tax, on the ordinary shares.

TRADING 1963/64

Last year I used the words "cautious optimism" when looking forward to the period which we now consider in retrospect, and when addressing the Annual General Meeting I asked that the two words should be interpreted with equal emphasis. The favourable factors outweighed the unfavourable in the final outcome and while improvement in general conditions helped us progressively in the course of the year, the better results are attributable in part to a major reorganisation of our administrative and merchandising procedures. It is also of interest that Harrods (Buenos Aires), Limited, having opened its store in March, 1914, was celebrating its Golden Jubilee. The previous year, 1962/63, began under the shadow of bitter political conflict and a state of industrial recession remained virtually unrelieved throughout the year.

The improvement in the results is dramatic. Total sales in 1963/64 amounted to 1,883 million pesos, an increase of 25 per cent on 1962/63. Profit before taxation comes out at £232,278, against a loss of £57,276 last year and a profit two years ago of £78,276.

EXCHANGE

The rate of exchange again followed a fluctuating course. After opening the year at 377 pesos to £1, it touched 416 in November, 1963, and then recovered to 369 in February, 1964. In March it moved to 385, where it remained fairly steady until the last weeks of August, closing on August 31st at 400 pesos to £1.

In April the Argentine Central Bank, without putting any restriction on the right to remit profits, required application to be submitted to it for examination. This administrative procedure has occasioned considerable delays, a development which we are bound to view with concern.

THE CURRENT YEAR ENDING AUGUST 31, 1965

Politically the internal stresses in Argentina have not yet been wholly resolved. Important elections to be held in the early part of 1965 are likely to overshadow the first part of the current financial year. Wage and salary levels continue to increase and there are signs that the marked recovery during 1963/64 from the preceding recession may now be levelling out in some important industries. So far in 1964 there is a favourable balance of trade, but the figures are beginning to show a downward trend.

Finally, I return to the question of exchange. In November, the Central Bank allowed the rate to fall to about 420 pesos to £1, with the object of stimulating exports. It is to be hoped that it can be stabilised near this level, but it would

be impossible to forecast what the rate may be at August 31, 1965. I need hardly add that the availability of remittances will govern our ability to pay dividends.

I am not attempting to deduce from a number of not very clearly defined trends, that any critical situation is developing, but taken together, they all contribute to a continued atmosphere of uncertainty. Within our organisation we are well set to go out for increased trade over and above the amount required to compensate any increase in expenses. The latest sales figures available show an increase of 25 per cent over the corresponding period last year.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail, UK £6 overseas £6 - 10s. ;
By air see below

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. Airmail is invariably more expensive but usually quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended.

	Airmail	Air Freight		Airmail	Air Freight
Australia.	£13 10s.	—	Iran & Iraq	£11 0s.	£9 10s.
Canada:—			Israel	£11 0s.	—
Quebec & Ont. Provs..	£12 10s. or Can. $38	£9 15s. or Can. $30	Japan	£13 10s.	—
			Jordan	£11 0s.	—
			Lebanon ..	£11 0s.	—
Other Provs..	£12 10s. or Can $38	£10 10s. or Can. $31·80	Malaya	£12 10s.	—
			N. Zealand	£13 10s.	—
			Nigeria ...	£12 10s.	£9 10s.
Ceylon...	£12 10s.	£10 0s.	Pakistan...	£12 10s	—
China ...	£13 10s.	—	Philippines	£13 10s.	—
East Africa	£12 10s.	£10 0s	Rhodesia ..	£12 10s.	—
Egypt ..	£11 0s.	—	S. Africa ..	£12 10s.	£10 0s
Europe ..	£10 0s.	—	Sth. & Cen. America	£12 10s.	—
Ghana ...	£12 10s.	£9 10s	Sudan	£11 0s	£9 10s.
Gibraltar, Malta...	£7 5s	—	U S A ...	£12 10s. or $35	£10 10s. or $29 50
Hongkong	—	£12 10s.			
India ..	£12 10s	£10 0s			
Indonesia.	£12 10s	—	W. Indies .	£12 10s	—

SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS:

AUSTRALIA: John Hinton & Co., 50 Miller Street Sydney New South Wales. Gordon & Gotch (Australasia) Ltd 511/515 Little Collins Street, Melbourne. C1. BELGIUM: W. H Smith & Son, 71 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Croze CxP 3683-Zc-00, Rio de Janeiro CANADA: Wm. Dawson Subscription Service 587 Mount Pleasant Road, Toronto 7, Ontario. CEYLON: The Lake House Bookshop, 100 Parsons Road Fort Colombo DENMARK Einar Munksgaard 6 Nørregade Copenhagen K EGYPT: Librairie Hachette, 45 bis Rue Champollion, Cairo FINLAND: Akateeminen Kirjakauppa, 2 Keskuskatu, Helsinki FRANCE: W H Smith & Son 248 Rue de Rivoli, Paris. GERMANY: W E Saarbach, Gertrudenstrasse 36, Koln 1, Conwa Grosso-itrieb GmbH, Hamburg 1, Danziger Strasse 35a, Hamburg. GHANA: Travel Service Ltd., P.O. Box 401 Accra. GREECE: Librairie Kauffman, 28 Rue de Stade, Athens. HOLLAND: N V V/H Van Ditmar's Import Schiestraat 32 36, Rotterdam 4 HONGKONG: The Advertising & Publicity Bureau, Ltd, 701-706 Marina House. INDIA: Patrika Syndicate Private Ltd., Gole Market, New Delhi, 1, or 12/1A Lindsay Street, Calcutta 16, or 23 Hamam Street, Bombay 1; Central News Agency, 23/90 Connaught Circus, Post Box 374, New Delhi. IRAN: International Press Agency of Iran, P.O. Box 1125, Teheran. IRAQ: Coronet Bookstore, Merjan Building, Southgate, Baghdad. ISRAEL: Bronfman's Agency, Ltd., 2 Tshlenov Street, P.O. Box 1109 Tel-Aviv ITALY: Messaggerie Italiane, Via Lomazzo 52, Milan 12. JAPAN: Karl H. Bachmeyer Associates, Meiji Heights, 26, Kitaya-cho, Shibuya-ku, Tokyo; Maruzen & Co., P.O. Box 605, Tokyo Central. JORDAN: Joseph I Bahous & Co., P.O. Box 66, Amman. KENYA: East African Standard, P.O. Box 30080, Nairobi. KOREA: Foreign Publications Supply Co., P.O. Box 248, Kwang-Hwa-Mun, Seoul. LEBANON: The Levant Distributors Co., Place de l'Etoile, D. Assefly Building Beirut. MALAYA: Messrs. Marican & Sons, Subscription Dept., 74 Orchard Road, Singapore, 9. NEW ZEALAND: Gordon & Gotch (NZ), Ltd., P.O. Box 584, 75 Anzac Avenue, Auckland; Gordon & Gotch (NZ), Ltd., 32 Waring-Taylor Street, Wellington. NIGERIA: Atlas Nigeria Ltd, 6 Labinjo Lane, P.M.B. 2120, Lagos. NORWAY: A/S Narvesens Litteraturtjeneste, P.O. Box 115, Oslo. PHILIPPINES: Morris Corporation, P.O. Box 1451, Manila. POLAND: Ruch Ul Wilcza 46 Warszawa 10, Poland. RHODESIA: Kingstons Ltd., P.O. Box 2374, Salisbury, S. Rhodesia. SOUTH AFRICA: American & Overseas Publications, P.O. Box 3025, Port Elizabeth; Central News Agency, Ltd., P.O. Box 10799, Johannesburg. SPAIN: Distribuidora International, Duque de Sexto, 36, Apartado 9156 Madrid. SUDAN: Khartoum Bookshop, P.O. Box 968, Khartoum. SWEDEN: Wennergren-Williams A.B., Nordenflychtsvägen 70, Stockholm. SWITZERLAND: Agence Aeberhard Case 123 Berne Transit. TANGANYIKA: The Tanganyika Standard, P.O. Box 33, Dar es Salaam. TURKEY: Librairie Hachette, 460 Istiklal Caddesi, Beyoglu-Istanbul. UGANDA: East African Standard, P.O. Box 1656. [illegible] Avenue, New York 17, N.Y.; British Publications Inc., 30 East 60th Street, New York 22, N.Y.; The Economist, National Press Building, Washington 4, D.C.; National Publications Co., 4055 Wilshire Blvd., Los Angeles 5, California. VENEZUELA: Distribuidora Santiago C.A., Quinta Oasis, Segunda Transversal Norte, Urbanizacion Guaicaipuro, Apartado No. 2589. Caracas.

MERCANTILE CREDIT COMPANY LIMITED

RECORD PROFIT

COMPANY IN STRONG POSITION

The thirty-first Annual General Meeting of Mercantile Credit Company Limited was held on January 6th in London, **Sir Mark Turner,** Chairman, presiding.

The following are extracts from his circulated statement for the year to September 30, 1964:

I have the pleasant task on this occasion of announcing both a record profit and the recommendation of an increased dividend.

The year under review has not been without its problems. In February, Bank Rate was raised to 5 per cent. Though charges were raised to offset the higher cost of money, gross profit margins have been smaller, since this year's income has had to bear the higher cost of financing business previously put on to the books at lower rates.

Problems have also arisen in connection with commissions to motor dealers and, to us who have been long in the business, it is natural to regard unbridled licence in commission-giving as something which is unhealthy for the hire-purchase industry, in that in the last resort it must inevitably increase costs to the consumer.

A favourable feature of the year has been our very satisfactory bad debt experience, which I think is a reflection of the policy which we entered into some years ago in concentrating our efforts on maintaining lasting connections with many first-class dealers. We are satisfied that our portfolio is valued on a prudent and realistic basis and that the company is therefore in a strong position.

Your company pioneered the new concept of leasing in this country and provides a most important service to industry in assisting in the modernisation and improvement of manufacturing methods. Mercantile Leasing, in conjunction with the parent company, purchases plant and equipment which is leased on terms which represent a very fine borrowing rate indeed. This is made possible by the benefit of the investment and other capital allowances we receive on the new plant we purchase and then lease, which reduces our liability to tax.

We take the view that it is wrong to bring into credit immediately the full benefit from these tax allowances and we therefore spread it over the period of the transactions. It is estimated that over £1,000,000 will be released from the tax equalisation account to profit over the future life of agreements now on the books.

From the point of view of the community, what I have said does not mean that less tax is paid by the leasing company and its customer taken together, as only one set of capital allowances is, of course, granted by the Inland Revenue; but it does mean that the lessee, though not owning the equipment, nevertheless has full use of it on the very attractive terms which the leasing company is able to offer as a direct result of its own improved position after tax.

In addition to motor vehicle hire purchase and the leasing business to which I have just referred, your company also engages in hire purchase facilities for plant and machinery and domestic appliances, block discounting of the hire-purchase paper of retail companies, short-term building finance for houses and flats as well as larger industrial and commercial buildings in appropriate cases, the finance of oil-fired central heating installations under the Shell-Mex and B.P. Ltd. plan and personal loans for home improvements and other purposes for credit-worthy individuals. Building finance transactions and loans generally are channelled through Mutual Finance, which is our wholly-owned banking subsidiary.

The broadening of the base of our operations which goes on regularly year by year makes us less vulnerable to changes in the economic pattern of demand and less affected by over-intense competition in any one sector of our business.

Last year I referred to the then anticipated new legislation governing hire purchase which was under consideration by the Government. The Act comes into effect on January 1, 1965, without, I regret to say, the main anomalies being removed. Chief amongst these is that under the new Act, hire-purchase companies can be deprived of the right to recover their investments in the goods they own.

There was a great deal of discussion about this particular clause, and one could hope that if certain measures prove unworkable, some appropriate amending legislation may be introduced. Meantime we are satisfied that by continuing our policy of careful selection the company will be reasonably immune from those provisions of the new Act which we regard as both inequitable and uneconomic.

So much for last year. What of the future? Instalment credit business is obviously a very convenient tap to turn on and off in accordance with the needs of the economy of the country. This inevitably produces fluctuations in our fortunes and this form of control must be used sparingly, since a country which needs exports as badly as ours does can only achieve these on the basis of quality and cost, and a buoyant home market is therefore necessary to keep costs down.

I hope and believe that such periods of restriction will be of short duration and that what we lose on the swings we will regain on the roundabouts. Although there may be fluctuations in our earnings, I believe we shall see an increasing profitability in the years ahead.

In conclusion, I would like to say one word about management and staff. The quality of our business is better today than it has ever been and is a direct reflection of the quality of their work and I would like to say "thank you."

The report was adopted.

WATNEY MANN
Limited

The Annual General Meeting of Watney Mann Limited will be held on January 28 in London. The following are extracts from the statement by the Chairman, Mr S. H. Combe, MC, circulated with the Accounts for the year to September 30, 1964:—

FINANCE

The value of our group income £100.8 million (1963 £82.4 million) is given for the first time. Group profits before tax have increased by £882,000 (8.6%) to £11,117,436. The Directors recommend a final dividend of 11½% making 16% for the year against the equivalent of 14% for last year.

Under the Profit Sharing Scheme the staff and employees who are eligible will each have received 6⅝ week's pay compared with 6¼ weeks for the previous year.

ESTATE

Expenditure on improving our licensed houses has been greater than ever. Details of major capital works are as follows, with the previous year's figures in brackets.

14 (15) new houses .. .	cost £524,604 (£453,138)
13 (11) rebuildings .. .	cost £321,680 (£263,819)
55 (28) major alterations	cost £459,246 (£368,490)

In addition there were literally hundreds of minor alterations, as well as a maintenance bill of £1,625,000.

RED BARREL WATNEYS KEG

The sales of Red Barrel Watneys Keg, which are substantial, have been maintained in the face of considerable and increasing competition.

In the Irish Republic the sales were sufficiently good to encourage us to take steps to have it brewed there. Negotiations have recently been concluded to enable us to take a 30% interest in an old established brewery company of high standing, James J. Murphy & Co. Ltd., of Cork, which will brew all our requirements of Red Barrel Watneys Keg for the trade in Ireland as soon as the necessary plant has been installed.

WINES AND SPIRITS

Our trade continued to grow at the same rate as in former years, a particularly encouraging feature being the increase in sales of European table wines marketed by Brown and Pank, our main subsidiary. There are now signs, however, that the increased duties in last April's Budget are having the effect of slowing down public demand for spirits. The 15% import levy imposed in October led to further price increases in a number of other producers' brands, the effect of which it is too early as yet to gauge.

In February your Company made a successful offer for the share capital of Brown, Gore & Welch Ltd. This acquisition has undoubtedly strengthened our position in the highly competitive field of wines and spirits.

COCA-COLA AND FANTA

Sales of Coca-Cola from both Coca-Cola Southern Bottlers Limited and Coca-Cola Eastern Bottlers Limited have been exceptionally good. Although this is undoubtedly due in part to the continuous fine weather during the summer period, sales during this autumn have already shown a gratifying increase.

Fanta, the world's biggest selling orange flavour drink, has now been introduced throughout the Southern Counties and is already making a very satisfactory contribution to total sales.

MOTELS

Watney Lyon Motels have had a satisfactory year, though it is a disappointment that of the three new projects to which I referred last year, only the Chichester Motel will have been opened by the end of 1964. The other two at Oxford and Stratford-on-Avon are now expected to be completed in April, 1965, and spring 1966 respectively.

In October, 1964, planning consent was given to the Forth Bridges Motel on a nine acre site at the South Queensferry approach to the Forth Road Bridge. The motel will have sixty bedrooms, all with private bathrooms, and, in addition to the restaurant and bars, cafeteria facilities and a small ballroom.

This is an exciting venture and apart from being the first premises erected by Watney Lyon Motels in Scotland it will be the most ambitious so far undertaken by them, with an estimated cost of £350,000. Due to open in the spring of 1966, it should be an attraction to tourists and a major contributor to the profits of the Motel Company.

APPOINTMENTS (continued) for further announcements see pages 152, 164, 165 and 166

THE INSTITUTE FOR STRATEGIC STUDIES

APPLICATIONS are invited for the new post of Publications Secretary to be created May 1, 1965. This will involve production and editing responsibilities for IISS journals, monographs and special publications. Printing or publishing experience and good knowledge of French essential. Basic education or interest in international affairs desirable. Proposed starting salary £1,500 p.a.

Applications, stating age, education and experience, and giving two referees should be made by January 21st to The Director, Institute for Strategic Studies, 18 Adam Street, W.C.2.

EDITOR OF VENTURE. Fabian monthly dealing with the developing world. Part or full time appointment considered. Salary £800-£850 for a full time position. Closing date for applications, Thursday, January 14th.—Full details: General Secretary, Fabian Society, 11 Dartmouth Street, London, S.W.1.

UNIVERSITY OF SOUTHAMPTON

DEPARTMENT OF ECONOMICS AND ECONOMIC THEORY

Applications are invited for the post of Lecturer or Assistant Lecturer in the Department. Applicants should have a good Honours degree in Economics or an associated subject. Salary Scales: Lecturer, £1,400 x £85 — £2,505 with a merit bar at £2,164; Assistant Lecturer, £1,050 x £75 — £1,275. The initial salary will depend on qualifications and experience. Further particulars should be obtained from the Deputy Secretary, The University, Southampton, to whom applications (seven copies) giving date of birth, a brief *curriculum vitae*, and the names of three referees should be sent before January 21 1965.

DALHOUSIE UNIVERSITY

DEPARTMENT OF ECONOMICS

HALIFAX, NOVA SCOTIA

Applications are invited for four posts in established and rapidly expanding department. Especially want good theorists with specialised interest in one or more applied fields, who are concerned with understanding society in the round in a historical and contemporary social context rather than economists having only narrow technical interest.

Salary and rank will depend on qualifications. Prefer Ph.D. or equivalent.

Send full *curriculum* and names of referees, to J. F. Graham.

UNIVERSITY OF EDINBURGH

DEPARTMENT OF SOCIAL ANTHROPOLOGY—LECTURESHIP

Applications are invited for the posts of Lecturers in the Department of Social Anthropology. Candidates should possess field work experience preferably in this country as well as overseas.

Salary Scale £1,400 x £85 — £1,740. Bar. £1,825 x £85 — £2,405 per annum with placement according to qualifications and experience, and with superannuation benefit.

The successful candidates will be expected to take up duty on October 1 1965.

Further particulars may be obtained from the undersigned, with whom applications (six copies), giving the names of two referees, should be lodged not later than January 28, 1965. A candidate from overseas may submit one copy of his application.

CHARLES H. STEWART,
Secretary to the University.

December, 1964.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER IN SOCIAL ANTHROPOLOGY in the Faculty of Economic and Social Studies. Preference will be given to candidates with field experience in the Far East, but candidates with experience in other parts of Asia or in Africa will be considered. Salary on the scale £1,400 x £85 to £2,505 per annum with membership of F.S.S.U. Initial salary according to qualifications and experience. Applications should be sent not later than January 11 1965, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

LINCOLN COLLEGE

(UNIVERSITY OF CANTERBURY) NEW ZEALAND

LECTURER/SENIOR LECTURER IN FARM MANAGEMENT

Applications are invited for appointment to the position of Lecturer or Senior Lecturer in Farm Management. Applicants should hold a University degree in Agriculture or Agricultural Economics or in Arts or Commerce with experience in Agriculture. An applicant with experience in farm management accounting or in advanced management methods will be given preference, but this should not preclude others from applying.

Commencing salary according to qualifications and experience within the range £1,300 to £2,900 per annum. Superannuation available and certain expenses of appointment paid.

Conditions of appointment are obtainable from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in New Zealand and London, on *March 31, 1965.*

PLANNING RESEARCH

Applications are invited from qualified persons with experience in planning research to direct research studies.

The six-man research group will be developing and using new basic planning techniques including regional analysis methods, transportation studies and social and economic investigations to determine urban structure and assess future land use and community requirements.

Starting salary £1,800-£2,200 or more in appropriate circumstances. Minimum four weeks' leave. Pension and Life Assurance scheme.

Please write with details to Graeme Shankland Associates, 28 Bedford Square, London W.C.1, or telephone MUSeum 6405.

LINCOLN COLLEGE

(UNIVERSITY OF CANTERBURY) NEW ZEALAND

SENIOR LECTURER IN AGRICULTURAL ECONOMICS

Applications are invited for appointment to the Position of Senior Lecturer in Agricultural Economics with special reference to the fields of Marketing or Production Economics.

Applicants should possess a degree specialising in Economics or Agricultural Economics. Previous experience of Agriculture, while desirable, is not necessary.

Initial appointment within the salary range £2,100 to £2,500. Superannuation available and certain expenses of appointment paid.

Conditions of appointment available from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in New Zealand and London, on *February 28, 1965.*

UNIVERSITY COLLEGE OF WALES

ABERYSTWYTH

Applications are invited for an additional post of ASSISTANT LECTURER or LECTURER in the DEPARTMENT of INTERNATIONAL POLITICS (Professor Laurence W. Martin). Preference will be given to candidates with an interest in general theoretical approaches to international relations but the programme of the Department is sufficiently broad to permit specialisation in teaching and research.

Funds for foreign travel are available. Salary according to qualifications and experience within the ranges:

Lecturer: £1,400 x £85 — £2,505

Assistant Lecturer: £1,050 x £75 — £1,200

Forms of application and further particulars are obtainable from the Registrar to whom applications should be sent by January 18, 1965.

UNIVERSITY OF SOUTHAMPTON

Applications are invited for the post of Lecturer or Assistant Lecturer in Commerce. Candidates should have a degree in Economics or Commerce: some experience in business and/or teaching will be an advantage. Salary Scales: Lecturer, £1,400 x £85—£2,505 with a merit bar at £2,164; Assistant Lecturer, £1,050 x £75—£1,275. The initial salary will depend on qualifications and experience. Further particulars should be obtained from the Deputy Secretary, The University, Southampton, to whom applications (seven copies from United Kingdom applicants) should be sent not later than January 18, 1965.

GLACIER METAL COMPANY LTD.

STATISTICIAN/MATHEMATICIAN (WOMAN)

An opportunity arises for a qualified and experienced woman statistician to fill a newly established and interesting position in our Research and Development Organisation.

Main Tasks. Providing statistical services which include correlation analysis, regression analysis, significance testing, design of experiments and analysis of variance; development of quick method design aids; analysing experimental results, preparation of data charts and tables, etc.

Qualifications: Age 22 years minimum. Degree or equivalent in Mathematics preferred. Intermediate Certificate of Institute of Statisticians useful; some industrial statistical experience desirable; competence and originality in mathematical manipulation; ability to acquire appreciation of physical properties of bearings and their effects.

Conditions: A starting salary up to £1,015 is envisaged, with good prospects for advancement.

Applications: Brief relevant details, including present salary, to Headquarters Personnel Manager, Glacier Metal Co. Ltd., 368 Ealing Road, Alperton, Wembley, Middlesex, quoting reference PD/B/SM(2).

AUSTRALIA

THE UNIVERSITY OF NEW SOUTH WALES SYDNEY

UNIVERSITY POST-DOCTORAL RESEARCH FELLOWSHIP FACULTY OF COMMERCE

The fellowship will be awarded to a graduate holding the degree of Doctor of Philosophy or equivalent qualifications, with proven ability and achievement in research.

The emolument will be between £A1,750 and £A2,250 per annum, depending on qualifications and experience. The fellowship will be awarded initially for one year with the possibility of extension.

Some of the current research interests of the faculty are as follows:

SCHOOL OF ACCOUNTANCY (Professor E. B. Smyth)

Measurement and reporting of company performance; criteria in the evaluation of capital expenditure proposals; a study of Australian finance companies.

SCHOOL OF ECONOMICS (Professors J. Nevile and M. Kemp)

Mathematical models of the Australian economy; trends in the Australian balance of payments; time series analysis; the pure theory of international trade; investment and tariff criteria of public utilities.

SCHOOL OF HOSPITAL ADMINISTRATION (Professor J. Griffith)

State administration of the hospital service; unit costs per hospital bed, the pharmaceutical service.

SCHOOL OF BUSINESS ADMINISTRATION (Professor N. Wills)

Marketing problems in an Australian environment.

Applications, giving personal particulars, full details of academic qualifications, previous experience and names of referees, should be awarded to the Appointments Section, The University of New South Wales, Post Office Box 1, Kensington, New South Wales, before January 31, 1965.

LANCASHIRE
COUNTY PLANNING DEPARTMENT

The establishment of the Planning Department has been increased in order to cope with an expanding programme of work and applications are invited for the following posts:—

(a) CHIEF ASSISTANT COUNTY PLANNING OFFICER, Grade I (£2,870-£3,385).

This officer will be responsible to the County Planning Officer and his Deputy for co-ordinating the various activities of the department, including urban and rural land use planning, development control, new town and town development schemes, central area redevelopment, research, establishment of new industries and land reclamation. The successful candidate should have first-class organising ability and be experienced in the work of a large planning authority.

(b) SENIOR ASSISTANT PLANNING OFFICERS, 1 post Grade D/E (£1,885-£2,450), and 1 post Grade D (£1,885-£2,280).

2 Land Use Planners

ASSISTANT PLANNING OFFICERS, Grade B/C (£1,555-£2,110).

1 Land Use Planner
1 Valuation Surveyor

ASSISTANT PLANNING OFFICERS, Grade A/B (£1,445-£1,940).

1 Engineer/Planner
1 Architect/Planner
1 Land Use Planner
1 Economist or graduate in Commerce

These officers will be engaged on investigation into problems of urban renewal in connection with a programme of over 60 central area redevelopment schemes. Wider studies will also be undertaken in connection with the review of the County Development Plan. This work will call for close co-operation with the Traffic Engineering Section of the County Surveyor's Department and other departments of the County Council.

(c) SENIOR ASSISTANT PLANNING OFFICER, Grade D/E (£1,885-£2,450).

1 Land Use Planner

ASSISTANT PLANNING OFFICERS, Grade A/B (£1,445-£1,940).

1 Land Agent
1 Landscape Architect

A comprehensive survey of the Lancashire coastline is to be undertaken and schemes prepared for its preservation and enhancement. A rural area of 310 sq. miles (175 sq. miles of which is in Lancashire) has recently been designated as an Area of Outstanding Natural Beauty and a survey will also be carried out in order to formulate policies aimed at protecting and improving its attractiveness and usefulness.

(d) SENIOR ASSISTANT PLANNING OFFICER, Grade D (£1,885-£2,280).

1 Civil Engineer

ASSISTANT PLANNING OFFICER, Grade B/C (£1,555-£2,110).

1 Land Agent

ASSISTANT PLANNING OFFICERS, Grade A/B (£1,445-£1,940).

1 Engineer familiar with soil mechanics
1 Engineer or Surveyor

The department's programme of reclamation of derelict land is to be expanded with first emphasis upon an area of 1,700 acres of derelict land designated for acquisition and reclamation for various uses in the North Makerfield Town Map, recently approved by the Minister.

(e) SENIOR ASSISTANT PLANNING OFFICER, Grade D/E (£1,885-£2,450).

1 Economist or Geographer

ASSISTANT PLANNING OFFICER, Grade B/C (£1,555-£2,110).

1 Geographer

ASSISTANT PLANNING OFFICER, Grade A/B (£1,445-£1,940).

1 Economist or graduate in Commerce

The County Council's industrial development programme is being expanded: the Council own two industrial estates and propose to develop a further site of about 300 acres. The scope of the work undertaken by the department's Industrial Bureau is also to be widened.

Applicants should possess appropriate University or professional qualifications. They should indicate the type of work to which they are able to contribute and the post or posts for which they wish to be considered. Commencing salary according to qualifications and experience.

Successful candidates will be paid an allowance for the use of their cars on official business and the County Council operate a scheme for the payment of legal expenses for house purchase, disturbance allowances and removal expenses.

Applications giving details of age, education and training, qualifications, experience, present appointment and salary, and two referees, to U. Aylmer Coates, C.B.E., County Planning Officer, East Cliff County Offices, Preston, Lancs., by February 1, 1965. Envelopes should be endorsed Ref. (T).

BAKELITE XYLONITE LIMITED

MARKET RESEARCH

IN THE

PLASTICS INDUSTRY

This large Group requires staff for research into the rapidly expanding markets for its products, which include chemical and plastics raw materials, plastics sheet and film, moulded components and finished goods

HEAD OF SECTION

An interesting and challenging opportunity for a man with a good honours degree and experience in industrial market research. Candidates will need ability to plan and carry out surveys and to report clearly and concisely. Some knowledge of the plastics or chemical industries would be an advantage

MARKET ANALYST/INFORMATION OFFICER

A graduate in science or economics, preferably with experience, is required to take responsibility for information services within the Section. Opportunities can also arise for a suitable candidate to travel and participate in surveys.

Applications should be made to the Research Director, Fawford Place, Manningtree, Essex

CHIEF PROGRAMMER

required by the Equitable to help to establish a KDF.6 Data processing system in the City. Excellent working conditions and good salary. Apply to: Mr. H. D. Beevers, Secretary, The Equitable Life Assurance Society, 19 Coleman Street, London, E.C.2. (MONarch 2422.)

DIPLOMATIC SERVICE: GRADE 6 (EXECUTIVE). Twelve pensionable posts for men and unmarried women aged at least 20 and under 28 on August 1, 1965, who have (or expect to obtain in 1965) a university degree, or a diploma in technology. Candidates should have a keen interest in people and foreign affairs and should show ability to learn languages. For those who have left university, experience in management, information work or commercial matters will be an advantage. Selection by interviews. Starting salary £671 (at age 20) to £914 (at 25 or over). Scale maximum £1,348. Promotion prospects.—Write (preferably by postcard) to Civil Service Commission, 23 Savile Row, London W.1, for application form, quoting 126/65. Closing date February 1, 1965. (18)

UNIVERSITY OF ST. ANDREWS

Applications are invited for the following posts in Queen's College, Dundee, in the University of St Andrews, commencing October 1, 1965.

Lectureships in Economics
Lectureships in Philosophy
Lectureships in History
Lectureship in Economic and Social Statistics
Lectureship in Sociology

Salary scale, £1,400 x £85 to £1,995 (efficiency bar) x £85 to £2,505, with placing according to qualifications and experience. F.S.S.U., grant towards removal of household effects. Applications (six copies), containing the names of three referees to be lodged by January 30, 1965, with the Secretary of the University, Queen's College, Dundee, from whom further particulars may be obtained.

ECONOMIST

for the Central Electricity Generating Board's Planning Department

to lead a team advising on technical, economic and policy problems related to planning a continually growing Industry

Economic studies currently being made include the assessment of the energy requirements in the economy as a whole to assist forecasting the future price of primary fuels to the Board, the significance to the economy of some aspects of the Board's development plans and the exploration of problems relating to the making of investment decisions. Staff are in touch with the National Economic Development Office and with others working in the broad field of economic planning.

This is a senior appointment with managerial responsibilities and holds career prospects.

- **The initial salary will be in a range rising to £4,215 per annum (maximum of scale rises to £4,510 in 1966).**

Applications, stating age, qualifications, experience, present position and salary, to H. C. Spear, Chief Personnel Officer, Sudbury House, 15 Newgate Street, London, E.C.1, by January 20, 1965.

Quote Ref.: E/469

CREDIT ANALYSIS OFFICER

A prominent international bank has a vacancy for a man, who should not be over 30, with experience in accountancy, financial analysis, or similar fields. The successful applicant, who may have a degree in Economics, will be required to report at a senior level on the financial and economic status of industrial concerns. The position carries excellent prospects of promotion to a senior level. Salary will be by negotiation. Replies, which will be treated in strict confidence, should be addressed to Box 1885.

AMENDED ADVERTISEMENT

UNIVERSITY OF EAST AFRICA

MAKERERE UNIVERSITY COLLEGE UGANDA

Applications are invited for the following appointments in the East African Institute of Social Research.

(a) Director of Political Science Research and three Research Fellowships and Assistant Research Fellowships in the field of political science.
(b) Two Research Fellowships and two Assistant Research Fellowships in the field of Economics.
(c) Assistant Research Fellow in the field of sociology, anthropology or social psychology.

Appointments, tenable from July, 1965, on contract for two years with terminal gratuity of 25 per cent (or if in F.S.S.U. 15 per cent). Salary scales (including expatriation allowances): Director, £2,100—£2,600 p.a. or £3,400 p.a.; Research Fellow, £1,450—£2,660 p.a.; Assistant Research Fellow, £1,400—£1,400 p.a. (Expatriate appointees receive: family passages and education allowances.) Subsidised housing. Research expenses, including travel in East Africa. Special attention given to applicants who are East African citizens. Detailed applications (six copies), giving: education in relevant subjects including levels of degrees, experience in research, teaching, government, business, previous professional writing; personal research interests, and names of three referees, by January 20, 1965, to Secretary, Inter-University Council for Higher Education Overseas, 33 Bedford Place, London, W.C.1, from whom full details may be obtained

For further announcements see pages 152, 162 and 166

UNIVERSITY OF HONG KONG

LECTURESHIP IN ECONOMICS

Applications are invited for the post of Lecturer in Economics

Applicants should have suitable qualifications including research and teaching experience in economics, with special emphasis on (1) money and banking and (2) international trade. Knowledge of East Asia will be an advantage. The successful candidate will be required to take up duties in September 1965. The medium of instruction is English.

Annual salary (superannuable) is:
£2,150 x £75 — £2,875 (man) or
£1,600 x £60 — £2,140 (woman)

The equivalent of income tax in the Colony is comparatively low.

Tourist air passages (or first-class sea passages of equivalent cost) are provided for expatriate staff on first appointment and leaves. Accommodation at reasonable rental is provided for appointees domiciled abroad.

Further particulars and information as to the method of application may be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1

Applications close in Hong Kong and London on February 20, 1965

BUILDING RESEARCH STATION

GARSTON, WATFORD, HERTS

ASSISTANT EXPERIMENTAL OFFICER

EXPERIMENTAL OFFICER for studies of economics of urban planning with special reference to problems of low-rise high density development as part of a large programme involving complementary studies of town planning problems and their sociological aspects

QUALIFICATIONS: Degree in Economics or closely related subjects or relevant qualification in Surveying. Experience in town planning work an advantage.

SALARY: £712 (at 22)—£984 (at 26 or over)—£1,085; E.O. (minimum age 30) £1,199—£1,474.

APPLICATION FORMS from the Director at the above address, quoting E/AP/132. (16)

DISTRICT COMMISSIONERS

NATIONAL SAVINGS COMMITTEE

Several vacancies in London and the Provinces for men and women who are good mixers. Candidates should be able to discuss savings and current affairs with Managing Directors and Trade Unionists, to speak to teachers and address school children about the management of money. Experience of public speaking, work with voluntary organisations and some knowledge of general economics are needed. University education an advantage. Salary under review—approx £945 (at 25 or over) rising to approx. £1,811 with additional weighting for London

APPLICATION FORMS from Manager (PE 6412), Ministry of Labour, Professional and Executive Register, Atlantic House Farringdon Street, London, E.C.4. Early application desirable

STATISTICIAN in THE GENERAL REGISTER OFFICE

The General Register Office collects and publishes demographic and social statistics serving a wide variety of government policies and research projects. Statisticians in the General Register Office must therefore be able to take the initiative in translating the needs of policy-makers and research workers for information into specific proposals for producing the best statistics for the purpose, in planning and overseeing the work of meeting those needs and in presenting the results in a way that is fully understood by the policy-makers and researchers. This calls for high technical ability and for a willingness to think, speak and write in non-technical terms as well and to work closely with non-statisticians

The post is in London and applications are invited from men or women with wide statistical experience and first or second class honours degree in statistics, or other appropriate main subject combined with statistics.

SALARY between £2,259 and £3,087, according to qualifications and experience. Initial appointment for three years. Prospects of establishment. F.S.S.U.

APPLICATIONS, giving particulars of age, qualifications and experience, to The Manager (PE.1022), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London E.C.4. CLOSING DATE February 1, 1965

ECONOMIST OR STATISTICIAN

The Statistics Department of the Cotton Board has a vacancy for a young man, preferably not over 30 years of age, with a good degree in economics and/or statistics.

The work, which provides excellent experience, includes economic intelligence and research on a wide variety of matters concerning the textile industry and involves contact with top management in the industry.

The starting salary will be commensurate with age, qualifications and experience.

Applications, giving full details, should be addressed to the Director of Statistics, The Cotton Board, 3 Alberton Street, Manchester 3.

STATISTICAL ANALYST

A leading national newspaper group has an important vacancy in its Economic and Statistical unit for a professionally qualified Statistician/Economist with at least three years' post graduate experience of applied statistics, including sales analysis and forecasting. An understanding of the application of computers to data processing is essential. Applicants should not be older than 30.

The successful candidate will be responsible in the first instance for the analysis and interpretation of continuous data involving automatic data processing techniques, but there will also be ample opportunity and active encouragement to exploit and develop new methods, including the application of computers to marketing problems.

Commencing salary will be around £1,500, dependent upon experience.

Applications containing details of education, qualifications, work and salary record, should be addressed in confidence to

Box 1883.

ECONOMIC ASSISTANT

English Sewing Cotton Co. Ltd. wish to appoint a young economist in their Market Development Department. The activities of the Department cover not only the assessment of existing and potential markets for the Group's wide range of industrial and consumer products, but also the analysis of economic data and the preparation of statistics for the Main Board and the Group's operating divisions.

The man appointed will play a full part in all aspects of the work of the Department: and the post therefore offers scope and variety to a graduate in his mid-twenties who has had some experience of statistical or marketing techniques. Precise experience, however, matters less than brains and initiative.

If you would like to be considered, please write, giving brief but relevant details, to:

The Personnel Manager,
English Sewing Cotton Co. Ltd.,
56 Oxford Street,
Manchester 1.

The Economist Intelligence Unit

wishes to make further appointments to its Research Staff. Candidates must have a good honours degree, preferably, but not necessarily, in economics or statistics, and should have had at least two years' experience in industry, commerce or finance. A qualification in accountancy could also be useful. The work of the EIU is mainly international and for most research and advisory staff there are opportunities for overseas travel. A good knowledge of at least one foreign language would therefore be an advantage.

These posts are progressive and we need men with initiative who are of the calibre for early promotion to the grade of Research Consultant and above. Starting salary according to qualifications. Please write fully giving particulars of salary record, to

The Managing Director,
27 St. James's Place,
London, S.W.1.

UNIVERSITY COLLEGE LONDON

RESEARCH STATISTICIAN required by Department of POLITICAL ECONOMY to work on investigation into building costs. Project expected to last about three years. Salary range £1,050-£2,225; initial salary dependent upon qualifications and experience; F.S.S.U. Applications by February 4th to Secretary, University College London, Gower Street, W.C.1, from whom further particulars may be obtained.

BARCLAYS BANK D.C.O.

requires

TRUST ADMINISTRATOR

for the Trustee Department in London, preferably within the age group 25-35. Practical experience of trusts and estates essential. Some knowledge of banking, investments, taxation and exchange control an advantage. Total remuneration £1,050-£1,450 for age group 25-31 and in excess of £1,450, for age group 31-35 according to age and qualifications.

Please write with full particulars to the Staff Manager, Barclays Bank D.C.O., 85 Gracechurch Street, London, E.C.3.

AGRICULTURAL MARKETING. Firm of consultants are looking for graduate aged 25-30 to fill position as Research Officer. Experience in agriculture or horticulture an advantage, but not essential. Salary by arrangement.—Write Box 1884.

RESEARCH OFFICER

Applications are invited from graduates over the age range of 30 years for a post as Research Officer at the Institute's Head Office.

The appointment will be initially on a short term basis (15 months approximately) with the possibility of an extension thereafter.

The post is concerned with the preliminary review and evaluation of existing methods of training Instructors for Industry in the United Kingdom. Preference will be given to candidates already engaged in sociological research or with appropriate experience in industrial training. Qualifications or experience in the application of statistics or industrial psychology desirable

The salary for the initial period will be £1,500 p.a. Superannuation provision (for example F.S.S.U.) may be safeguarded.

Further details of the post together with the form of application, can be obtained from the Personnel and Establishment Officer, City and Guilds of London Institute, 76 Portland Place, W.1, by whom applications must be received on or before Friday, January 22, 1965.

THE UNIVERSITY OF HULL

DEPARTMENT OF POLITICAL STUDIES

Applications are invited for appointment to TWO additional Assistant Lectureships in Political Studies tenable from October 1, 1965

Salary scale: £1,050-£1,275 per annum with F.S.S.U. benefits.

Further particulars may be obtained from the Registrar, Room (N), The University, Hull, to whom applications (six copies) should be sent by February 5, 1965

McMASTER UNIVERSITY

DEPARTMENT OF ECONOMICS AND POLITICAL SCIENCE
HAMILTON, ONTARIO, CANADA

The Department plans to make several academic appointments in Economics *and* in Political Science as of the next academic year (1965-66). Because of its prospective expansion beyond that date, the Department will be able to accommodate a broad range of academic (teaching and research) interests in its new appointees. Initially, however, *one* of its earliest appointees in Economics will be primarily interested in development economics and economic history, and in Political Science, one will be primarily interested in comparative politics. The academic work of the Department is carried on at both the undergraduate and graduate levels.

The ranks in which applicants will be appointed will depend upon their particular qualifications. Present *minimum* salary levels (now under review for 1965-66) for the ranks of Professor, Associate Professor, Assistant Professor and Lecturer are $13,000, $9,500, $7,500 and $6,000, respectively. An attractive life insurance, hospitalisation and medical plan is also provided for staff members. Assistance with travel expenses of new appointees is also provided.

Applicants are invited to submit full *curriculum vitae*, including details of their teaching experience and research interests, and the names of three referees. This information should reach the undersigned by February 15, 1965.

R. CRAIG McIVOR,
Chairman.

Department of Economics and Political Science.

ECONOMIC CONSULTANTS LIMITED

We have immediate vacancies for intelligent economists with some experience since graduating, and we should also like at least one really good economist with wider experience to join us at a higher level. Minimum qualification is a First or Good Second in economics or closely related subject. The work consists of industry studies (often for new capital projects); regional economic studies; questions of industrial location and distribution; economics of urban growth, and similar problems. It is full of headaches, challenging, interesting, but somewhat exhausting. The work gives plenty of opportunities to make new contributions in these fields, but it does require a rather high level both of intelligence and persistence.

Please write, enclosing short personal history to W. F. Luttrell, Managing Director, Economic Consultants Limited, 2 Howard Street, London, W.C.2.

RESOURCE ECONOMIST—CANADA

to work on a large-scale analysis of natural resources. He will develop data for resource-management policies, study resource interrelations, organise fact-finding seminars, work with scientists and government officials, and supervise field studies, aided by technicians.

STATISTICIAN

to take charge of statistical aspects of the same study. He will make investigations without supervision within a strictly problem-oriented programme, do research on the application of statistical procedures to the integration of numerical and graphic analysis, conduct fact-finding interviews and direct field studies.

This study by scientists from several disciplines should lead to the world-wide application of natural resource data-bank techniques. Extensive training on computers will be given. Post-graduate training essential. Starting salaries $12,000 and up. Moving expenses negotiable. Interviews in the U.K. soon. Our client is a leading consulting and service firm, with world-wide operations. Location, Ontario, Canada. Reply in confidence, referring to file E1,

TECHNICAL SERVICE COUNCIL
130 Bloor St. W., Toronto 5, Canada

Personnel Consultants/Non-profit Service/Estd. 1927

INVESTMENT MANAGEMENT AND ADMINISTRATION

The Investment Office of the Central Board of Finance of the Church of England administers—

(a) the Investment and Deposit Funds set up under the Church Funds Investment Measure 1958;
(b) the Wider and Narrower-Range Funds established by The Local Authorities' Mutual Investment Trust;
(c) the Charities Official Investment Fund established by Scheme of the Charity Commissioners.

The total of these Funds is approaching £100m. The Head of the Investment Office is—

(a) **INVESTMENT MANAGER TO THE CENTRAL BOARD OF FINANCE OF THE CHURCH OF ENGLAND;**
(b) **DIRECTOR OF THE LOCAL AUTHORITIES' MUTUAL INVESTMENT TRUST;**
(c) **INVESTMENT MANAGER OF THE CHARITIES OFFICIAL INVESTMENT FUND.**

The present Head of the Office will be resigning these appointments in the Spring of 1965; and the Central Board of Finance of the Church of England, acting in consultation with the other bodies concerned, is seeking a successor.

The person to be appointed must have a basic understanding of investment but expertise in investment alone is not sufficient. There is a considerable administrative and secretarial task involved in the management of the Funds; and besides possessing a good knowledge of procedure and committee work the Head of the Office should have organising ability and if possible some knowledge of accountancy and law. He should be able to write and speak with clarity and ease; and it is essential that he should be an active communicant member of the Church of England. The commending salary will depend upon age and experience; but it will not be less than £5,000 per annum plus non-contributory superannuation rights. The person appointed must be able to take up his duties in March, 1965.

Persons interested should apply for further information and application form to—

C B F Investment Office,
Goodenough House,
33 Old Broad Street,
London, E.C.2,

marking the envelope **I M A.**

PLANNING MANAGER

Cambrian Airways Limited invites applications for the post of Planning Manager who will be based at Cardiff (Rhoose) Airport at the Head Office of the Company.

The Planning Manager will be directly responsible to the Managing Director for producing both long and short term appreciations in the fields of new aircraft requirements, economic and commercial research investigations and other similar aspects of airline operations.

The post requires a person of sound and mature judgment; of necessity the successful applicant will hold an appropriate Degree and will have had practical experience of economic analyses and research together with a good working knowledge of statistics and accounts. It would obviously be of great advantage if such experience had been gained in the aviation industry

The salary for the post will depend upon the qualifications and experience of the successful candidate.

Application, marked "Confidential," should be made to the Company Secretary, Cambrian Airways Limited, Cardiff (Rhoose) Airport, Near Barry, Glamorgan.

ENGINEERING NEWS EDITOR

Three lively engineering design magazines want to be livelier still. They need the man who can make their news pages the best of their kind. He must be able to find and follow up original news stories for technical readership. He must write really crisp copy, suit his style to the occasion, and enjoy playing with language. The right man will command a good salary, not less than £1,500 p.a. to start. Write Managing Director Rowse Muir Publications 7 Charlotte Street, London, W.1

For further announcements see pages 152, 162, 163, 164 and 165

WORKERS' EDUCATIONAL ASSOCIATION

Applications are invited for the post of District Secretary of the Workers' Educational Association, West Lancashire and Cheshire District. Salary £1,050 rising by seven increments of £50 and four increments of £75, to £1,700. Commencing salary according to age, qualifications, and experience of successful candidate. Further particulars and application forms from the District Secretary, W.E.A., West Lancashire and Cheshire District, Burton Chambers, 38-40 Church Street, Liverpool 1. *Closing date for applications, January 18, 1965.*

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for appointments to a Lectureship and to an Assistant Lectureship in International Relations from October 1, 1965. Candidates should be graduates in any of the Social Sciences especially International Relations, History, Politics, Philosophy, or Economics. The salary scale for Lecturers is £1,400 x £85 — £2,165, thereafter, subject to review, x £85 — £2,505 a year plus £60 a year London Allowance, and for Assistant Lecturers £1,050 x £75 — £1,275 a year plus £60 a year London Allowance, with superannuation benefits in both cases. In assessing the starting salary, consideration will be given to age and experience.

Applications, with the names of three referees, should be received not later than February 5, 1965, by the Assistant Secretary, London School of Economics and Political Science, Houghton Street, London, W.C.2, from whom further particulars may be obtained.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for appointment to a Rees Jeffreys Research Fellowship in Transport. The Fellow appointed will be required to pursue, with a view to publication research within the field of the Fellowship which is defined as the economics, administration, organisation, and regulation of transport (which includes air and sea transport as well as inland transport). Salary within the range £2,500 to £3,500 a year with superannuation benefits; tenure for three years but in the case of a candidate with substantial relevant previous experience administrative or research, a shorter period than three years would be considered. Provision has been made for any necessary travel expenses of the Research Fellow and for research assistance.

Further particulars should be obtained from the Assistant Secretary, London School of Economics, Houghton Street, London, W.C.2 by whom applications should be received not later than February 28, 1965.

LIVERPOOL REGIONAL HOSPITAL BOARD

MANCHESTER UNIVERSITY MEDICAL CARE RESEARCH UNIT

Applications are invited for three new posts in HOSPITAL PLANNING AND ADMINISTRATION at the Liverpool Regional Hospital Board to make up a team which will work, under the joint direction of the above Sponsors, on the medical needs for hospital and other care in the Liverpool Region. This team is expected to develop into the establishment of a permanent Operational Activities Unit.

Candidates should be graduates with a background in statistics, economics, sociology, social administration, operational research or related fields; for one post wide experience and qualifications in hospital administration will be acceptable. The salaries will range up to that of Assistant Secretary (£1,725-£2,075) and will depend upon qualifications and experience.

Further information and application forms can be obtained from Dr. R. F. L. Logan, Director, Medical Care Research Unit, University of Manchester, Derbyshire House, 295 Upper Brook Street, Manchester 13. Applications should be forwarded to the Secretary, Liverpool Regional Hospital Board, 35 Castle Street, Liverpool 2, by January 16, 1965.

UNIVERSITY OF READING

Applications are invited for a Lectureship or an Assistant Lectureship in Statistics.

Further particulars may be obtained from the Registrar (Room 22, O.R.B.). The University, Reading, by whom applications must be received not later than February 5, 1965

UNIVERSITY OF EDINBURGH

DEPARTMENT OF ECONOMIC HISTORY

LECTURESHIPS OR ASSISTANT LECTURESHIPS

Applications are invited for Two Lectureships or Assistant Lectureships in Economic History. Salary Scales: Lecturer, £1,400 x £85 — £1,740; Bar £1,825 x £85 — £2,505 per annum. Assistant Lecturer, £1,050 x £75 — £1,275 per annum, with placement according to qualifications and experience, and with superannuation benefit

The successful candidates will be expected to take up duty on October 1 1965.

Further particulars may be obtained from the undersigned, with whom applications (six copies), giving the names of two referees, should be lodged not later than February 13, 1965.

CHARLES H. STEWART,
Secretary to the University

January, 1965

UNIVERSITY OF EDINBURGH

DEPARTMENT OF POLITICS

LECTURESHIP OR ASSISTANT LECTURESHIP

Applications are invited for the post of Lecturer or Assistant Lecturer in the Department of Politics. Salary Scales: Lecturer, £1,400 x £85 — £1,740; Bar £1,825 x £85 — £2,505 per annum. Assistant Lecturer, £1,050 x £75 — £1,275 per annum with placement according to qualifications and experience and with superannuation benefit

The successful candidate will be expected to take up duty on October 1 1965

Further particulars may be obtained from the undersigned, with whom applications (six copies), giving the names of two referees, should be lodged not later than March 1 1965

CHARLES H. STEWART,
Secretary to the University

January 1965

UNIVERSITY OF EDINBURGH

DEPARTMENT OF SOCIOLOGY

LECTURESHIP OR ASSISTANT LECTURESHIP

Applications are invited for a Lectureship or Assistant Lectureship in the above Department. Special qualifications in Statistics or in Urban Sociology are desirable. Salary Scales: Lecturer, £1,400 x £85 — £1,740, Bar £1,825 x £85 — £2,505 per annum; Assistant Lecturer, £1,050 x £75 — £1,275 per annum, with placement according to qualifications and experience, and with superannuation benefit

The successful candidate will be expected to take up duty on October 1, 1965.

Further particulars may be obtained from the undersigned with whom applications (six copies), giving the names of two referees, should be lodged not later than February 15, 1965

CHARLES H. STEWART,
Secretary to the University.

January, 1965.

UNIVERSITY OF DURHAM

Applications are invited for the post of LECTURER in PURE MATHEMATICS from October 1, 1965. Salary on the scale £1,400 to £2,505.

Applications (nine copies), together with the names of three referees, should be sent not later than February 5, 1965, to the Registrar and Secretary, Old Shire Hall, Durham from whom further particulars may be obtained. Applicants from abroad may submit one copy only.

PERSONAL

STAMPS 2 lbs nice Bankpost, over 50 countries, £2. Indonesia: 300 different, many rare Rebellion, South Moluccas complete, £2. Post paid.—Dr. Bosch, P.O. Box 37, Hastings, Sussex.

WANTED: Complete years of "Economist," preferably with Indexes.—H. Porder, 5298 Finchley Road, London, N.W.3. HAM 9878.

UNIVERSITY OF LONDON: A lecture entitled "General Welfare and Particular Purpose" will be delivered by Professor F. A. von Hayek (Freiburg) at 5 p.m. on January 18th at the London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2.

ADMISSION FREE, WITHOUT TICKET
JAMES HENDERSON,
Academic Registrar

EDUCATION

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc. Econ. (three if entrance is included) at moderate fees. 1,716 Wolsey Hall students passed London University B.Sc. Econ. exams. 1950-1963. Tuition also for G.C.E., Law, Statistical, other Exams.—Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Principal, Dept. P 17,

WOLSEY HALL, OXFORD

M.SC. (ECON.) LOND., long teaching experience, offers private or group tuition in theoretical and applied economics for Parts I and II of B.Sc. (Econ.) Degree. Also all compulsory subjects.—Box 1871

Home Study Courses
B.Sc. (ECON.) LLB.

and other external degrees of the University of London. Also Accountancy, Secretaryship, Law, Costing, Banking, Insurance, Marketing, G.C.E., and many (non-exam.) courses in business subjects including the new Stockbrokers and Stockjobbers course.

Write today for details or advice, stating subject in which interested, to

METROPOLITAN COLLEGE

(Dept. G9 2), St. Albans,
or call at 30 Queen Victoria Street, London, E.C.4 City 6874. (Founded 1910)

PUBLICATIONS

AFRICA ECONOMIC DIGEST

A new weekly digest of factual and authoritative economic intelligence from Africa Research Limited.

10 pages of brief, up-to-date economic and financial news, classified under regions and countries.

INCLUDES TENDERS AND POLITICAL TRENDS

ISSUE No. 1 JANUARY 1st, 1965

Annual subscription 52 issues **£10.0.0. ($30)**

Air mail edition **£13.2.0. ($37.50)**

AFRICA ECONOMIC DIGEST
AFRICA RESEARCH LIMITED
1 PARLIAMENT STREET
EXETER, ENGLAND

Please send a specimen copy of Africa Economic Digest without obligation to:

Name .....

Address .....

.....

.....

The Economist

BINDING CASES

Binding cases for The Economist are available from Easibind Ltd. The cases are in stiff, dark blue cloth covers, and are gilt-lettered on the spine; they provide an extremely effective and firm binding and will hold 13 issues of the normal edition together with the quarterly Index, or 26 issues of the air edition with two quarterly Indexes. The year can be stamped on the spine. The cost per case, post free throughout the world, is 14s. Orders, stating requirements clearly and enclosing a remittance, should be sent, not to The Economist, but to—

EASIBIND LTD. (Dept. E)
84 Newman St., London, W.1. MUSeum 2141

Company Reports

INTERNATIONAL COMPUTERS AND TABULATORS

PROGRESS IN SURMOUNTING TRANSITIONAL PROBLEMS

SIR EDWARD PLAYFAIR ON SUCCESS OF NEW COMPUTER SERIES

From the Annual Review of **Sir Edward W. Playfair, KCB,** *Chairman, International Computers and Tabulators Limited*

The past year has been a very strenuous but at the same time an exciting one for your Company. Strenuous in that we have, by determined effort in every part of I.C.T., effectively taken those steps, which I forecast in my last review, to deal with our transitional problems. Exciting in that we have, from our own resources, introduced a new family of compatible computers, the 1900 Series, which we believe is equal to, and in some respects in advance of, any series in the world.

The introduction of the 1900 Series at the end of September, 1964, has brought I.C.T. into the forefront of the world computer industry. The success of its reception by our customers is measured by the fact that by the middle of December we had obtained over 100 orders for 1900 systems, of which nearly one-third came from overseas; the total value of these orders is approximately £13 million.

Our profit for the past year shows a moderate increase. But our period of transition is not yet over and the year ahead will not be an easy one. No significant benefit from our new 1900 Series will begin to show up until 1965/66, when production will have been built up. Meanwhile, there will be heavy initial expenditure during the current year on the introduction of the new series. Thus, even though our excess costs of manufacture are expected to decrease, both revenue and profit for the current year are likely to be smaller, although our drive to cut down overheads continues successfully.

We have fulfilled our intention of avoiding any substantial net cash outflow, partly by increasing the proportion of machines which we sell outright, partly by developing our methods of using medium-term finance and partly by our arrangement with Computer Leasings Limited.

Turnover rose during the year from £40 million to £58 million, a significant part of the increase stemming from our acquisition of the Ferranti Computer Department. The consolidated profit before interest shows a more modest increase from £3,888,000 to £4,279,000; but this increase was achieved after absorption this year of exceptional charges totalling £2,569,000. Your directors have decided to recommend that the total ordinary dividend for the year should be unchanged at 2s 3d. per share.

We expect to publish half-yearly reports towards the end of June, starting in 1965; this will mean that consideration of the interim ordinary dividend will in future be made at the same time.

Annual General Meeting January 28, 1965.

sugar soybeans

Outlook

Are you prepared for the unexpected changes in sugar and cocoa prices? We have successfully anticipated the major movements in basic commodities. These records have been referred to as outstanding.

You can obtain from us personal, confidential, scientific price forecasts for such major commodities as sugar, cocoa, coffee, animal by-products, hides, paper, metals and some others. You can also obtain forecasts for the United States and foreign economies. For over thirty years corporate and financial executives have made profitable application of these carefully researched reports to evaluate trends and make plans.

Inquiries welcomed. Correspond in any language.

Currently serving a number of the world's largest corporations.

31st YEAR — ECONOMIC CONSULTANTS — WORLD-WIDE SERVICE

INDUSTRIAL COMMODITY CORP.

122 East 42nd Street — New York, N. Y. 10017

Cable Address: ECONOGRAM — Code: ACME

cocoa coffee

TRADITION, PRESTIGE, TRUST

Each movement of "Noh" dancer is precise, accurate, and calculated, for this traditional Japanese dance demands flawless performance. And when it comes to international banking services, you can take advantage of swift and dependable services substantiated by many years of outstanding experience... offered by Sumitomo Banks.

THE SUMITOMO BANK, LTD.

HEAD OFFICE: OSAKA, JAPAN

150 branches in key cities throughout Japan

■ AFFILIATED BANKS: THE SUMITOMO BANK OF CALIFORNIA, Head Office: San Francisco. Branch Offices: Los Angeles, Crenshaw, Sacramento, San Jose, Gardena: ■ BANCO SUMITOMO BRASILEIRO S.A. Head Office: Sao Paulo.

■ OVERSEAS OFFICES: New York Agency. Hong Kong Branch, Karachi Rep.

LONDON BRANCH: Bucklersbury House. 3 Queen Victoria St., London, E.C.4

STOCK PRICES AND YIELDS

LONDON STOCK EXCHANGE INDICES

1964/65	The Economist-Extel Indicator (1953=100) Noon	Close	Yield %	Financial Times (1935=100) Ord. Index	Yield %	F T-Actuaries Indices (April 10, 1962=100) 500 Shares	Yield %	2½% Consols Yield	Bargains Marked
Dec. 29	381·0	380·0	5·29	329·1	5·55	104·70	5·35	6·30	6,230
„ 30	380·4	383 2	5·24	331·8	5·50	105 40	5 32	6·31	7,518
„ 31	385·8	387 3	5 19	335·0	5·45	106·33	5·27	6·30	9,195
Jan. 4	386·9	385 9	5·17	333·2	5 48	106·08	5·27	6·27	14,492
„ 5	384 6	386 0	5·17	334 0	5 47	106·22	5 27	6·23	10,159
„ 6	387·6	388 2	5·14	335·9	5·44	106·79	5·24	6·23	10,183
	High, 431·5 (October 1, 1964)			High, 377 8 (Oct. 1, 1964)		High, 118 77 (August 13, 1964)			
	Low, 371·6 (December 18, 1964)			Low, 322·6 (Feb. 3, 1964)		Low, 103 24 (December 18, 1964)			

BRITISH FUNDS AND GUARANTEED STOCKS

Prices, 1964/65 High	Low	British Funds and Guaranteed Stocks	Price, Dec. 30, 1964	Price, January 6, 1965	Net Red. Yield, January 6, 1965§ £ s. d	Gross Red. Yield, January 6, 1965 £ s d
98 11/16	97 5/16	Savings Bonds 3%........1955–65	97 21/32	97 3/4	4 16 4	6 17 4 l
93 9/16	90 13/16	Savings Bonds 2½%....1964–67	90 13/16	90 7/8	5 12 11	6 16 8 l
92 1/4	88	Funding 3%............1966–68	88 1/16	88 1/16	5 10 7	6 16 10 l
94 3/4	88 7/16	Conversion 3½%...........1969	88 7/16	88 15/32	5 1 0	6 14 9
98 1/2	95 3/8	Victory 4%...........1920–76	95 7/8	95 7/8	3 6 2	5 2 2‡
89 9/16	84 1/4	Savings Bonds 3%........1960–70	84 3/8	84 7/16	5 2 1	6 11 4 l
95 1/4	90 1/4	Funding 4%...........1960–90	90 5/16	90 3/8	3 11 6	5 7 5 l
81 15/16	74 3/4	Savings Bonds 3%........1965–75	74 13/16	74 15/16	4 18 3	6 9 2 l
79 13/16	72 1/4	Treasury 3½%...........1977–80	72 7/16	72 3/4	4 10 11	6 6 3 l
96 1/4	88 3/4	Funding 5¼%.........1978–80	88 13/16	88 15/16	4 1 6	6 8 6 l
78 15/16	72 1/4	Treasury 3½%...........1979–81	72 9/16	72 7/8	4 10 5	6 7 1 l
98 15/16	90 5/8	Funding 5½%...........1982–84	90 11/16*	90 7/8*	3 18 3	6 6 5 l
97 3/16	92 3/4	Funding 5¾%...........1987–91	92 7/8	92 15/16	3 17 4	6 8 7 l
63 3/8	56 3/4	Redemption 3%........1986–96	57 1/8	57 3/4	4 4 5	6 1 6 l
67 1/8	60 1/4	Funding 3½%.........1999–2004	60 1/2*	61*	4 0 9	6 2 7 l
95 5/8	87 3/4	Treasury 5½%...........2008–12	87 15/16	88 3/8	3 16 3	6 8 1 l
67	61 1/2	Consols 4%.......after Feb. 1957	61 9/16*	62 1/8*	3 15 6	6 8 3 f
60	54 1/4	War Loan 3½%........after 1952	54 7/16	55	3 15 1	6 8 1 f
59 3/4	54 1/2	Conv. 3½%..... after Apr 1961	54 7/8	55 7/16	3 14 11	6 8 6 f
51 3/8	46 3/8	Treasury 3%.... after Apr 1966	46 3/4	47 1/4	3 15 4	6 9 1 f
43 3/8	39 1/2	Consols 2½%.................	39 9/16*	40	3 13 6	6 5 1 f
43 1/2	39 1/2	Treasury 2½%.. after Apr 1975	39 9/16	40	3 14 2	6 7 2 f
85 3/16	78 1/2	British Electric 3%.....1968–73	78 9/16	78 7/8	5 0 1	6 9 7 l
80 5/8	73	British Electric 3½%....1976–79	73 3/16	73 1/2	4 11 2	6 6 8 l
64 1/8	57 1/2	British Gas 3%.........1990–95	57 13/16	58 3/8	4 4 8	6 1 1 l
67	60 1/4	British Transport 3% 1978–88	60 7/16	61	4 9 3	6 3 6 l

DOMINION AND CORPORATION STOCKS

Prices, 1964/65 High	Low	Dominion and Corporation Stocks	Price, Dec 30, 1964	Price, Jan 6, 1965	Red Yield, January 6, 1965 £ s d
90 1/4	86 1/8	Australia 3¼%...........1965–69	87 1/2	86 1/8*	6 12 6 l
103	97 3/4	Australia 6%...........1974–76	98	98	6 7 0 l
70	65 1/2	Ceylon 4%...........1973–75	66 1/2	66 3/4	9 4 0 l
102 3/4	98	New Zealand 6%...........1976–80	98 1/4	98 1/2	6 6 6 l
85	69	Northern Rhodesia 6%........1978–81	81*	81*	8 1 6p
95 1/4	92 1/2	South Africa 3½%...........1965–67	92 7/8	93	7 0 6 l
66	53 1/2	Southern Rhodesia 4½%.........1987–92	55 1/2	55 1/2	9 2 0 l
89	80 1/2	Agricultural Mortgage 5%.......1959–89	80 1/2	80 1/2	6 11 0 l
94 3/4	88 3/4	Birmingham 4¼%...........1967–70	88 1/4	88 3/4	6 12 6 l
97	90 3/4	Bristol 5%...........1971–73	91	90 3/4	6 7 6 l
98 1/4	89 1/4	Corporation of London 5½%......1976–79	89 1/2	89 1/4	6 8 0 l
49 1/4	41 7/8	LCC 3%...........after 1920	44 1/2	45 1/8	6 12 6 l
94	85 1/2	LCC 5%...........1980–83	85 1/2	85 3/4	6 8 0 l
98 3/8	89 3/4	Middlesex 5¼%...........1980	90	89 3/4	6 8 6

NEW YORK PRICES AND INDICES

	Dec. 30 $	Jan. 6 $		Dec 30 $	Jan. 6 $		Dec. 30 $	Jan 6 $
Atch. Topeka....	33	33 5/8	Chrysler.......	60 5/8	59 7/8	Inter. Paper...	32 3/4	32 5/8
Can. Pacific......	56 1/2	56 1/2	Col. Palmolive..	49 3/4	49	Kennecott......	90 3/4	90 5/8
Pennsylvania.....	37 1/2	38 1/4	Crown Zeller...	56 5/8	55 3/4	Litton Inds.....	75 3/8	76 3/8
Union Pacific....	42 3/4	43 1/2	Distillers Seag...	30 1/2	31	Monsanto.....	85 7/8	84 7/8
Amer. Electric...	44 1/8	44	Douglas........	29 1/4	31 1/8	Nat. Distillers..	26 1/2	26 7/8
Am. Tel. & Tel...	67 3/8	69 1/4	Dow Chemical..	76	76	Pan-American...	28 1/2	27 1/4
Cons. Edison.....	96 1/4	95 5/8	Du Pont.......	238 7/8	248 3/4	Procter Gamble	81 1/4	80 1/2
Int. Tel. & Tel....	58 7/8	59 1/2	East. Kodak...	138 3/4	141 7/8	Radio Corpn....	33 1/2	33 7/8
Western Union...	30 1/4	31 1/8	Ford Motor....	53 3/4	54 3/4	Sears Roebuck.	130 1/4	128 7/8
Alcoa..........	60	61 1/8	Gen Electric..	90 1/2	92 3/4	Shell Oil......	59	57 1/2
Aluminium......	28 3/4	29 1/4	General Foods..	80 5/8	80	Socony-Mobil..	92 1/2	91
Amer. Can.......	42 7/8	43 3/4	General Motors	97 1/8	97	Stand. Oil Ind..	42 1/4	42
Am Smelting....	50	49	Goodyear......	44 7/8	45 3/8	Stand. Oil N.J..	89 3/4	89 1/4
Am. Viscose.....	90 3/4	90	Gulf Oil......	58 1/4	58	Union Carbide.	126	128 3/4
Anaconda.......	52 7/8	53 1/2	Heinz........	44 3/4	45 1/2	U.S. Steel.....	51 1/4	51 1/2
Beth. Steel......	35 3/8	35 5/8	Int. Bus. Mach.	411 1/4	408 3/4	West. Electric..	43 3/4	43
Boeing..........	69 5/8	68 1/8	Int. Harvester..	73 3/8	77 3/8	Woolworth...	27 5/8	27 5/8
Celanese........	74 7/8	73 3/8	Inter. Nickel....	83 1/4	85 1/4	Xerox........	100	94 7/8

Standard and Poor's Indices (1941–43=10)

1964/65	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Dec. 9	88·15	3·02	45·49	4·34	74·11	3·16	87·16	4·16
„ 16	88·20	3 02	45·44	4·35	74 42	3·15	87·46	4·13
„ 23	88·94	3·00	45·72	4·35	74·32	3·21	87·16	4·16
„ 30	89·12	2·99	45·64	4·36	74·18	3·21	87·06	4·17
Jan. 6	89·76	2 98	46·05	4·36	74·66	3·19	87·06	4·17

425 Industrials:—High, 91·29 (Nov. 20, 1964). Low, 79·74 (Jan. 2, 1964).

ORDINARY STOCKS

Prices, 1964/65 High	Low	Last Two Dividends (a) (b) (c) %	%	Ordinary Stocks	Price, Dec. 30, 1964	Price, Jan. 6, 1965	Yield, Jan. 6, 1965 %	Cover
				BANKS, DISCOUNT & HP				
58/6	45/–	10 c	5½ a	Barclays.............£1	55/–	57/3	3·67**	...
45/6	37/7½	4·8 b	3·9 a	Lloyds.............£1	43/3	44/3	4·91**	...
19/9	16/7½	7 a	8 b	Martins............5/–	17/10½	17/7½	4 26	...
58/6	44/6	10 c	6 a	Midland............£1	54/3	57/6	4·17**	...
72/7½	59/6	14 c	7½ a	Nat. Provincial.......£1	66/3	69/–	4 06	...
56/–	42/6	5 5/9 a	7½ b	Westminster 'B'.......£1	47/–	53/9	4·86	...
60/–	49/3	4 a	8 b	Australia & N. Z.....£1	52/–	51/9	4·64	...
39/9	34/–	9 1 c	3½ a	BOLSA..............£1	34/3	34/9	5·47**	...
£25 11/16	£22 3/16	$2·10 c	$2·15 c	Bank of Montreal....$10	£24 3/16	£23 15/16	3·00	...
58/9	49/3	5‡‡ a	5‡‡ b	Bank of New S. Wales.£1	55/–	55/–	2·91	...
38/9	32/7½	5 a	6 b	Barclays DCO........£1	38/–	38/9	5·68	...
54/9¾	47/–	7½ b	7½ a	Chartered...........£1	47/–	47/3	6 35	...
£23¾	£19¾	11/– b	5/– a	Hongk'g. & Shang...$25	£22 5/8	£22 5/8	3·54	...
53/–	41/–	7½ a	10½ b	Nat Com. Bk. Scot 10/–	44/6	46/–	3 91	...
£29 5/8	£26 1/16	$2·40 c	$2·55 c	Royal Bk. Canada....$10	£28 7/16	£28 9/16	2 98	...
57/6	43/9	17½ c	7½ a	Standard Bank........£1	55/3	55/6	6·31	...
36/–	24/9	16½ b	7½ a	Hambros............5/–	25/–	25/6	4·71	...
34/–	28/9	13 c	21 c	Montagu Trust......5/–	28/9	29/9	3·53	...
68/6	53/–	5½ b	4 a	M. Samuel............£1	53/–	55/3	3·44	...
71/–	50/–	9 c	3½ a	Schroders............£1	50/–	53/–	3 40	...
54/9	45/–	6¼ b	6¼ a	Union Discount.......£1	46/3	49/–	5 10	...
15/4½	10/3	4 a	11 b	Bowmaker..........5/–	10/3*	10/3*	7 32	1
19/3	12/10½	12½ b	5 a	Lombard Banking ..5/–	17/9	17/9	4 93	...
17/3	12/–	5 a	12½ b	Mercantile Credit ..5/–	12/3*	13/3	6 60	1¾
24/–	14/6	30 c	9 a	United Domins. Tst ..5/–	14/6‖	15/6¶	6 45	1¼
				BREWERIES, Etc.				
16/3	13/–	13 c	5 a	Allied Breweries....5/–	13/6	13/9	4·73	1½
18/3	15/6	4 a	12 b	Bass, Mitchells & B...5/–	16/6*	16/10½*	4 74	1¾
16/3	13/6	13½ c	5 a	Charrington United..5/–	14/9	15/–	4·67	1½
29/1½	22/4½	5 a	6½ b	Distillers..........10/–	23/3*	23/4½*	4 92	1¾
24/3	18/9	8 a	13 b	Guinness..........5/–	19/9*	21/9*	4 83	1¾
20/9	15/10½	5 a	11½ b	Harveys..........5/–	17/3*	17/4½*	4·75	1¾
69/–	59/6	5 a	8 b	Scottish & Newc. Brew. £1	61/9	63/3	4·11	2
19/2¼	16/2¼	4⅔ a	11⅓ b	Watney Mann.......5/–	16/6*	17/–*	4 71	2
19/–	15/–	11 b	5 a	Whitbread 'A'......5/–	15/3	15/4½	5 20	1¾
				BUILDING, PAINT, Etc.				
62/3¾	52/9	8 6 c	3½ a	Associated Portland...£1	55/–	54/9	3·15	2¼
28/4½	22/7½	10½ c	4½ a	British Plaster Bd....10/–	23/6	23/6	4 47	1¾
35/–	23/–	18 c	8 a	Richard Costain.....5/–	25/9	26/–	3·46**	2
13/6	9/–	8½ b	3½ a	Crittall Mfg.........5/–	9/–	9/3	6·49	2
17/3	13/–	24 c	8 a	International Paints..4/–	14/6	14/4½	6·68	1¾
25/–	20/6	14·6 c	5 a	London Brick.......5/–	21/–	21/–	3 48	2½
28/6	23/3	12½ c	5 a	Rugby Portland.....5/–	23/7½*	24/–*	2·60	3
23/7½	17/1½	7½ a	12½ b	Wall Paper.........5/–	19/9	20/3	4 94	2¼
				CHEMICAL				
24/4½	17/10½	15·8 c	6 a	Albright & Wilson . 5/–	20/7½	21/3	3 72	1¾
22/6¾	17/–	10 b	5 a	Borax Deld .. 5/–	19/6	19/6	3 85	2
50/6	39/6	4½ a	7½ b	Fisons..........£1	49/6	49/6	4 85	1¾
49/6	41/3	10 c	5 a	I C I.......£1	43/1½	42/6	4 71	1¼
19/7½	14/–	8¾ b	3¾ a	Monsanto 5/–	14/3	14/4½	4 35	1½
				DRAPERY & STORES				
18/–	14/2¼	10 c	4 a	Boots Pure Drug....5/–	15/9	16/1½	3·10	2¼
34/6	21/–	2 a	6 b	Montague Burton. .10/–	24/9	26/6	3 02	1½
46/4½	35/–	6¼ a	15 5/12 b	Debenhams......10/–	38/4½	38/3	5 66	1½
48/9	34/6	47 c	11¼ a	Grattan Warehouses .5/–	35/9	38/3	3 92**	1¾
47/11¼	39/9	31·8 c	10 a	GUS 'A'...........5/–	42/10½	43/1½	3 69	2
33/9¾	23/10½	18⅓ b	14⅙ a	House of Fraser.....5/–	25/4½	25/3	6 44	1¼
15/10½	12/10½	9½ b	5 a	Lewis's Invest. Tst....4/–	13/1½	13/3	4·38	2
48/1½	32/9	25 5/6 c	8¾ a	Marks & Spencer 'A'.5/–	35/4½	35/6	3 64	1½
36/9	27/6	24 c	8 a	United Drapery.....5/–	28/4½	28/3	4 25	1¼
33/–	21/6	20 c	5½ a	Woolworth.........5/–	23/–	23/3	4 30	1½
				OIL				
64/4½	46/8¼	†8⅓ b	†3⅓ a	British Petroleum....£1	54/7½	55/–	6 60	2¼
61/10½	48/9	†11⅓ c	†4 7/12 a	Burmah Oil.........£1	50/3	50/3	7 36**	1
£19	£16 5/16	29 1 c	13 a	Royal Dutch.......20 fl.	£17 1/16	£17 1/16	3 40	2¼
42/1½	32/9	†18⅓ b	†11⅔ a	Shell Transport.....5/–	34/6	34/7½	7 08	2¼
31/–	23/9	...	...	Ultramar..........10/–	26/9	26/3	..	

FOREIGN AND OVERSEAS STOCKS

France	Dec 30 Frcs	Jan 6 Frcs	Germany	Dec. 30 %	Jan. 6 %	Holland	Dec 30 %	Jan 6 %
Air Liquide...	702	700	A.E.G.......	502	505	A.K.U.......	506	517 1/4
Banque de Paris	326 5	327	Bad'che. Anilin.	579 1/2	588	Amster. Rot. Bk.	Fl. 66·5	Fl. 67 4
Citroen......	152	150	Bayer........	629 1/4	633	Bijenkorf.....	773	781
C. F. Petrole..	242	240	Commerzbank.	479	480	Heinekens....	447 1/2	470
Cie G. d'Elect	520	532	Deutsche Bank.	544 1/2	543 1/2	Interunie (Fl.50)	Fl.206	Fl.207
Machines Bull.	127	137·5	Hoechst Farb...	529	535	K. N. Hoogoven	567 1/2	569 1/2
Pechiney.....	209	205	Kundenkredit .	395	396	Kon. Zout-Ket.	960	959
Printemps....	227	228	Loewenbrau...	1,080	1,080	Philips (Fl.25)..	Fl.152	Fl.153·7
Rhone-Poulenc	349	345·5	Mannesmann ..	215	217 1/2	Robeco (Fl.50).	Fl.230	Fl.231
S I.M........	321·5	313	Siemens......	560 3/4	563	Thomassen & D.	660 1/2	674 3/4
Saint-Gobain..	260·5	253	Thyssen-Huette	194	195	Valeurop......	Fl. 69·6	Fl.70·0
Usinor.......	136·5	131	Volkswagen...	532	541	Zwanenberg ..	1,049	1,084
Index	94 9	98 6	*Herstatt Index*	102 88	103·93	*Index*	354·9	362·6
High	99 8	(4.1 65)	*High*.......	111·46	(6.4.64)	*High*..	362.6	(6.1.65)
Low	98 6	(6.1.65)	*Low*	99·88	(2 1.64)	*Low*	326·5	(23 7 64)
Dec. 31, 1964=100.			*Dec. 31, 1959=100.*			*1953=100.*		
Canada	**$**	**$**	**Australia**	**£A**	**£A**	**Japan**	**Yen**	**Yen**
Abitibi Pr. & P.	13	13 3/4	Ampol Pet. ...	12/1	11/11	Ajinomoto....	285	285
Aluminium...	30 3/4	32	Ass. Pulp & P ..	34/9	35/3	Fuji Iron......	56	59
Bell Tel.......	61 7/8	62 7/8	Aust. Con. Inds	63/6	65/3	Hitachi.......	94	94
Can. Brewer's.	10 1/2	11 1/2	Aust. Oil & Gas	36/6	36/–	Honda Motor..	212	221
Can. Imp. Bank	68 1/4	68 1/2	Brit. Tobacco..	32/3	32/6	Kirin Brewery .	170	184
Can. Pac. Rly..	60 1/8	60 3/4	Broken Hill Pty.	55/6	57/–	Mitsub. Chem..	124	129
Hiram Walker	35 1/2	37	G. J. Coles.....	16/–	16/2	Mitsub. Elect..	68	68
Imperial Oil ..	56 1/2	58 1/4	Colonial Sugar	70/6	71/–	Mitsub. Heavy..	88	93
Noranda Mines	50 3/4	54 1/4	Felt & Textiles.	9/3	9/1	Nippon Elect...	215	215
Power Corpn..	14 7/8	15	I.C.I., A.N.Z...	61/3	58/6	Sony........	320	328
Steel of Canada	26 1/4	27 1/2	Myer Emporium	35/6	36/9	Toyo Rayon ...	165	169
Trans.Can.Pipe.	39 1/2	40	Woolworth ...	16/2	16/2	Yawata Iron ...	58	59
Montreal Ind. Index ...	159·7	163·6	*Sydney Ind. Index*	365·69	368·79	*Dow Jones Average*	1216·55	1263 99
High......	166·7	(17 11.64)	*High*.......	379·21	(27.2.64)	*High*.......	1369·00	(3.7.64)
Low......	131·9	(2.1.64)	*Low*	354·90	(3.12.64)	*Low*	1202·69	(9.11.64)
1956=100			*1937/39=100*					

* Ex dividend. † Tax free. ‡ Assumed average life, 7 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Equivalent to 8·0 sterling. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Ex all (h) After Rhodesian tax. (l) To latest date. (n) Interim since reduced or passed. [illegible] Japanese prices supplied by [illegible] Securities, Tokyo. Canadian 65 Stock Industrial Index supplied by the Montreal Stock Exchange.

LONDON : NEW YORK : FRANCE GERMANY : HOLLAND : CANADA AUSTRALIA : JAPAN

Prices, 1964-65 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Dec. 30, 1964	Price, Jan. 6, 1965	Yield, Jan. 6, 1965 %	Cover
				ELECTRICAL & RADIO				
51/3	36/-	6¼ b	3¾ a	AEI £1	37/9	39/-	5·13	¾
78/6	65/3¾	12½ c	6 a	BICC £1	68/10½	69/7½	4·34**	2
15/9	12/-	5 a	6 b	Crompton Parkinson 5/-	13/9¾	13/11¼	3·85	2¼
82/-	60/6	7½ a	20 b	Decca 10/-	63/6	69/-	4·23	1¾
30/11¼	19/7½	12½ c	5 a	EMI 10/-	25/7½	23/4½	4·73	2¼
24/9¾	16/6¾	9½ c	4 a	Elliott-Automation 5/-	17/4½	18/4½	2·99	1½
50/-	40/3	7 b	3 a	English Electric £1	42/6	43/9	4·57	2¼
44/3¾	28/6	5·91 c	3 a	General Electric £1	40/9	44/2¾	3·39	2¼
69/2	43/9	8⅛ b	4⅛ a	C. A. Parsons £1	64/9	66/6	6·62	1
145/-	122/6	10 b	6 a	Philips Lamp Works 10 fl.	133/9	135/-	2·37	2
44/9	30/-	5½ a	6½ b	Plessey 10/-	33/7½	34/-	3·53	2½
26/3	18/7½	11·4 c	20 c	Pye (Cambridge) 5/-	17/3	17/6	5·71	2
51/-	36/11½	15 a	25 b	Radio Rentals 5/-	36/6½*	37/11½*	5·39	2
50/7½	41/3	4⅞ b	2 7/16 a	A. Reyrolle £1	45/3	45/3	5·75**	2½
93/3	58/-	17½ c	22½ c	Thorn Electrical 5/-	67/6	69/-	1·63	4½
				ENGINEERING				
45/9	30/3	4½ b	4½ a	Babcock & Wilcox £1	31/-	31/-	5·81	1
41/3	32/-	4 a	7 b	John Brown £1	33/4½	33/10½	6·48	1¼
10/-	7/-	6 b	4 a	Cammell Laird 5/-	7/0¾	7/3¾	8·21	2
38/4½	22/3	20 b	10 a	Internat. Combus. 5/-	22/9	22/9	6·59	1¾
29/3	19/3	7½ b	2½ a	Swan Hunter £1	19/6	21/-	9·52	¾
10/6	7/-	3⅓ b	3 a	John Thompson 5/-	7/1½	7/1½	8·14**	1¾
33/7½	27/7½	13⅓ a	16¼ b	Coventry Gauge 10/-	31/4½	32/3*	5·06	2
51/-	40/-	14⅓ b	12 a	Alfred Herbert £1	41/9	42/3	5·15	1½
32/-	21/6	12½ a	13¾ b	Acrow (Eng.) 'A' 5/-	22/-	22/6	5·13**	1½
32/3	24/-	17½ b	7½ a	Allied Ironfounders 5/-	24/-	24/1½	5·18	2
24/0¾	19/1½	15 b	8 a	Averys 5/-	19/9¾	19/11¼	5·02	1¾
19/6¾	14/1½	4 a	6 b	BSA 10/-	17/10¼	18/8¼	5·35	1¼
14/7½	11/6	14 c	6 a	George Cohen 5/-	13/10½*	14/7½*	5·47**	1¾
14/-	10/1½	5 a	6 b	Davy-Ashmore 5/-	11/6¾	12/7½	4·36	...
52/-	44/10½	11⅓ c	5 a	Guest, Keen £1	48/6	47/7½	4·76	2
21/1½	14/3	4 a	12 b	Head Wrightson 5/-	14/3	14/6	5·52	2
63/5¼	52/7½	11⅛ c	5 a	Metal Box £1	55/6	55/9	4·02	1½
19/6	15/9	4 a	13 b	Ransome & Marles 5/-	15/10½	16/-	5·31	2
41/9	33/1½	8¼ c	4½ a	Renold Chains £1	36/9	36/9	4·90**	1¾
67/3	58/-	7 a	8 b	Tube Investments £1	59/6	60/6	4·96	2
31/1½	21/4½	7½ b	2½ a	Vickers £1	22/10½	22/9	8·79	1
50/-	40/8¼	2½ a	9¼ b	Ward (Thos. W.) £1	41/9	42/6	8·24	2
21/6	11/3	10 a	7½ b	Wellman Smith Owen 5/-	12/1½	12/3	7·14	1
18/6	12/6	16 b	5 a	Woodall-Duckham 5/-	14/-	14/3	7·37	1½
				FOOD & TOBACCO				
32/-	26/10½	12½ c	14 c	Allied Suppliers 10/-	30/-	30/3	4·63	2¼
8/1½	6/4½	28⅔ c	12 a	Assoc. British Foods 1/-	7/-	7/1½	4·00	2
46/6	35/-	8 b	4 a	Bovril £1	35/3	35/9	6·71	2
13/-	10/4½	†2½ a	†5 b	Brooke Bond 'B' 5/-	11/10½	12/-	5·10	2¾
8/11¼	7/-	6¼ a	7½ b	Fitch Lovell 2/6	7/1½	7/4½	4·66	2½
11/1½	8/8¼	8⅓ b	1⅔ a	International Stores 5/-	10/3*	10/6*	4·76	2
93/3	72/6	12½ b	5 a	J. Lyons 'A' £1	77/3	79/6	4·40	2
35/4½	30/6	15 c	5½ a	Ranks Hovis 10/-	30/6*	30/6*	4·92	2
36/6	30/-	14 c	7 a	Reckitt & Colman 10/-	30/3	30/3	4·63	2
15/9	12/10½	11½ c	3½ a	Spillers 5/-	14/9	14/10½	4·20**	2¼
39/3	30/6	9·9 c	8 a	Tate & Lyle £1	30/6	32/1½	6·16	2
9/1½	6/1½	25 a	12 a	Tesco Stores 1/-	8/10½	9/1½	2·74	2¼
14/11¼	10/10½	13·6 c	5 a	Unigate 5/-	13/6	13/9*	4·95	1¾
56/-	47/9	†9⅔ a	†10⅚ b	Brit. Amer. Tobac. 10/-	49/9	49/9	6·73	2½
25/4½	20/5¼	11·4 b	5 a	Gallaher 10/-	25/-	24/9	6·87**	2¼
50/7½	39/-	15⅔ c	6 a	Imperial Tobacco £1	50/6	50/3	6·23	2
				INSURANCE				
6¼	5⅛	91⅔ c	43⅓ a	Britannic 5/-	5⅛	5¼	4·37	..
48/3	39/9	25 b	20 a	Commercial Union 5/-	39/9	39/9	5·66	..
6 3/16	4⅝	†26⅔ c	†26⅔ c	Equity & Law Life 5/-	4¾*	4¾*	2·29	..
68/9	46/9	25 b	12½ a	General Accident 5/-	47/3	47/9	3·83	...
40/3	27/3	15 b	11⅔ a	Guardian 5/-	28/3	28/3	4·72	...
12⅛	8⅝	50 b	50 a	Legal & General 5/-	9	9⅛	2·74	..
162/6	112/6	13 b	11 a	Northern & Empl. £1	112/6	112/6	4·27	...
11¼	9 3/16	†95 b	†20 a	Pearl 5/-	9 3/16	9 5/16	5·04	...
26½	21	†291⅔ c	†125 a	Prudential 'A' 4/-	23⅜	24	3·97	...
40/-	33/6	16⅔ b	15 a	Royal 5/-	34/6	35/6	4·46	...
95/-	72/9	11¼ b	7½ a	Royal Exchange £1	72/9	73/3	5·12	...
				MOTORS & AIRCRAFT				
17/10½	11/9	5 a	5 b	Birfield 5/-	13/1½	13/1½	3·81	3½
18/-	13/8¼	20 c	20 c	British Motor 5/-	14/6	15/-	6·67	1¾
47/6	26/9	10 c	12½ c	Jaguar Cars 'A' 5/-	29/6	31/-	2·02	6¼
11/9	6/1½	4 c	4 c	Rootes Motors 'A' 4/-	6/9	7/2¼	2·23	3
53/6	37/2¼	9 c	2½ a	Leyland Motors £1	51/-	52/-	3·85**	1¼
24/-	15/-	8½ b	5 a	Bristol Aeroplane 10/-	17/3	17/6	7·71**	2
39/6	27/4½	7 b	5 a	Hawker Siddeley £1	29/9	30/-	8·00	1¾
39/-	23/8¼	7½ b	2½ a	Rolls-Royce £1	32/4½	32/5¼	6·17	2
37/-	27/3	†2¼ a	†5¾ b	Dowty Group 10/-	28/3	29/3	4·46	2
31/6	25/7½	13·8 c	5 a	Dunlop Rubber 10/-	27/10½	27/9	4·97	1½
40/3	32/9	2½ a	5⅚ b	Joseph Lucas £1	34/6	35/-	4·76	2½
22/10½	13/3	20 c	9 a	Pressed Steel 5/-	17/6	18/-	5·56	¾
35/3	27/7½	4 a	8½ b	Triplex Holdings 10/-	28/3	28/6	4·39	2½
				PAPER & NEWSPAPERS				
49/6	38/-	20 b	5 a	Financial News 5/-	42/3	42/3	2·96	2¾
72/-	56/-	30 b	7½ a	Financial Times 5/-	60/-	61/-	3·07	2½
20/6	15/-	14 b	6 a	Internat. Publishing 5/-	16/3	16/9	5·97	1½
31/6	26/-	16 b	14 a	News of the World 5/-	27/9	27/9	5·41	2
64/6	49/-	11 c	4 a	W. H. Smith & Son 'A' £1	52/9	53/3	4·13	2
24/3	16/-	14 b	10 a	Thomson Org'n. 5/-	19/-	19/-	6·32	1½
51/9	40/-	6¼ b	5 a	Bowater Paper £1	42/6	43/4½	5·19	1½
25/3	19/6	22½ c	10 a	British Printing 5/-	20/3	20/7½	5·45	1¾
36/-	27/6	10 c	13⅓ c	Bunzl Pulp 5/-	29/-	29/3	2·56**	4¼
65/7½	52/3	11 b	5 a	Reed Paper £1	55/9	57/3	5·59	1½
61/6	43/-	10 b	4 a	Wiggins Teape £1	44/6	46/-	6·09	2
				STEEL				
38/-	26/-	6 a	10 b	Colvilles £1	27/6*	26/6*	12·08	...
30/3	21/3	4 a	10 b	Dorman Long £1	24/6*	24/-*	11·67	1½
27/-	20/-	3½ a	6½ b	Lancashire Steel £1	20/3	20/-	10·00	¾
27/-	14/4½	4 a	6 b	South Durham £1	17/10½*	17/-*	14·12	1
25/6	17/9	3¾ a	6¼ b	Steel Co. of Wales £1	18/6*	18/2¼*	11·00	¾
39/6	24/9	5 a	12½ b	Stewarts & Lloyds £1	30/3*	31/-*	11·29	1¾
38/4½	27/6	6 a	10 b	John Summers £1	29/-*	28/-*	11·43	2
37/9	23/9	6 a	9 b	United Steel £1	28/6*	28/6*	10·53	1

Prices, 1964-65 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Dec. 30, 1964	Price, Jan. 6, 1965	Yield, Jan. 6, 1965 %	Cover
				MISCELLANEOUS				
26/6	18/9	10 a	20 b	Assoc. British Pictures 5/-	24/4½	26/1½	5·74	3
14/3¾	8/2¼	10 a	12½ b	Assoc. Television 'A' 5/-	14/2¼*	14/3¾*	[illegible]	2
28/6	23/1½	3 a	6½ b	Wm. Baird £1	26/9	27/3	6·97	2
22/4½	19/3	15 c	9 a	Beecham Group 5/-	19/9	19/7½	4·59	1¼
23/3	13/3	16⅔ b	13⅓ a	Booker Bros. McC. 10/-	18/3	18/9	8·74	2½
48/10½	38/6	7½ b	3½ a	British Match £1	42/1½*	42/9*	5·07	2
13/-	8/6	8 b	7 b	British Oxygen 5/-	8/7½*	9/-*	5·56	1¾
12/-	9/1½	8⅓ b	3 a	British Ropes 5/-	9/6	9/7½	5·97	1¾
16/11	9/10½	65 c	17½ a	Butlin's 1/4	10/6	11/-	5·00**	1
29/10½	[illegible]	10 [illegible]	5 a	De La Rue 10/-	29/6	30/3	4·96	1½
28/6	17/3	8 c	12 c	[illegible] 5/-	17/-	17/3	3·48	2½
24/10	20/6	13⅓ b	6 a	Gestetner 'A' 5/-	22/6	23/3	2·87	2½
34/6	27/9	5·6 a	8 b	Glaxo 10/-	32/6	32/6	[illegible]	2¼
57/-	38/4½	2·14 a	12 b	Harrisons & Cr. Defd. £1	46/3	46/3	[illegible]	2
51/3	43/3	55 b	15 a	Hoover 'A' 5/-	42/3	44/3	6·21	2
114/-	95/6	12·04 b	7·04 a	Hudson's Bay £1	99/-	98/6	3·95	2¼
58/9	39/9	7¼ a	7½ b	ICT £1	46/9	48/-	4·69	2
33/3	17/3	12	11 a	Mecca 'A' 5/-	18/3	19/3	5·97	1
58/9	31/9	11·4 c	12½ c	National Canning £1	34/-	34/-	[illegible]	[illegible]
24/9	20/-	3 b	3 a	Powell Duffryn 10/-	20/-*	20/-*	[illegible]	[illegible]
45/9	26/9	7½ a	14	Rank Organisation 5/-	29/3	30/6	3·02	2½
16/7½	11/7½	22½ c	14 a	Schweppes 5/-	11/9	12/3	[illegible]	1½
29/9¾	17/2¼	25 c	25 c	Sears 'A' 5/-	18/6¾	19/3	[illegible]	1¼
23/9	19/-	15 a	5 a	[illegible] 5/-	19/9	20/-	3·75	2½
25/-	21/6	24 a	10 a	Thomas Tilling 4/-	21/6	21/9	5·06**	1½
47/-	37/6	32½ a	7 b	Turner & Newall £1	39/-	39/9	5·41	1½
38/9	32/1½	20⅙ c	9½ a	Unilever 5/-	34/6	33/6	3·36	3
10 [illegible]	9 1/16	18·9 a	7·65 a	Unilever NV 12 fl.	9 1/16	9 3/16	2·56	3
15/-	10/9	10 b	5 a	United Glass 5/-	11/4½	11/4½	6·58	1¼
42/6	23/3	14 a	†10⅙ b	United Molasses 10/-	24/6	26/-	[illegible]	1¼
				MINES				
242/6	196/8	60 b	40 a	Anglo-American 10/-	240/-	242/6	4·12	1¾
98/3	79/-	10 a	20 b	Consolid. Gold Fields £1	92/6	93/6	6·42	2¼
148/3	118/1½	20 b	15 a	General Mining £1	141/3	149/9	[illegible]	2
105/6	71/6	136 c	40 a	Union Corporation 2/6	105/6	105/-	3·24	3¾
128/9	98/1½	70 a	120 b	Free State Geduld 5/-	126/10½	128/9	7·38	1¼
108/1½	83/9	33 a	33 b	W. Driefontein 10/-	107/6*	108/1½*	6·10	2
63/1½	41/3	6¼ a	8¼ b	Western Deep 'A' £1	61/10½*	63/1½*	4·75	6¾
202/6	152/6	115 a	160 b	Western Holdings 5/-	200/-	201/3	6·83	1¼
66/-	46/3	36⅔ b	13⅓ a	Chartered 15/-	57/9	58/-	6·90**	...
72/6	55/7½	30 a	60 b	Rhod. Anglo-Amer. 10/-	56/3	55/7½	16·18h	1¼
51/7½	38/9	7½ a	14 7/16 b	Rhod. Selection Tst. £1	39/-	39/-	11·25h	2
15/4½	10/3	7½ c	7½ c	Tanganyika Cons. 10/-	12/-	12/6	6·00	1¼
146/3	111/3	150 c	60 a	De Beers Defd. Reg. 5/-	143/1½	146/3	5·13	2
$178	$136	$1·90 c	$2·25 c	Internat. Nickel n.p.v.	$161½	$164	2·29	...
24/1½	16/1½	30 b	7½ a	London Tin 4/-	16/7½	16/1½	9·30	1½
35/6	27/4½	17½ c	5⅚ a	RTZ 10/-	29/-	28/9	6·09	1¾
26/6	20/-	50 c	15 a	Tronoh 5/-	21/3	20/-	12·50	1
				SHIPPING				
50/9	40/3	2 a	5½ b	AngloNorness £1	44/3	43/6	3·45	4
21/9	17/-	10·7 c	4 a	Brit. & Com'wealth 10/-	17/-	17/-	6·29	1¼
17/10½	14/2¼	4 c	5 c	Cunard £1	14/3½	14/3	7·02	...
37/-	26/-	8 c	10 c	Furness Withy £1	34/-	34/9	5·76	...
33/6	22/10½	10·7 c	3 a	P & O Defd. £1	27/4½	27/3	7·34	...
17/-	10/3	3 c	3 c	Royal Mail £1	14/5¼	15/7½	3·84	...
				TEXTILES				
11/11¼	7/10½	10⅛ c	6 a	English Sewing Cotton 5/-	9/7½	10/10½	5·52**	1¾
23/4½	16/11¼	20 c	8⅓ a	Courtaulds 5/-	20/9	21/3	4·71	1¾
72/9	64/3	6 a	12 b	West Riding Worsted £1	65/9	64/3	5·60	2
29/-	19/6	7½ b	2½ a	Woolcombers £1	20/4½	20/4½	9·82	1
11/8¼	7/9¾	4 a	10 b	Calico Printers 5/-	10/2¼	11/2¼	6·26	2½
50/7½	37/9	12½ c	4⅓ a	Coats, Patons & B. £1	39/1½	39/9	6·79**	1½
23/-	10/11¼	5 c	15 c	Viyella Int. 5/-	17/1½	18/-	4·17	1¾
				TRUSTS & PROPERTY				
26/3	21/-	15 c	7	Alliance Trust 5/-	23/3	23/6	3·19	1¼
59/9	47/10½	37½ b	25 c	BET 'A' Defd. 5/-	49/4½	50/4½	6·20	1½
20/4½	15/4½	6¼ a	6¼ b	Cable & Wireless 5/-	16/3	16/6	3·79	1¼
23/-	15/6	9½ b	5½ a	Philip Hill 5/-	16/-	17/-	4·41	1½
33/3	25/9	23 c	11½ a	Industrial & General 5/-	26/-	27/3	4·22	1¼
44/-	23/-	12½ a	17½ b	City Centre Props. 5/-	26/1½	26/7½	5·63	1
78/-	54/6	16 c	6 a	City Lond. Real Prop. £1	55/-	54/6	5·87	1
21/8¼	15/-	5¼ b	2 a	Land Securities 10/-	15/10½	16/1½	4·50	1
33/-	23/6	†6⅔ c	4⅙ a	Lond. Cnty. Freehld. 10/-	24/-	23/2	7·02	1
				TEA & RUBBER				
53/6	43/-	†17½ b	†2½ a	Cons. Tea & Lands £1	48/6	47/-	13·90	1½
28/9	24/-	†3 a	†5 b	Jokai (Assam) £1	25/3	25/-	10·45	...
3/10½	3/1½	20·8 c	8⅓ a	Highlands & Lowlands 2/-	3/4½	3/3	12·80	1½
4/3¾	3/2¼	23⅔ b	5 a	London Asiatic 2/-	3/9	3/8¼	15·37	1½
60/1½	45/9	24 b	8	United Sua Betong £1	49/4½	49/6	12·93	1½

UNIT TRUST PRICES

	January 6		Yield		January 6		Yield
A. E. & G. Un. Tst.	15/9	16/7	4·09	Investment Trust	7/10½	8/3½	3·35
Bank Insurance	6/5	6/9	3·74	M. & G. Gen. Tst.	13/7½	14/3	5·15
Bank Units	10/7½	11/2¼	3·84	Second M. & G.	10/9½	11/3½*	5·30
Brit. Ind. Flex 1st.	6/3	6/7	5·79	Metals & Mins.	17/2	18/-	6·72
" " " 2nd.	22/5	23/6	5·89	Mid. Ind. & Gen.	11/5½	11/11½*	4·91
" " " 3rd.	6/4½	6/8½	5·69	Nat. B.I.F.S.	7/2¼	7/7½	4·17
" " " 4th	26/1	27/3*	5·78	New Issue	5/0½	5/4½*	3·98
British Life Units	5/5½	5/9	3·80	Orthodox Unit	14/1	14/11	5·59
B. S. International	12/10½	13/6	3·84	Overseas Units	5/2½	5/6	4·13
Brit. Shareholdrs.	14/3½	15/-	4·43	Profits	3/11½	4/2	4·48
Capital Units	7/7	7/11*	3·48	Scotbits	4/11	5/2	3·19
Commonwealth	11/6½	12/3½	5·74	Scotshares	5/8	5/11½*	4·01
Community Un.	3/3½	3/5½	5·52	Scot-Units	7/4	7/9¼	4·85
Consol'd. BITS	13/6	14/3*	3·56	Security 1st	8/11½	9/5¾*	5·40
Domestic Unit Fd.	5/0½	5/4¾	4·73	Shield Unit Fund	5/-	5/4	4·18
Elect. & Ind. D.	12/6	13/1½*	5·65	Southern Units	4/10½	5/2½	4·84
Falcon Trust	5/1	5/5	5·33	T.E.T. Cap.	21/3	21/9	3·50
First Prov. 'Res.'	14/-	14/9	4·20	T.E.T. Inc.	23/5	23/11	5·63
Income Units	5/10	6/1½	5·50	Unicorn Trust	6/10	7/3	4·23
Insurance Units	6/2½	6/6½*	3·62	Welsh Dragon	4/11	5/3	4·23

** Yields based on assumed dividends:—Acrow (Eng.) 'A', 23·1%. BICC, 15%. BOLSA, 9½%. Barclays Bank, 10½%. Bunzl Pulp, 15%. Burmah Oil, 11⅓%, tax free. Butlin's, 55%. Chartered, 26⅔%. Coats, Patons & B., 13½%. George Cohen, 16%. Richard Costain, 20%. English Sewing Cotton, 12%. Gallaher, 17%. General Electric, 7½%. Grattan Warehouses, 30%, after scrip issue. Leyland Motors, 10%. Lloyds Bank, 9·4%. Midland, 12%. Renold Chains, 9%. A. Reyrolle 8·4%. Spillers, 12½%. John Thompson, excludes special bonus, 4%. Thomas Tilling, 27½%.

MONEY AND EXCHANGES

KEY MONEY AND ARBITRAGE RATES

January 8

London

	%		%
Bank rate (from 5%, 23/11/64)	7	Market discount rates (3 months'):	
Deposit rates 7 days' notice:		Treasury bills	$6\frac{5}{8}$
Clearing banks	5	Bank bills	$6\frac{15}{16}$–$7\frac{1}{8}$
Discount houses	5	Fine trade bills	$7\frac{3}{4}$–8
Local authorities	$7\frac{1}{4}$–$7\frac{3}{8}$	Euro-dollar deposits:	
3 months' fixed:		7 days' notice	$3\frac{3}{4}$–$4\frac{1}{4}$
Local authorities	$7\frac{1}{4}$–$7\frac{3}{8}$	3 months'	$4\frac{5}{8}$–$4\frac{7}{8}$
Finance houses	$7\frac{1}{8}$	Euro-sterling deposits (in Paris):	
Call money: Clearing banks' minimum	$5\frac{3}{8}$	2 days' notice	$6\frac{7}{8}$–$7\frac{1}{8}$
Day-to-day spread	$5\frac{3}{8}$–$6\frac{1}{2}$	3 months'	$7\frac{1}{8}$–$7\frac{3}{8}$

New York

Treasury bills:		Market paper:	
December 30	3·87	Bank bills	4·13
January 6	3·83	Certs. of deposit	4·13
Forward cover (3 months'): Annual interest cost, US dollars			$2\frac{19}{32}$–$2\frac{25}{32}$

Covered Arbitrage Margins

	In favour of:	%
Treasury bills	London	$\frac{3}{32}$
Prime bank bills	London	$\frac{1}{32}$
Euro-dollar/UK local authority loans	London	Neg.
Euro-dollars/Euro-sterling	New York	$\frac{1}{16}$

These covered arbitrage margins show the differentials in rates on the particular sterling and dollar assets, as adjusted for the cost of forward exchange cover, shown above.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91-Day Average Rate of Allotment		Allotted at Max Rate*	Tender Issue Outstanding
	91-Day		s.	d.	%	
Dec. 27	240·0	347·0	74	5·08	62	3,170·0
1964						
Oct. 2	260·0	432·9	93	0·44	39	3,260·0
" 9	250·0	431·8	93	0·96	41	3,280·0
" 16	250·0	421·5	94	4·69	44	3,300·0
" 23	260·0	414·4	94	5·45	52	3,330·0
" 30	250·0	458·3	93	11·61	30	3,330·0
Nov. 6	250·0	487·5	93	5·09	41	3,330·0
" 13	240·0	422·6	93	3·71	33	3,320·0
" 20	240·0	398·0	94	8·31	46	3,300·0
" 27	220·0	327·9	132	7·25	63	3,260·0
Dec. 4	200·0	335·1	132	4·42	37	3,200·0
" 11	230·0	388·2	132	5·45	33	3,170·0
" 18	200·0	332·9	132	5·83	40	3,070·0
" 24	220·0	336·7	132	6·52	52	3,070·0
Jan. 1	190·0	336·7	132	5·39	28	3,000·0

* On January 1st tenders for 91-day bills at £98 6s 11d. secured 28 per cent, higher tenders being allotted in full. The offer for this week was for £180 million 91-day bills.

MONEY MARKET REPORT

At the first Treasury bill tender of the new year the discount houses still maintained their bid at the post 7 per cent Bank rate level of £98 6s. 11d., but in contrast with the previous three weeks, the average rate of discount fell fractionally by 1.13d. to £6 12s. 5.39d. Although the number of bills offered fell £30 million to £190 million, applications at £337 million were the same as in the previous week, and the syndicate's quota fell to 28 per cent, compared with 52 per cent the previous week. This week the number of bills on offer will be £180 million against maturities of £250 million. This is the smallest offering for almost two years and accentuates the acute problem facing the houses of maintaining their stocks of bills.

But some relief came to the market immediately after the tender, for the Bank sold back to the houses a very large amount of bills to mop up surplus liquidity and this helped in no small way to make up for their low quota at the tender. Thus the market enjoyed its traditional easy start to the new year but this week saw money tight again with a large amount of official help needed to balance the books on Monday and Tuesday.

In New York the Treasury bill rate turned slightly lower and the covered margin on bills swung in London's favour to $\frac{3}{32}$ per cent But with some trimming in the rate of interest on local authority loans the margin on swaps of Euro-dollar deposits against three months loans weakened significantly.

Bank of England Returns

(£ million)	Jan. 8, 1964	Dec. 30, 1964	Jan 6, 1965
Discounts and advances	48 7	75 1	50 8
Notes in circulation	2,486 9	2,732 8	2,680 3

LONDON CLOSING EXCHANGE RATES

Spot

	Effective Limits	December 30	January 6
US $	2·78–2·82*	2 $78\frac{15}{16}$–$79\frac{1}{16}$	2 $79\frac{1}{16}$–$\frac{3}{16}$
Canadian $	...	2 $99\frac{7}{16}$–$\frac{9}{16}$	2·$99\frac{1}{4}$–$\frac{7}{8}$
French Fr.	13·422–14·027	13·$66\frac{7}{8}$–$67\frac{1}{8}$	13·$67\frac{3}{8}$–$\frac{5}{8}$
Swiss Fr.	11 94–12·$54\frac{7}{8}$	12·$03\frac{3}{4}$–04	12·$04\frac{5}{8}$–$\frac{7}{8}$
Belgian Fr.	137 06–142·05	138·$42\frac{1}{2}$–$47\frac{1}{2}$	138·$47\frac{1}{2}$–$52\frac{1}{2}$
Dutch Gld.	9·$98\frac{3}{4}$–10·$28\frac{1}{2}$	10 $02\frac{1}{8}$–$\frac{3}{8}$	10·$03\frac{1}{4}$–$\frac{1}{2}$
W. Ger. Dm	11 037–11·365	11·09–$\frac{1}{4}$	11·10–$\frac{1}{4}$
Italian Lire	1725–1775	1743–$\frac{1}{2}$	1,$743\frac{3}{8}$–$\frac{7}{8}$
Swedish Kr.	14·$27\frac{1}{4}$–14·70	14·$33\frac{1}{2}$–$\frac{3}{4}$	14·$34\frac{1}{8}$–$\frac{3}{8}$
Danish Kr.	19 $06\frac{1}{2}$–19·62	19·$29\frac{5}{8}$–$\frac{7}{8}$	19·$28\frac{3}{4}$–29
Austrian Sch.	72·25–73·345	72·03–06	72 04–07

* Official limits.

Three Months Forward

	December 30	January 6
United States $	2–$1\frac{7}{8}$c. pm	$1\frac{15}{16}$–$1\frac{13}{16}$c. pm
Canadian $	2–$1\frac{7}{8}$c. pm	$1\frac{15}{16}$–$1\frac{13}{16}$c. pm
French Fr.	10–9c. pm	$9\frac{1}{2}$–9c. pm
Swiss Fr.	11–$10\frac{1}{2}$c. pm	11–$10\frac{1}{2}$c. pm
Belgian Fr.	80–70c. pm	82–72c. pm
Dutch Gld.	8–$7\frac{1}{2}$c. pm	$8\frac{1}{8}$–$7\frac{7}{8}$c. pm
W German Dm.	$9\frac{3}{4}$–$9\frac{1}{4}$pf pm	$9\frac{1}{2}$–9pf pm
Italian Lire	$10\frac{1}{2}$–$8\frac{1}{2}$ lire pm	9–7 lire pm

Gold Price at Fixing

	December 30	January 6
$ per fine oz.	35·12–14	35 $12\frac{1}{2}$–$14\frac{1}{2}$

Investment Currencies

		December 30	January 6
Investment $ (London):	% pm	$8\frac{3}{4}$	$8\frac{9}{16}$
Security £ (New York):	% dis	0·3	0 3

BUDGET CASH FLOW

Exchequer Returns

£'000	Estimate 1964–65	April 1, 1963, to Dec. 31, 1963	April 1, 1964, to Dec 31, 1964	17 days ended Dec. 31, 1963	19 days ended Dec. 31, 1964
Ord. Revenue					
Income Tax	4,038,000	1,245,794	[illegible]	[illegible]	109,050
Other Revenue	3,417,000	3,029,342	[illegible]	[illegible]	195,794
Total	7,455,000	4,275,136	[illegible]	[illegible]	304,844
Ord. Expend.					
Supply Services	6,549,000	4,276,872	4,585,570	285,238	382,560
Other	839,000	620,894	619,103	75,079	55,540
Total	7,388,000	4,897,776	5,204,673	360,317	438,100
"Above-line" Surplus or Deficit		622,640	416,951	119,803	133,256
"Below-line" Expenditure*		483,150	767,399	143,336	234,289
Total Surplus or Deficit		1,105,790	1,184,350	263,139	367,545

Non Market Borrowing

Net receipts from	April 1, 1963, to Dec. 31, 1963	April 1, 1964, to Dec 31, 1964	17 days ended Dec. 31, 1963	19 days ended Dec. 31, 1964
National Develop. Bonds	–	124,103	—	3,372
Tax Reserve Certificates	112,197	135,507	13,442	20,547
Savings Certificates	- 14,700	- 16,600	· 600	3,200
Defence Bonds	12,640	- 49,262	704	2,733
Premium Savings Bonds	30,500	38,800	2,100	1,700
Total	140,637	232,548	15,646	19,606

* Net repayments from Civil Contingencies Fund £9 million in 1964–65 compared with £2 million in 1963–64.

LIFE ASSURANCE BUSINESS

ORDINARY LIFE NEW BUSINESS

(Net sums assured, £ million)

Office	1962	1963	1964	Percentage change§
Alliance	26·6	33·9	48·0	+41·6
Colonial Mutual†	39·2	52·4	64·5	+23·1
Commercial Union	101·1	135·7	163·0	+20·1
Co-operative	62·7	77·9	96·9	+24·4
Eagle Star	100·4	109·4	120·0	+9·7
Equity & Law	38·7	55·7	64·0*	+14·9
Friends Provident	84·6	91·1	113·7	+24·8
Guardian	106·0	146·3	198·0*	+35·3
Legal & General	329·9	354·0	396·6	+12·0
London Assurance	33·1	37·4	48·0	+28·3
Mercantile & General	86·0	109·9	138·0*	+25·6
National Employers	20·2	40·1	54·0*	+34·7
National Union	166·7	188·3	214·0	+13·6
Phoenix	40·4	44·8	57·3	+27·9
Prudential	404·9	475·0	611·0	+28·6
Royal	107·3	166·9	206·5	+23·7
Scottish Widows	64·6	68·2	88·0*	+29·0
Standard	149·5	157·1	212·6	+35·3
Sun Life	111·0	123·6	137·2	+11·0
Yorkshire	67·9	88·9	106·0*	+19·2
TOTAL for 57 offices	2,689·8	3,184·9	3,905·9	+22·6

* Approximation. † UK bu[illegible]ly; the figures for the other offices are glob[illegible]64 over 1963.

Once again new sums assured by the life offices have broken all records. Ordinary branch figures for 1964 reported so far show an increase of 22½ per cent over 1963, when new sums assured went up by 16½ per cent. Premiums for new policies are rising less rapidly than sums assured because of the trend towards low-cost term insurance policies which lack the savings element of the whole life and endowment assurances.

Growth of assured pension schemes seems to have been at about the same rate as in 1963, when new premiums of £66 million were received and nearly three quarters of a million new members were enrolled. Over 5 million people were members of assured pension schemes at the end of 1963 with prospective pensions of £935 million and cover for lump sum benefits in the event of death during service of £4,790 million.

New money available for investment by the life offices in 1964 may well have exceeded the £680 million by which ordinary and industrial funds expanded during 1963. Depreciation of perhaps 10 per cent of the market value of stock exchange securities at the beginning of 1964 will have been easily absorbed by the comfortable cushion between market and book values, leaving adequate investment reserves in hand. Bonuses now behind declared on with profits policies are reaching new heights. It remains to be seen how far rising income from equities—to which the current bumper bonuses owe a great deal—will be damped down in 1965 by a colder economic climate and by corporation tax. And will Mr Callaghan continue the life offices' preferential tax treatment, including exemption from profits tax and income tax at 7s. 6d.?

Registered as a Newspaper. [illegible] as Second Class Mail Post Office Dept., Ottawa. Printed in England by St. Clements Press Ltd., London, E.C.4. Published by The Economist Newspaper Ltd., at 25 St James's Street, London S.W.1. Telephone Whitehall 5155. Postage on this issue UK 4d; Overseas 8d

☐ 1 year
☐ 2 years

☐ surface mail
☐ by air

name

private address

company or college* address

title, position or course of study*

signature of tutor or lecturer*

*for student subscriptions only

☐ please bill me

☐ bill my company

☐ cheque enclosed

Mail this card to The Economist or hand it to your agent

technical fair-grounds.

CHEMICAL INSTITUTE

THE ECONOMIST THIS WEEK

BUSINESS BRIEF

Increased pessimism over investment plans: how much is this likely to hold up growth? Both in countries which are big capital spenders, like Japan, or small ones, like Britain, investment seems to be yielding lower returns than ten years ago. Better management, labour training and selectivity in investment may be just as important to growth as the quantity of investment **page 233.**

GOLD AND EXCHANGES

The latest crisis in the gold and exchange markets launched off by France's decision to turn in dollars for gold has proved short-lived **page 248**; but it has [illegible] awareness among central bankers of the need for reform in the present system of international payments. Agreement on concrete steps now looks likely to come very soon indeed **page 235.**

AIRCRAFT ARE TOO EXPENSIVE

The British Government will probably escape from its present showdown with the aircraft industry through a series of compromises which will reprieve the industry for another few years at the expense of several hundreds of millions of pounds. If the industry is given this help, it must be on the understanding that it uses the breathing space to slim to more manageable size **page 231.**

WHATEVER HAPPENED TO PLANNING?

It now looks as if Labour intends to avoid an early general election. If so, it must expect a very dangerous period of by-election misfortune in 1966 and 1967, unless it quickly lays the foundations for a more effective and consistent domestic economic policy. It should use the [illegible] Economic Survey to take the country fully into its confidence about an assessment of future prospects for growth and start to give the impression that it has at least some sort of quantitative grip on what it thinks it is doing **page 192.**

IF THEY DO NOTHING

If General de Gaulle really has succeeded in preventing Nato nuclear reform, this could be the end of the West as we have known it for fifteen years. When countries stop uniting they revert to nationalism, and the results could be more disruptive than allied leaders have reckoned with. Formally, the talks on nuclear reform go on; Messrs Johnson, Wilson and Erhard should take their courage in both hands and make a last effort to push nuclear reform through **page 189.** How difficult it is for Herr Erhard **page 191.**

STRATEGIES WEST AND EAST

The problem of a multilateral nuclear force is seen in Washington more and more as primarily a political one, and only secondarily a question of defence. The real centre of strategic interest continues to shift from Europe to Asia, which now seems to beckon the British to a particular strategic duty and a new field of Anglo-American collaboration. In Washington there is no more talk of Sukarno as a bulwark against communism. But the Administration, anxious to avoid new entanglements, hopes that Britain and Australia will start nothing in South-East Asia which they cannot finish themselves **page 213.**

WARS AND RUMOURS OF WAR

The new disposition of Indonesian troops in *Borneo* seems to suggest that Sukarno's confrontation of Malaysia may be changing character **page 208.** In the *Congo*, the Tshombe government controls the main towns, elsewhere, over vast areas of the troubled country, fighting continues in all its confusion **page 208.** Over the *Jordan waters* the Arabs are plotting economic warfare against Israel: if their schemes can overcome the enormous obstacles, some of them may do more good to the Arabs than harm to Israel **page 210.**

ROAD FROM KASHMIR

After seventeen years as part of India, the Kashmir valley is as cut off in spirit as it is in physical fact. Both the roads, and the hearts of the valley people, lead in another direction—to Pakistan **page 201.** In *India*, the Congress party meeting for its annual convention, found disagreement among its leaders and had very little to say about Kashmir **page 202.**

FUNCTIONALISM OR JUST PLAIN SIZE?

Success in merchant banking is always supposed to rest primarily on the magic of a personal touch. The authors of this week's merger between M. Samuel and Philip Hill clearly think otherwise. And clearly size, professionalism and the depth of overseas contacts possessed by the combined bank will make it a very powerful force **page 230.**

WHERE THE SHOE PINCHES

Since the war, the multiples have set the pace in shoe retailing. Part of their strength has derived from their bargaining position as big buyers when dealing with a large number of small—if alert—shoe manufacturers. But small shoemakers are slowly disappearing and the bigger ones are getting bigger. The one thing that might upset this gradual shift in the balance of manufacture is the continuing growth of imports **page 236.**

HIP, HIP, HEYWORTH?

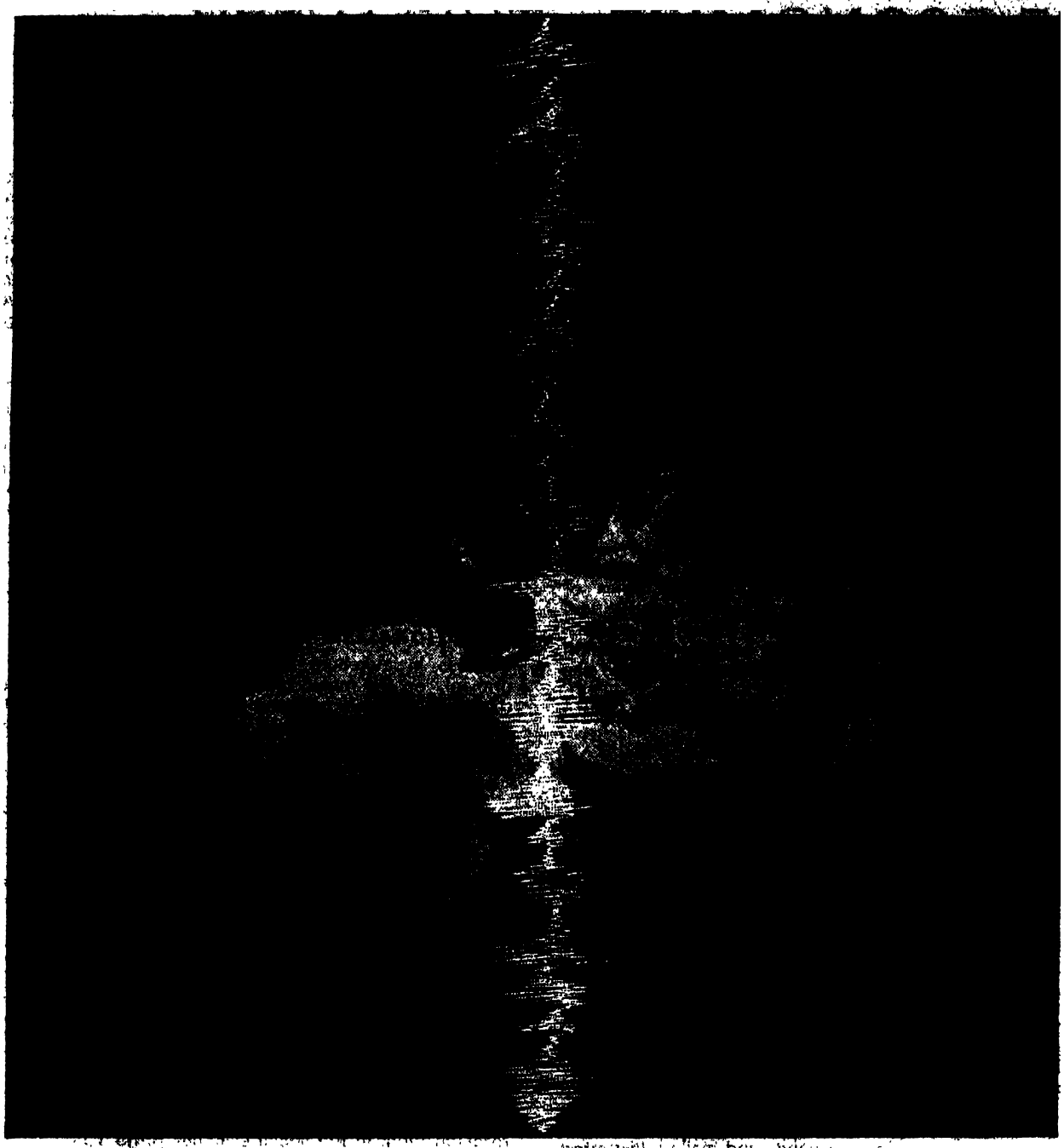
There is a need for some sort of central clearing house for research work in the social sciences **page 194.**

MINISTERS' PASSAGE

Two of Labour's extra-Parliamentary office-holders are seeking places on the front bench: just how safe are the seats at stake in these by-elections next week? **page 224.**

LAST ACT IN THE MEADOW?

The revival of the Oxford road controversy may dismay those tired of twenty years of narrow-minded posturing, but there is a chance that this time science may replace histrionics **page 225.**



Will your next tape recorder turn out to be one of these?

Not if it's an Ampex. We've made more magnetic tape recorders than anybody else in the world. And none of our customers has ever found himself with a white elephant on his hands. The first recorder we ever made—the recorder that pioneered the industry—is still in service. And right from the start we've held to the idea that no matter how good a recorder is, it's only as good as the service of the company that made it. We've built up the largest staff of Service Engineers in the industry, and stationed them in practically every major city in the world. We have Contract Engineers who work full-time in customer installations. And these people are backed up by a corps of Technical Service Engineers. We have a Training Division, a full-time staff of instructors who'll give your people a thorough course in operation and maintenance of our equipment—either at one of our plants or on-the-job. Our Parts and Service Division stocks parts for every recorder we ever made and has depots all over the world. Our Engineering Division provides modernization kits which make it possible to incorporate new advances into older machines. And no matter how old a recorder is, our Service Laboratory can give it a new lease of life. Services like these don't get mentioned on spec sheets (they can't be specified). But they're the invaluable extra that can mean the difference between a wise investment and a white elephant. Write to: Ampex Great Britain Limited, Acre Road, Reading, Berkshire. Telephone: 64411. Sales and service throughout the world.

AMPEX

SECOND CLASS POSTAGE FOR *THE ECONOMIST* PAID AT NEW YORK, N.Y.
Published weekly every Saturday, fifty-two times a year in London, England.

LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available

In the Docks Again

SIR—Certainly a great deal must, and can, be done inside port areas to modernise their efficiency but there is a necessary limit to what can be achieved, because a major port is inherently a two-way bottleneck which incidentally cannot be by-passed, for reasons of economics and geography alike. The working inhabitants of this bottle-neck are subjected to strains that no modernising of their operations or change in their outlook on life could entirely counter.

Everything tends to come at them all at once from sea and land, and the result is a piling up of cargo in space that is far from adequate and could not be made so without vast destruction of adjoining property such as was brought about by war-time bombing in some of our competitive areas on the Continent. This local piling up is a relatively new feature at any rate in its present intensity. It was lessened to some degree during the war by the creation of depots at some distance from a port for reasons of ordinary dispersal; it was obscured, if not measurably averted, when rail was the normal method of carrying goods inwards and outwards, because silting up occurred mostly in marshalling yards away from external pressures; most significantly however it was deliberately prevented in the earlier days of the Victorian merchant by his assembly of cargoes in his own warehouses close to the docks—whether immediately prior to their shipment or immediately after their

It is a combination of these three of past experience that one must troduce today, obviously in surroundings up-to-date conditions This can be done the creation of depots, possibly under ownership, well away from the dock a

Take, for example, export goods from the Midlands to be shipped from Liverpool. They would be delivered by the exporter to the appropriate depot—it might be at Crewe—and at this point his responsibility would cease. From there onwards the goods would be taken, in bonded containers whenever practicable, by rail express service or by road under the authority of the owners of the depot, working naturally to the receiving dates issued, as now, by the shipping company concerned. The only exceptions, allowing of delivery to the port direct, would be for exporters nearet to the port than to the depot.

Similarly for import, "nearby" traders would remove cargoes from the quays within a given time and all goods which had not been so cleared would be sent forthwith by the port authority to the nearest depot according to ultimate destination. Changes of legal obligation of Customs procedure and of trade structure would certainly be involved, perhaps substantially, but no practicable alternative seems to exist and, as an additional merit, sea-borne carriage by container would be definitely encouraged.

There is more to it, moreover, than physical change. Have you ever heard of a bottleneck that did not give rise to frayed tempers? If therefore you remove some element of physical strain, you automatically build a better structure for human relationship, and approach generally. Could Lord Devlin not be officially invited to "have a go"?—Yours faithfully,

P. G. R. BURFORD
Secretary,
The Liverpool Chamber of Commerce
Liverpool 3.

Vietnam

SIR—The basic attitudes and assumptions underlying your leading article last week seem so immoral, so unethical, as not to be real. Do flesh and blood people really inhabit the same earth as *The Economist?*

The Vietnamese people have been fighting for their freedom for a good (bad?) 20 years or more. These are real people, with homes, and families; they are being murdered in their thousands. Any decent, sane, person *must* call for an end to this war. That any sane person can, in face of all this suffering, speak of "setting a limit to the extent of Chinese influence," and of undertaking "operations against North Vietnam with a view to obtaining better terms at the conference table," makes me wonder whether I am human. As for resisting the temptation "to make small noises of distress," I believe that it will be no small noise of distress that will arise from the people of England should the United States extend its war to North Vietnam.—Yours faithfully,

BARBARA KIRKE
London, SW5

Science and Industry

SIR—There are good reasons why underdeveloped countries should support major scientific institutions engaged in fundamental or advanced applied research. Nevertheless, the results go into the international pool of scientific knowledge and are used by other countries with an industry ated enough to absorb them. Local may not be helped in the slightest.

Canadian device is a regional technological research facility, a research council independent of the Civil Service, supported partly by provincial funds and federal grants, and partly by repayments from industry. These regional institutions are staffed by scientists and engineers with industrial experience, who are devoted to scientific and technological research for local industry. They include a group of engineers who visit industry constantly. The work is quite neatly woven into the more basic, or more expensive, effort of universities and federal agencies, and into the economic planning and industrial development of the provincial governments.

—Yours faithfully, C. BURSILL
Executive Director,
New Brunswick Research and Productivity Council
Fredericton, New Brunswick

Green Belts

SIR—The whole point of the green belt concept is that development within it should be so planned as to preserve the essential open character of the country and to prevent the growth of a continuous and haphazard suburban splodge covering the whole of south-east England. It is thus not, as you say (January 9th), a tourniquet, but a dressing to reduce swelling.

The objection to the Hartley development is that it does not meet even the minimum requirements of planning close to London. The decision to build on four hundred and thirty acres of land was not taken by a planning authority but by a company attracted by low land prices with high development potential. The planning authorities at each stage including the Minister's inspector rejected the project, and the Minister's decision to override the objections makes nonsense of the whole procedure. It is irrelevant to argue that this project helps to provide for the population increase envisaged for Kent in the South-East Survey (not a document with binding authority). Other land is available for less objectionable types of growth. In any case, the limiting factor of development in Kent is not shortage of land, but lack of building capacity and of the communications to serve new development.—Yours faithfully,

T. E. M. MCKITTERICK
London, W1

Are you ploughing back enough
to keep pace with changing
capital replacement costs?
Our standard indices for twenty types of equipment are the most economical way of measuring the rise in costs over the last twenty-five years.
Further details from:
THE ECONOMIST INTELLIGENCE UNIT,
Spencer House 27 St James's Place London SW1
Telephone HYDe Park 6311 ext 239
60 East 42nd Street New York 17 NY
Telephone Murray Hill 7-6860

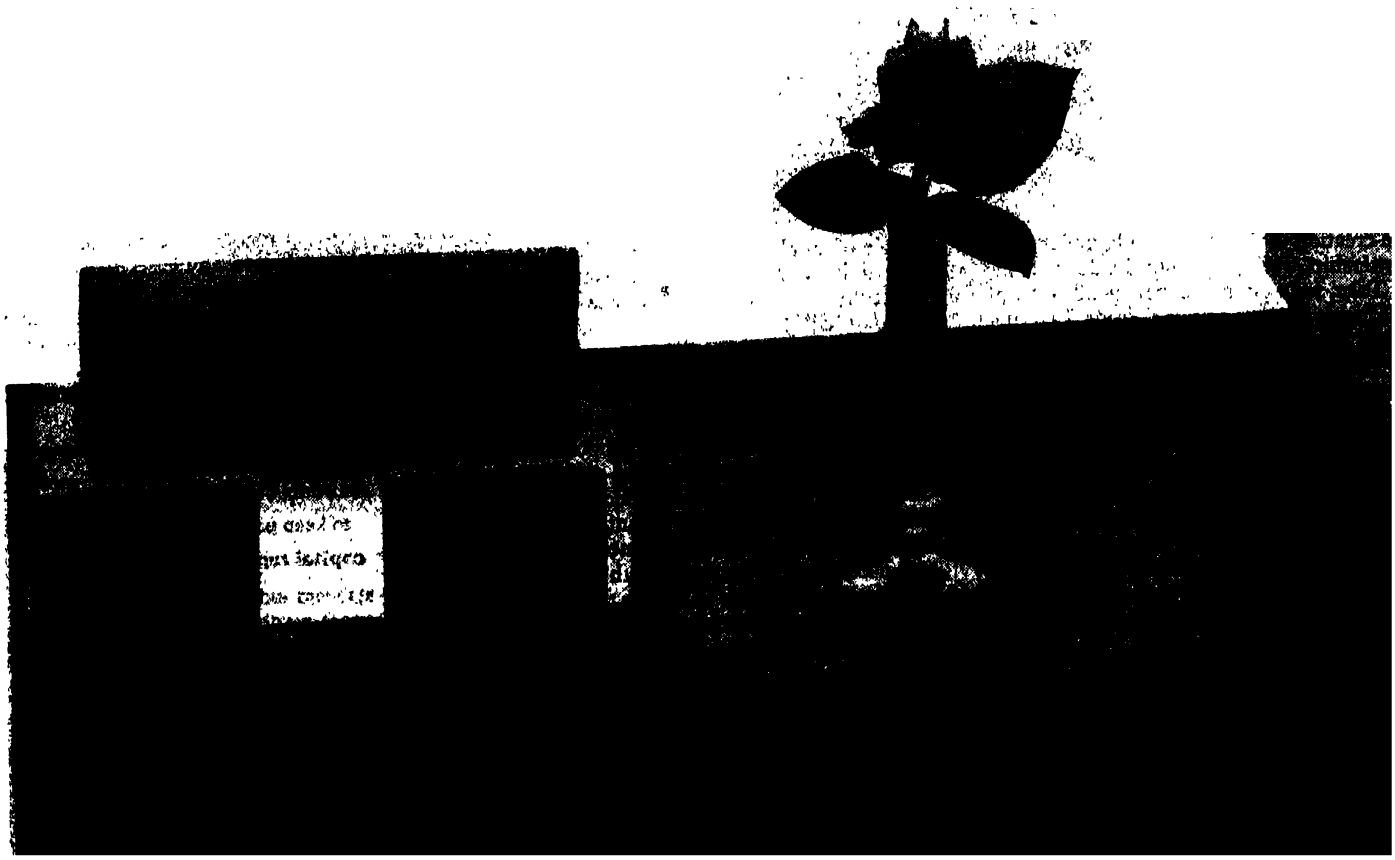
From the success of the Rank Xerox 914 Copier springs the new 813

I have xerocopies I

That's the promise of the new Rank Xerox* 813, a remarkably compact machine specially designed for smaller organisations with limited space and lower volume of copying.

The Rank Xerox 813 incorporates all the important features of the

Now everyone can have xerocopies



extre
ing
printed
bond
And
same
of in
*Xerox

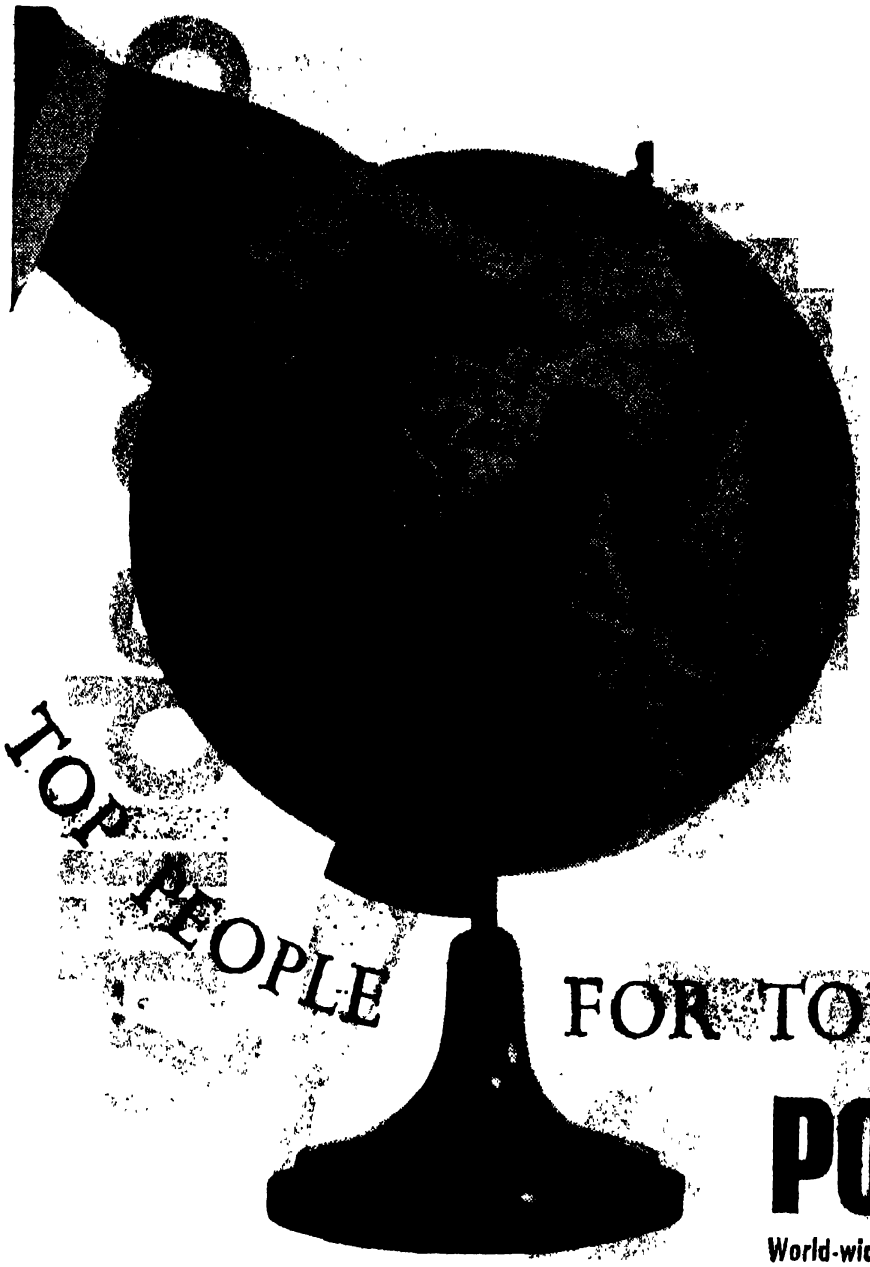
Why do so many flying-minded businessmen enjoy La Vie Française?

UTA. That's why. Chosen first of all, no doubt, simply because this airline offers unmatched coverage of Africa*. Then these Africa-commuters discover something else: UTA isn't just an airline. It's French. Very French. To the point where its stewardesses (*très chic*) sport Nina Ricci creations (even *chic*er!) And where their first class service almost unbelievably includes champagne *au petit déjeuner*: never again believe what you hear about cautious, phlegmatic Britishers—they adore it. Nowadays, what's more, the chaps off to-and-around Africa don't have all this Frenchness reserved just for their enjoyment. On major routes all round the world, from Paris to Papeete, Bangkok and Brazzaville, UTA are flying their DC-8 jets with all the charm, efficiency and punctuality that the world has come to expect from the French—as knowing businessmen (with understandable fervour) put it, *La Différence*.

Ask your Travel Agent about the services of UTA, the world's French-est airline.*

UTA FRENCH AIRLINES COVERING 80 COUNTRIES
WEST, CENTRAL AND SOUTHERN AFRICA
MIDDLE AND FAR EAST · PACIFIC · AUSTRALIA AND NORTH AMERICA

177 Piccadilly, London, W1. HYDe Park 4881. Manchester Office: Room 141 Royal Exchange, Manchester 2. Blackfriars 7891/2 *fullest air coverage of Africa in association with Air Afrique



TOP PEOPLE FOR TOP PROJECTS

POLSERVICE

World-wide exporters of Polish Technical Services

Spin the globe. Close your eyes and stop it with one finger. Chances are that it will rest not far from where Polservice technicians are busy on yet another exciting project.

At this moment they are busy in the Baltic and Mediterranean seas, giving technical consultation and performing technical supervision of the execution of long term agreements on contract works – geology, geodesy and architectural – in Iraq, Libya, Cyprus, Tunisia, Nigeria, Ghana, Mongolia, India, Syria and all over the world. But in so far as dredging, digging and deepening are concerned, they offer everything from project to full execution.

For Polservice is the world-wide exporter of Polish technical "know-how" – bringing to anywhere, all the latest achievements of Polish scientists, technicians and engineers.

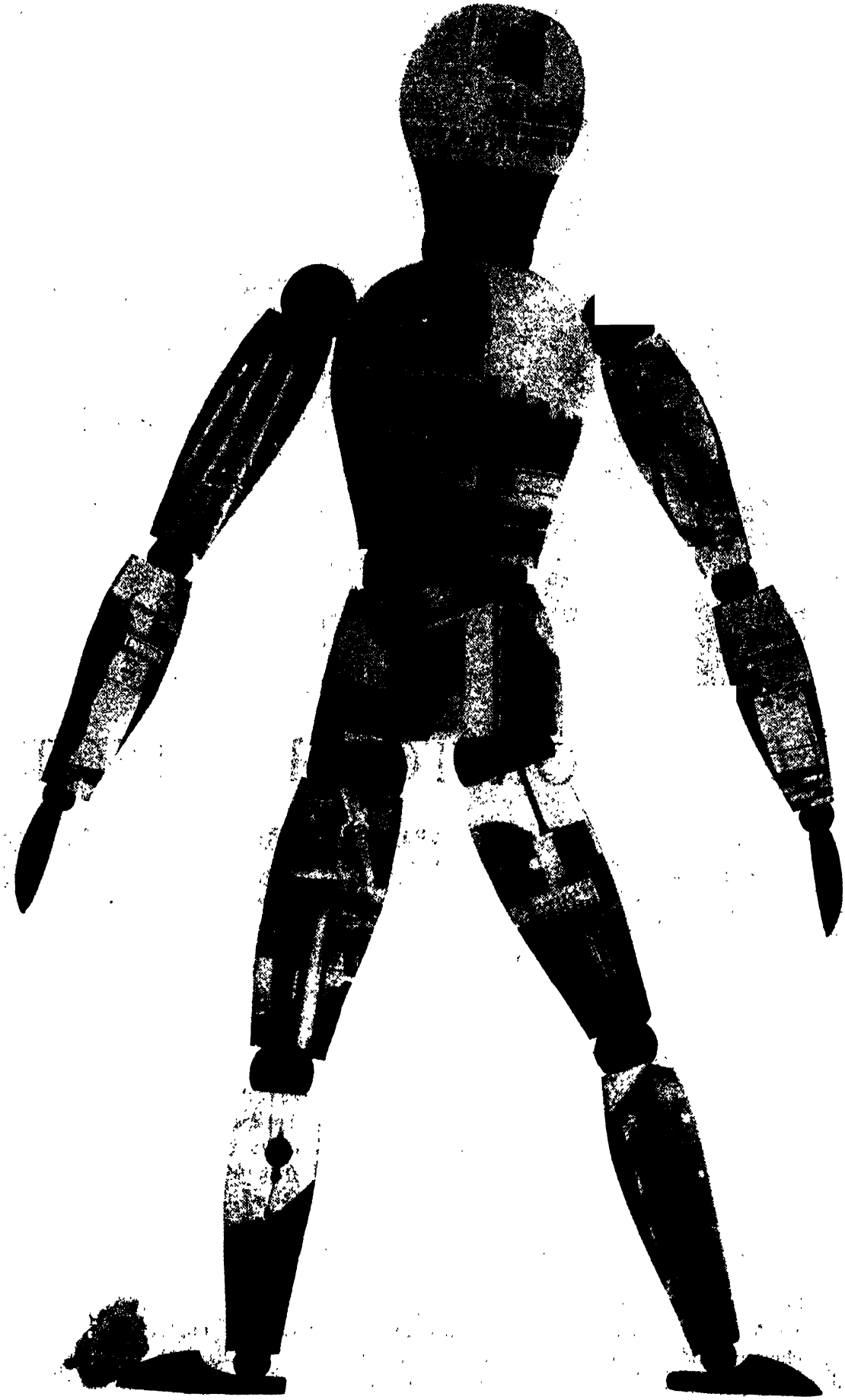
The field is wide and extremely comprehensive. It embraces: Town Planning – Building – Geology – Geodesy – Mining – Power Projects – Transport – Railway and Highway Engineering – Hydrogeology – Hydrotechnics – Harbour and Maritime Engineering – Agrotechnics. It includes also delegation of specialists, technical documentation, planning and consultation, export of patents and licences.

In short: *everything from project to technical consultation and supervision or any or all stages in between.*

Consult Polservice for your next project. You'll find that they are the top people for top projects.

Enquiries should be addressed to:
POLSERVICE
15, POZNANSKA, WARSAW, POLAND.
Cables: POLSERVICE – WARSZAW
Telex: 81539

POLSERVIC

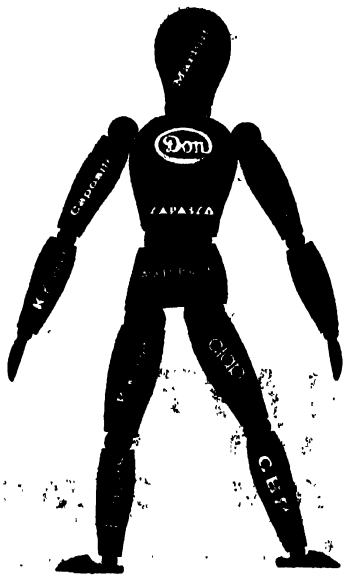


capability

Cape-ability is in the brake lining of a Mini car, the insulation of a nuclear power station, the fire-proofing of a liner.
Cape-ability is in the stopping power of a London bus, the warm lining in your attic, the ceiling in the new supermarket, the secret of your wife's heat-retaining oven.
Cape-ability is the result of a partnership of progressive companies serving the building, motor, shipping and general engineering industries.

Cape-ability is all this and more—imagination in outlook, strength in research and alertness to new trends.

The Cape Asbestos Group of Companies
114 Park Street · London W1
Telephone : GROsvenor 6022



WHAT'S IN LINEN HIRE FOR YOU?

BIG SAVINGS—IN TIME, TROUBLE AND MONEY

Nobody wants to be saddled with the large capital outlay and high replacement and maintenance costs that go with equipping an industrial or commercial concern with linen and protective clothing. At the same time, firms considering linen hire want to be sure that the service they will get is right for their particular business.

SPRING GROVE LAUNDRIES LIMITED operate a highly efficient linen hire organisation divided into sections SPECIFICALLY DESIGNED to meet the needs of every type of user. For a small weekly hire charge they will supply and maintain an organisation with ALL the LINEN, TOWELLING and PROTECTIVE CLOTHING it may need.

There's a lot in linen hire for you when you deal with Spring Grove.

Write for full information to Head Office:
SPRING GROVE LAUNDRIES LIMITED, (E.1)
SPRING GROVE RD. ISLEWORTH, MIDDX. ISLEWORTH 8081
(BRANCHES THROUGHOUT THE COUNTRY)

SPRING GROVE

Ferranti have got automation covered

Ferranti are big in automation. Active in automation. Have already completed over three hundred "feasibility studies" into the applications of automation. And there are more on the way. Not that automation is all theory with Ferranti. Far from it! Ferranti are uniquely qualified to put automation into practice—because they are the only company in Europe that has experience in *all three* of automation's sterling ingredients: electrics, electronics, computers. In fact, Ferranti have already supplied automation equipment to the Royal Navy, to steel works, chemical plants and electrical companies. To name only a few. It seems possible that Ferranti have conducted a feasibility study into automation in *your* industry, *your* process. Or would be willing to do so. It would only take a letter to find out!

FERRANTI

ARE BIG IN AUTOMATION NOW

FERRANTI LTD., HEAD OFFICE: HOLLINWOOD, LANCS. LONDON OFFICE: MILLBANK TOWER, MILLBANK, LONDON, S.W.1

The official mark of approval stamped on plant and components manufactured under the supervision of Vulcan Inspecting Staff.

When it comes to consideration of design and construction or inspection and certification of boilers and pressure vessels, no other company in Britain offers better service than the Vulcan Boiler and General Insurance Co. Ltd.

Their little mark of approval carries over a hundred years of experience behind it. The kind of experience that makes the Vulcan pre-commissioning service a great aid to purchaser, consultant, contractor and maker alike.

Vulcan will check and approve production drawings, supervise construction and witness tests on completion of fired and unfired pressure vessels, whatever the size or specification.

Vulcan has a headquarters staff of highly qualified engineers, and a large establishment of engineer surveyors and inspectors resident in all parts of the British Isles. It has its own metallurgical and chemical laboratories and the latest equipment for the non-destructive testing of materials.

How does this service help you in particular?

If you're *buying* plant Vulcan will ensure that its design and construction is sound, and able to give a safe and useful life.

If you're a *consultant* or *contractor*, Vulcan will make certain that your specifications are rigidly adhered to.

If you're a *manufacturer*, Vulcan's inspection service will be complementary to your own, giving double assurance that the job is completed to contract standards.

For all these reasons and many more consult Vulcan first. You'll find it pays.

If you would like to receive FREE a copy of "Vulcan", a quarterly journal for all users of plant and machinery, write to us here at Manchester or get in touch with one of our Branch Offices which will be found in all the larger towns.

Vulcan

ARE SPECIALISTS

THE VULCAN BOILER & GENERAL INSURANCE COMPANY LIMITED
DEPT. 67 KING STREET, MANCHESTER 2

Too late to plan now!

When fire takes a firm hold there is little that you can do except get out—quickly! The time when preventive action could have been taken has passed, and with it an opportunity to save yourself heavy losses. In 1964, fires cost the country about £70,000,000 and many lives. In many cases, the size of the loss was due to the lack of adequate planning that could have been avoided if prompt, disciplined action had been taken when the fire was first discovered. Remember, apart from prevention, your greatest safeguard is a proper plan to ensure that the correct action is taken automatically by your staff in the event of fire. Is your fire plan good enough?

WHEN FIRE BREAKS OUT There are three essential actions to take in the event of fire: **Raise the alarm and call the brigade. Fight the fire. Evacuate the building.** Circumstances must decide the order. Naturally, it would be wrong to delay putting out a small fire in a waste paper basket while the alarm is raised, but in most cases it is possible for one person to raise the alarm while another fights the fire.

The telephone is best for raising the alarm. It can be used to report the fire by the person discovering the outbreak, and by the operator to warn all occupants. There should be clear instructions to the operator to call the fire brigade. The fire bell should then be used as the evacuation signal if necessary.

Every business house should have a clear-cut plan for action when fire is discovered. Advice on such a plan can be obtained from the Chief Officer of your fire authority, from your insurance company, or in a publication obtainable from the Fire Protection Association.

No. 8 of a series of advertisements issued by: Fire Protection Association, Aldermary House, Queen Street, London, E.C.4.

Copies of the first seven advertisements in this series, arranged as a folder, are obtainable free on request to the FPA.

Morgan Guaranty Trust Company

OF NEW YORK

Consolidated Statement of Condition
December 31, 1964

Assets

Cash and due from banks		$1,460,880,342
U.S. government obligations		491,106,918
Obligations of states and political subdivisions		645,235,967
Other securities		57,907,353
Loans		3,148,305,692
Customers' acceptance liability		83,214,445
Stock of Federal Reserve Bank		13,915,800
Investment in subsidiaries not consolidated		2,776,193
Bank premises and equipment		78,881,401
Other assets		227,391,441
		$6,109,015,242

Liabilities

Deposits		$4,788,346,000
Funds borrowed		323,718,690
Accrued taxes and expenses		46,600,180
Liability on acceptances		84,487,918
Dividend payable January 15, 1965		8,294,000
Mortgage payable		19,978,625
Other liabilities		206,749,059
Capital — 8,294,000 shares — $25 par	$207,350,000	
Surplus	236,500,000	
Undivided profits	186,990,770	
Total capital funds		630,840,770
		$6,109,015,242

The above statement includes the company's principal wholly owned subsidiaries, Morgan Guaranty International Banking Corporation and Morgan Guaranty International Finance Corporation.

Assets carried at $614,130,356 on December 31, 1964 were pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

Member, Federal Reserve System, Federal Deposit Insurance Corporation. Incorporated with limited liability in the State of New York, U.S.A.

New York: *23 Wall Street*

London: *33 Lombard Street, E.C. 3*
31 Berkeley Square, W. 1

Paris: *14, Place Vendôme*

Brussels: *27, Avenue des Arts*

Representative Offices: *Frankfurt, Rome, Tokyo*

Directors

HENRY S. ALEXANDER
Chairman of the Board

THOMAS S. GATES
President

J. PAUL AUSTIN
President, The Coca-Cola Co

STEPHEN D. BECHTEL
Chairman of the Board
Bechtel Corporation

WILLIAM O. BOLENIUS
Retired Vice Chairman of the Board
American Telephone and Telegraph Company

R. HANDLEY BROWN, JR.
Executive Vice President
New York Life Insurance Company

CARTER L. BURGESS
Chairman of the Board
American Machine & Foundry Company

PAUL C. CABOT
Chairman of the Board
State Street Investment Corporation

JOHN T. DORRANCE, JR.
Chairman of the Board
Campbell Soup Company

CARL J. GILBERT
Chairman of the Board, The Gillette Company

CRAWFORD H. GREENEWALT
Chairman of the Board
E. I. du Pont de Nemours & Company

LONGSTREET HINTON
Executive Vice President

DONALD P. KIRCHER
President, The Singer Company

THOMAS S. LAMONT

L. F. McCOLLUM
Chairman of the Board
Continental Oil Company

JOHN M. MEYER, JR.
Executive Vice President

HOWARD J. MORGENS
President, The Procter & Gamble Company

THOMAS L. PERKINS
Chairman of the Trustees
The Duke Endowment

M. J. RATHBONE
Chairman of the Board
Standard Oil Company (New Jersey)

DALE E. SHARP
Vice Chairman of the Board

ROBERT T. STEVENS
President, J. P. Stevens & Co., Inc

JAMES M. SYMES
Chairman, Executive Committee
The Pennsylvania Railroad Company

HENRY S. WINGATE
Chairman of the Board
The International Nickel Company of Canada, Limited

GEORGE S. YOUNG
Chairman, Executive Committee
The Columbia Gas System, Inc.

The Economist

JANUARY 16, 1965

If They Do Nothing 189
Erhard in Purgatory 191
Whatever Happened to Planning? 192
Hip, Hip for Heyworth? 194

COMMENTARY 196
Politics; Kosygin to Britain; Crisis in Nato; Crimes of Violence; Brazil; Prices; Siam; Censorship; Unruly Docks: *London Easing Off?; Underpaid in Antwerp; $25 million misunderstanding.*

THE WORLD
INTERNATIONAL REPORT
Valley Road to Pakistan 201
India; Malaysia; South Vietnam; France; Congo—I; Congo—II; Jordan Waters; Ceylon; Nigeria.
AMERICAN SURVEY
Strategies West and East 213
Freeing More Gold; Healthy and Wise: I—Better Schools; Road to Medicare; Bliss for Burch; Sugar Slices; Saving the St Croix; Capitol in Waiting; Thresher's Lessons.

BRITAIN
Ministers' Passage 224
Ask a Silly Question . . .; Last Act in the Meadow?; How to Make Money.

BOOKS
Suez Disclosures 227

LETTERS 177

BUSINESS
Aircraft are Too Expensive 231
Decision on Liquidity 235
Where the Shoe Pinches 236
BUSINESS BRIEF 233
BRITAIN 237
Coal; Economic Policy; Steel; Grocery Prices; Local Authority Borrowing; Drugs; Houses for Export; Independent Airlines; Freeze Drying.
INTERNATIONAL 243
Gold and Exchanges; World Steel; Indian Steel; Niarchos Selling; German Exchange Policy; French Economy; Sweden; Synthetic Foods; German Trade Unions; Egypt; Sulphur.
INVESTMENT 250
Merchant Banking; Wall Street; Gilt Edged Market; Ranks Hovis McDougall; Banks; American Banks; Turner and Newall; Theo Garvin; Profits and Finances.

Annual Postal Subscription by ordinary mail UK £6; overseas £6 10s.; by air see page 266
VOLUME CCXIV - NUMBER 6334

If They Do Nothing

THE age of secret diplomacy, it is said, is buried for ever. But who guessed that it would be followed by an age of public diplomacy so confusing that few people can grasp what is happening? The technicalities of the European common market were so opaque that few woke up to its real and simple meaning until, for Britain at least, it was too late. Now it looks as if the second and decisive round of the West's crisis—the clash on nuclear reform in Nato—may be coming and going without most people even realising that a vital issue is in the balance. It is painfully clear that President Johnson, Herr Erhard and Mr Wilson are all hesitating to push the project of an allied nuclear command to the point of a real test of wills with President de Gaulle. If they do back down, this will be not a minor tactical defeat, but a major turning point in postwar history.

The Atlantic crisis began with President de Gaulle's veto on British entry into Europe two years ago. Until that time, it was beginning to look as if the West had a policy. Europe was to unite economically, with Britain a part of it at last. It would then be a power of such potential strength that it would be natural for it to move towards equal dealings with the United States in the Atlantic partnership that President Kennedy called for in his Philadelphia speech in 1962. There were, as there always must be, many loose ends in this vision. But it did give a real framework for solving at least one major problem—how Germany was to be psychologically and materially integrated into the western world. And when the Moscow test ban treaty followed, it looked as if integrating the West might also be the best way of approaching another goal—the quest for peace with Russia.

In his veto of British entry into the common market, however, President de Gaulle made it clear that he was blocking Atlantic partnership in the economic sphere on the ground that it was a disguise for American imperialism. Europe must prove its independence and leave the links with America to be taken on faith. Alarmed by this, the Americans then proposed to create a partnership in the nuclear field, where France had no formal power (as it has in the common market) to veto proceedings.

This made sense because for years the Germans had been wanting a strategic nuclear force in Europe specifically directed against the 700 Russian missiles trained on the area. The plea was very similar to the reasoning behind the British and French national deterrents. Even though the Germans, for obvious reasons, would have found it difficult to follow in their neighbours' nuclear footsteps, it seemed only prudent not to leave them indefinitely under the temptation to do so. So the Americans determined to offer a larger say in American nuclear policy to any European nation ready to join a Nato nuclear missile fleet (in which no country would wholly own or man a single ship). Nations that joined were implicitly giving up hope of independent deterrents in return for guarantees of American involvement in Europe and a promise of influence in the alliance's strategic planning.

Until last autumn, it seemed that Britain, under the Tories, would never make up its mind on this proposal. But when the Labour government came to power, proclaiming its desire to put Britain's nuclear force at the service of the alliance, President de Gaulle suddenly went into action and came out in forthright opposition to the whole scheme. So far as one knows, the French government

has been careful not to threaten to break up the common market if Nato nuclear reform went through, and has even suggested that the issue adds little to the objections it already has to Nato in its present form. But the Germans feared, or persuaded themselves, that France might indeed scupper the common market, and promptly began to show signs of retreat. Thereupon, on December 21st, President Johnson leaked a memorandum to the American press which indicated that he would, at least for the immediate future, let events take their course.

He seemed to have two main reasons for this. One was a desire not to thrust France into belligerent opposition; the other was a realisation that the new British proposals were so far from what the Germans could accept that it would be a hard job reconciling the two points of view. But with American pressure suddenly removed, the Germans had no further incentive to go ahead, the impetus died away, and agreement between Britain and Germany receded into the misty future. Formally, the negotiations are not dead. But, after Mr Wilson's visit to Bonn on January 22nd was arranged, Herr Erhard significantly agreed to go and see President de Gaulle first on January 19th. There are plenty of observers ready to say that the hope of nuclear reform, like the old soldier, will now simply fade away.

If it does, President de Gaulle will have won a second, and possibly final, victory against "interdependence." Having scuppered American-European partnership in the economic field, he would then have scuppered it on defence, and even showed, by the scare over his selling of dollars, that he could undermine it monetarily too. With all these opportunities gone there would be no new fields for western co-operation to enter, and little future for Nato to look forward to. Of the old collective policies only the European common market would remain. And even this would be changed, for while President de Gaulle preaches a European nationalism against America he practises a French nationalism within Europe by putting brakes on anything more than the vaguest political co-operation. Thus all the assumptions on which postwar policy has been built would have largely disappeared.

It is astounding that such spectacular events could take place without anyone sitting up and taking notice. It reminds one of W. H. Auden's classic verses on Brueghel's painting of the Fall of Icarus:

> the ploughman may
> Have heard the splash, the forsaken cry,
> But for him it was not an important failure; the sun shone
> As it had to on the white legs disappearing into the green
> Water; and the expensive delicate ship that must have seen
> Something amazing, a boy falling out of the sky,
> Had somewhere to get to and sailed calmly on.

Perhaps too few people ever appreciated the political prizes at stake in Nato nuclear reform. Admittedly, any such reform of Nato was bound, like the alliance itself, to be imperfect, and also hazardous to introduce because it implied standing up to President de Gaulle. But many people seem to have been blind to the consequences of abandoning it. If so, 1965 is likely to open their eyes.

Already, the Germans and Americans have begun squabbling over credits for trade with east Germany and, more important still, on the approach to reunification in talks with Russia. Such differences are the stock in trade of diplomacy and, in the context of an alliance coming closer together, could be more or less fruitfully overcome in the normal way of business. But when both Americans and Germans feel, as they are now beginning to feel, that they can no longer rely on each other—because the Germans are drawn by siren songs from Paris and the Americans suspected of being bewitched by those from Moscow—disagreements can gradually result in a dispersal of the crew. American troops in Germany are an overwhelming fact, but a static one; they cannot for ever be a substitute for converging policies. Similarly, if nuclear reform does not bring Britain and Germany closer, and if Britain increasingly tends to treat the Rhine Army as a mere reserve for operations east of Suez, the chances of British entry into Europe will become still more remote.

The French are now putting quite a different gloss on events. To judge by a visibly inspired article from Paris that appeared in Monday's *Guardian* (discussed in more detail on page 196) they are suggesting a kind of nuclear directorate in which Britain and France together would represent an "independent" Europe in negotiations with the United States. At the same time, it is suggested that Britain should now think of coming into a Europe of politically co-operating states, based on the common market but excluding all further "integration." It looks very much as if France, having deliberately undermined the Atlantic approach to the German problem, has suddenly woken up to the realisation that the problem remains unsolved. But all it offers, instead of a collective framework in which Germany would be an equal among European equals, is a new form of Franco-British leadership reducing Germany to second-class status. This is not an alternative solution; it is merely playing with words.

The fact is that if the attempt to edge towards more developed forms of co-operation breaks down because of General de Gaulle's nationalism, it is hard to see how nationalism can be restrained elsewhere. It is hard to see how Germany, with the wounds of its division unhealed, can be given a stable future unless its legitimate aspirations can be worked out within the framework of a strong international system. It is also hard to see how anyone can reach stable agreements with Russia if the West is disintegrating. And that leaves the further problem of a joint Russian-western attempt to contain China altogether out of account, though in a few years it may be impossible to do so. To drop the idea of a genuine partnership between America and a uniting Europe now would put all these policies in doubt and probably consign them to the rubbish heap.

Thus President Johnson, Mr Wilson and Herr Erhard cannot afford just to stand by and blame one another for their collective failure. Perhaps they are given one last chance by the fact that, in theory, the talks on nuclear reform have merely been slowed down, not stopped, and by the hope that Germany's Atlantic-minded Social Democrats may have more influence on German policies after next autumn's elections. If the so-called Atlanticists fail to put up a fight, they can never have faith in one another again.

The responsibility lies first with President Johnson, who alone can really influence the Germans. But Mr Wilson cannot let the opportunity slip either. It is still possible to devise

a viable Nato nuclear system based very much on lines which Washington still claims it is eager to accept. This would include a mixed-manned element to suit the Germans, plus an opening for a possible renegotiation of the arrangement if Europe unites politically. (The growth of European self-confidence permits nothing less.) These are cardinal points which the British government has hitherto been resisting. Mr Wilson must make it clear when he goes to Bonn that he is ready to discuss them and is not simply concerned with reducing his military commitments in Germany and, in Bonn's eyes, bowing a little further out of Europe.

Both President Johnson and Mr Wilson have been viewed with some suspicion as clever operators, maybe, but not grand designers. Now they are faced with a situation in which a talent for distinguishing strategy from tactics is vital. If they fail to tell the difference, they will have proved that the fears about them are warranted. That President de Gaulle might, in the process, have won the greatest Pyrrhic victory of the century would be no consolation to anyone, even in the end to France.

Erhard in Purgatory

Our Bonn correspondent describes Herr Erhard's circlings, 700 years after Dante

WHEN Mr Wilson talks to Herr Erhard in Bonn on January 22nd he will most probably spend most of his effort trying to discover what, if anything, the west German chancellor and President de Gaulle may have arranged between themselves at Rambouillet on January 19th and 20th. For since Mr Wilson's German journey was conceived, President de Gaulle has contrived, partly with the British and American governments' help, to reduce its importance to what diplomatists are politely calling a gesture of good will. Yet the gesture will be worth while if the British prime minister can make it convincing. His good will towards Germans is by no means taken for granted. Mr Denis Healey, who is one of the prime minister's top-heavy-looking party, will not easily smile away the resentment he provoked by seeming to imply in that television interview on December 20th that the new British proposals were drafted with an eye more to placating the Russians than to discouraging them. Mr Wilson is holding a press conference in Bonn next Friday in the hope of convincing German journalists he is not the congenital anti-German many of them make him out to be. And at the moment it seems likely that on January 23rd, in the appropriate setting of Berlin, Mr Wilson will affirm unequivocally the British government's wish to see today's two German states reunited.

But it is his solitary encounter with the French president, not his meeting with the British prime minister, that has been exercising Herr Erhard and his advisers at their confused and contentious conferences in Berlin and Bonn this week. The talk in Germany at large is of a cruelly unequal contest at Rambouillet—with the French giant holding in reserve the swingeing last-word weapon of an international press conference on February 4th. No one has forgotten the misunderstanding that befogged Franco-German relations after Dr Adenauer had been closeted alone with President de Gaulle at Rambouillet in July, 1960. It was suspected in Bonn that the older man had been outwitted by the younger. Will Herr Erhard, anxious Atlanticists are asking, descend from next week's encounter still clothed in his Nato suit, in possession of his wallet, and in his right mind?

West Germany's gaullists—to use the simplification they frown on—are enraptured by the possibilities. Herr Franz-Josef Strauss, the former defence minister and chairman of the Christian Social Union, has publicised his lovely dream of President de Gaulle and Herr Erhard travelling hand in hand to Moscow to convert the Kremlin to the gospel of German reunification. And the *Rheinischer Merkur*, which reflects Dr Adenauer's broodings, writes of the universal jubilation there would be if in consequence of agreement at Rambouillet a political union of western Europe could be founded at Florence on May 30th, which is the 700th anniversary of the birth of Dante, the begetter of the vision of a politically united Europe. In the circumstances Herr Erhard's foreign minister, Herr Schröder, is relieved at his exclusion from the mysteries of the clouded summit. Things may happen up there for which he would rather not be held responsible, being under warm enough fire already from his opponents.

President de Gaulle will be in the advantageous position of knowing clearly what his objectives are, and of being confident, rightly or wrongly, that all the relevant factors are already working, or can be made to work, towards their achievement. In short, the French president will increase his pressure on a now hesitating German chancellor to commit west Germany to "participation" in the design for making Europe, under Franco-German leadership, militarily independent of the United States, and further integrated economically and politically, even to the point of concerting profitable association with Europe east of the Elbe and perhaps with China.

UNHAPPILY for Herr Erhard's constancy, recent developments have reinforced the ranks of the critics in his own party who reproach him, in an election year, with having neglected, at the cost of "the national interest," the French bird in hand for the sake of a multilateral bird in a distant bush. These setbacks include conspicuously Herr Schröder's failure at Paris before Christmas to obtain Nato support for a new attempt to jog the Russians to talk seriously about reunification; Mr Dean Rusk's prickly thinking aloud on the same subject on December 30th; and the pointed reservations about a Nato mixed-manned fleet that are entertained by a British government suspected of narkingly anti-German leanings.

That Herr Erhard himself is now regretting the estrangement that dates from his meeting with President de Gaulle last July is to be gathered from various hints and leaks concerning some of the talking points listed for next week's encounter. Thus it has been assiduously put about that the question of German participation in the controversial Nato nuclear fleet could be conveniently shelved (happily with Washington's assent) at least until after the Bundestag election in September; and that President de Gaulle's request for German financial participation in the French *force de frappe* might be indirectly satisfied by a handsome contribution towards joint schemes for development aid in Africa and Latin

America. Dr Adenauer, Herr Krone (minister without portfolio and chairman of the cabinet defence committee), Herr Lücke (minister for housing) and Herr Barzel (parliamentary leader of the Christian Democratic Union) are among the influential men urging Herr Erhard to go as far as possible towards satisfying President de Gaulle's ambitious idea of Franco-German collaboration. Herr Erhard promised this week to do so.

But how far can he go? The chancellor does not lack expert warning against the danger of underestimating the continuing importance of the alliance with America, or of overestimating American readiness to garrison Europe indefinitely. And he is preparing to insist that the next step towards European political union should be a meeting of the heads of the six governments immediately concerned. He can also be expected to defer awkward decisions; for since next week's Rambouillet talks are held to be "extraordinary" and the next routine half-yearly meeting of the two heads of government will follow soon after, the chancellor can reasonably ask for time to consult his cabinet.

During this interval there will be the talks with Mr Wilson. Much points now to their talks being concerned more with economics than with defence, and particularly with the problem of Britain's adverse balance of payments. It is being deviously hinted in Bonn that there would be no bitter reproaches should the British government decide it must reduce the strength of its Rhine Army for want of adequate German financial support; this could be another indication of the trend to look with interest at the promise of closer Franco-German arrangements.

Our Washington correspondent describes the American conspectus of the crisis on page 213.

Whatever Happened to Planning?

Labour seems to have decided to avoid an early general election. It had therefore better start having a domestic economic policy

THE three or four most senior ministers of the British government now all appear to have said that there will be no general election this year, although they have generally done so in public statements to only very small audiences. It should therefore probably be accepted that the avoidance of such an election is Mr Wilson's present intention.

Politically, this would be a rather surprising decision. It suggests that Labour intends to throw away what may be a good electoral opportunity, in order to embrace a very considerable risk. By most past experience, one would expect Labour to do reasonably well in this Parliament's first round of by-elections, beginning next week. A new government often enjoys a honeymoon period of between three and six months. But it is an even more common experience that a government does badly in by-elections in its second and third years of power; to some degree, indeed, an adverse mid-term swing appears to have hit every British government this century, save only Sir Winston Churchill's government of 1951-55. And, if this Labour government does try to move on into a second and third year in office, it will not be able to afford to lose even three by-elections during that period. Once it did so, it would lose its overall majority in the Commons. Moreover, as soon as there were signs that Labour was unpopular in the country, the nine Liberal MPs would almost certainly combine to vote against it, because a general election at Labour's equivalent of Orpington time would be greatly to Mr Grimond's advantage.

Voters do not usually rally to support a struggling government merely on matters of foreign policy, not a Labour government at least. The main determinant of whether Labour can avoid the normal doghouse period in 1966 and 1967 will therefore almost certainly be the economic situation at that time. In the two years following October, 1965, if it is to avoid the usual pains of a middle-aged Parliament's swing, Labour must hope either to have unusual economic good fortune or else must by then give the impression of being unusually competent in domestic economic affairs.

The first of these possibilities can now almost be ruled out—for the beginning of the period at any rate. All the signs suggest that by next October Britain will be slipping into a small recession. Labour could still avoid the penalty of this misfortune if, in the two years immediately following, it started to look like a firm government with a new idea. The Conservatives in 1951-55 did give this impression. After an unpopular opening in 1952, which was itself a year of some recession, the Churchill government started to gain in public support during its second and third years because it was managing to abolish rationing in Britain, because it could capture an image of escaping from austerity towards a land more liberally filled with Lord Woolton's good red meat, because Mr Macmillan's housing targets were being achieved. But these achievements between late 1952 and 1954 were based, in retrospect, on the foundations that Mr Butler laid in 1952, when his dashes back to the market mechanism—some of them unexpected—first began to spread the feeling that perhaps there was something called Conservative freedom which worked. Labour's main domestic priority must be to lay similar foundations in 1965 for a feeling that its own policy works. And its policy, so we were told at election time, was supposed to be one of planning.

A Start to Planning

THE most disappointing feature of Labour's performance to date is that it still gives no real sign of any such foundation-building. This article will make some specific suggestions on how it should set about it.

A first point to urge is that Labour must start now to give the impression that it has some sort of quantitative grip on at least what it thinks it is doing. An important test here

will be this year's Economic Survey. There has been some remissness on this front already. As Labour is supposed to be committed to planning, it would have been wise already to have published an estimate of what it thinks will happen to growth (or non-growth) in the British economy in the financial year 1965-66—in the same way as some other European countries have done. Some such estimate must have been compiled behind the scenes at the time of Mr Callaghan's emergency budget in November, but it was not revealed. As the time for April's budget draws near, this original estimate should be re-examined and then re-published in its amended form.

There is apparently a real danger now that no estimate of any serious sort will be published, even when April comes. A school of opinion is growing in Whitehall that, as the forward estimates for 1965-66 are bound to be disappointing, certainly below the nominal long-term growth target of 4 per cent per annum, they had better be disguised or fudged. On the contrary, the right course would be to set down the growth estimate for 1965-66, even if it be minus one per cent or plus only one per cent or whatever; and then to say that the movement from this relative stagnation to a policy of aiming at 4 per cent per annum growth, if that still is the eventual target, will depend on Britain meeting two requirements, both of which should be quantified too.

Export Targets, Income Norms

One requirement is that exports will have to start to rise by a certain minimum target amount. This target amount, or rather the government's best estimate, should be stated; and the whole policy of export incentives should then be geared to achieving it. If the first batch of export incentives, to be announced next week or the week after, do not get Britain on course to the target, then a second batch should be introduced thereafter; only if Britain starts to hit the stated target should the first batch be regarded as sufficient. Unfortunately, there is no sign that the promised first instalment of export incentives is being drawn up with this sort of indicative planning in mind. What seems to be happening is that a chance package of journalists' and economists' and businessmen's past suggestions is being kicked around Whitehall and financial circles for consideration, and the City is entering strong and probably successful objections to any that would be unconventional (and therefore probably worthwhile). The danger is that when Mr Brown or Mr Jay or even Mr Wilson makes the final announcement, it will merely be of the usual haze of minor good intentions.

A second requirement, if growth is to be resumed, is that British costs should be held down by seeing that the rise in money wages and salaries this year does not soar beyond the expected rate of rise in productivity. Unfortunately, it is already quite plain that it is going to in 1965. This is another process that has not been helped by the reluctance of the Labour government to say what it expects the increase in productivity (if any) this year to be. Mr Brown argues that he is intent on searching for a long-term incomes policy, and that the figures to be suggested as "norms" can best be published later. By the time they are published they may be too late. The strange predilection of this supposedly planning government for putting figures only at the end of the queue fits in with at least one right-wing prejudice. Advocates of orthodoxy are now saying approvingly that Labour's real contribution to economic recovery in 1965 will prove to be the restrictive measures that it has undoubtedly taken in its first ninety days. But disappointment may again await those who assume that firms which are squeezed on domestic markets will then automatically divert more resources to export. A more usual reaction to a squeeze nowadays is for each firm to throw up some internal Beeching-like figure who examines ruthlessly which of the firm's activities are wasteful money-losers. That process of pruning is going on all the way across British industry at present; and the government may be horrified to find how many of the activities designated as due for the axe, when cost-probing really begins, prove, at the present sterling exchange rate, to be export projects, in some overseas markets at least.

Public Relations, or Policy?

One riposte to those who accuse Labour of having abandoned planning will be that Mr Brown still intends to publish his new long-term plan, in an interim document in the spring followed by a more detailed document in the summer. But, sadly, the impression is growing that this may prove to be more a public relations exercise than a useful economic operation. Sometime in the spring we will be told that the National Economic Development Council's famous plan for 4 per cent annual growth between 1961 and 1966, published under a Conservative government in early 1963, has failed. So it manifestly has. In its place, the Labour government may now publish a plan for 4 per cent annual growth between 1966 and 1970, which will be said to be more purposeful than the old Conservative one in two respects. First, it will be said that the figures for government spending in it are hard long-term estimates based on agreement with the spending departments, while the Conservatives' figures of government spending were just drawn from forward projections of existing trends. This distinction is a bogus one; four-year-forward estimates are always hazy anyway, and really are not made less so by the tone of voice in which the word "estimates" is pronounced. (Indeed, if one believed the opposite, there would be cause for concern if Labour was going to saddle itself with commitments for long-term government spending, based on the assumption of 4 per cent growth, and then were to find the whole structure top heavy because 4 per cent growth was still not being achieved.) Secondly, Mr Brown will apparently be more detailed in his guesses of the output targets which individual private industries ought to hit if 4 per cent growth is attained. This sort of sector-by-sector guessing is always the least useful part of public planning; it is usually based on the conventional answer which some industrial association has given to an uninformative form. It is the total volume of demand to be aimed at which is the most important part of planning.

A second and juster riposte which can be made to Labour's critics is that the new government is trying harder than the Conservatives in at least one respect: it is busying itself with schemes to improve the efficiency of British management. The new role of nagger which is being given to the little Neddies is to be welcomed. But here, too, it is important that the government should now boldly set its hand to starting medium-term reforms, instead of merely talking vaguely about long-term aspirations. The past few weeks have provided

disturbing evidence of Labour's willingness to bow before the pressure groups which spring up whenever uncomfortable changes are mooted. Because of such pressure, Dr Beeching's transport survey has been grounded. Because of it, one suspects (see page 231) expensive white elephants are after all to be kept flying. There has been no sign of Labour willingness to move swiftly for innovation and reform in fields where these qualities would cause embarrassment to anybody—say, in the docks or parts of the banking mechanism. In its approach to the problem of trade union restrictive practices, Labour has been very circumspect; yet, politically as well as economically, there are few subjects where it would have been more sensible for Labour to make a bold and determined start.

Mr Callaghan must have a Notion

NOBODY pretends that Labour's task is easy. Although it came to power as the party that believes in change and indicative planning, and basing itself on figures rather than conventional emotions, the resistance to this manner of government in Britain is very great. The resistance to reform is expressed through angry protests, and the resistance to meticulousness through easy laughter. Anybody who urges, as this article has urged, that a government should gear its economic policy for the year ahead to a published estimate of what it thinks national income is going to be, at once becomes the butt in Britain for a comfortable sort of derision. "If you think you can really guess what growth will be next year, to the nearest one per cent, you are a very bold man. Ho! Ho! Ho!"

But the argument for such indicative target planning is not that the forward guess will necessarily be right; it is that if the guess starts going wrong, signals are then hoisted in good time to suggest that policy ought to be changed, in a way which experience shows does not happen if policy is wandering around in a miasma without any guidelines at all. A British Chancellor who makes no estimate of what national income is likely to be, to the nearest one per cent, is saying that he has no policy about what the level of demand should be to the nearest £250 million. He should note that he is therefore really saying that he has not the foggiest notion of what the standard rate of income tax should be for the year ahead, not even to the nearest shilling in the pound. And in practice, unfortunately, one is beginning to suspect that Mr Callaghan hasn't. But he had better start having.

Hip, Hip for Heyworth?

What is to be done for social studies, whatever they may be?

THE most precise of the "social sciences" today is probably economics, and any economist would be the first to admit that this is not saying much. Compared to economics, the other social sciences in action often look like surgery must have looked before William Harvey explained the circulation of the blood. Today schooling or migration, crime or trade unions—proper subjects for social research—are discussed at best (and too rarely even so discussed) in the light of the barest fragments of information. Worse, policies for these problems are formulated in this same void.

This is the importance of the six-man committee set up under the chairmanship of Lord Heyworth, the former chairman of Unilevers, in mid-1963. The terms of reference are set out in the next column. The committee is now finishing its report, and will probably publish it within two years of having started work. One of its problems—that of defining "social studies"—has apparently been solved in a grand manner. The committee seems not to have worried too much about limiting its own task. It has lent an empirical ear to the spokesmen of a multiplicity of interests—educationists, town planners, economists, defence pundits, students of international affairs. The social sciences, for the committee's purposes, seem to extend as widely as do the political crafts.

Where are social studies pursued now? There are, first and really foremost, the universities. There are, next, the independent and specialised institutes (international affairs, overseas development, economic and social research, and so on), mostly dotted around the West End of London in too-small offices, and all the time seeking cash. The government itself is among the most important of researchers, not just through its own social survey but also through organisations like the National Assistance Board and Scotland Yard; various ministries, as well as conducting their own social research in one form or another, also commission special research projects from scholars and from independent organisations. Local authorities have to act on social policies, although they are too rarely equipped to find out why they so act. Voluntary bodies, even the churches, might be able to provide information. An unknown quantity of social research is also carried on by private concerns for commercial ends, in order to define a market, establish an advertising programme, confirm a business hunch or (far too rarely) to rationalise labour relations.

The Tavistock Institute, in a most interesting pamphlet (Social Research and a National Policy for Science. 7s.) makes an informed guess of £3½ million as the likely level of spending on genuine social research this year—less than 0.5 per cent of national spending on research and development. They argue that spending on social research should go up to £25 million, half from private and half from public funds, by 1980. What is unarguably true is that the present sums spent, however miserly they may seem to social researchers, are spent most inefficiently.

One prime difficulty is that the special and jealously defended traditions of British universities have until rather recently kept this country back in pursuit of many social

Heyworth's Terms of Reference

"To review the research at present being done in the field of social studies in government departments, universities and other institutions, and to advise whether changes are needed in the arrangements for supporting and co-ordinating this research."

sciences. British scholarship, by vocation, is not useful scholarship. Certainly there have been some changes made. The Institute of Criminology at Cambridge is a shining example of research that contrives to be both independent, academically well thought of (if not undisputed) and also useful. Valuable research is often made possible by special government research grants (such as those given by the Department of Scientific and Industrial Research). But the journalist, who is by profession a grateful parasite on the findings of research workers, must be only too conscious of the general lack of information from the universities about subjects on which he is obliged to form opinions. We write long articles on the number of people qualified to get national assistance but too proud to draw it, on the plight of widows, of older pensioners, of deserted wives, of other probably poverty-stricken and desperately unhappy groups, based on some gallant research undertaken on a shoe-string and drawing on ridiculously tiny samples.

Far graver than the journalist's lack of knowledge of what he is supposed to comment upon, of course, is the civil servant's ignorance of what he is supposed to fashion policies for. It is significant that the present government, in those fields in which it does have newish policies to present, has taken into its bosom people whose function hitherto has been the pursuit of the semi-academic, semi-practical subjects that fall within the purview of the Heyworth committee. At the Foreign Office to work on disarmament, at the Ministry of Overseas Development to work on aid, at the Department of Economic Affairs to do whatever Mr Brown hopes to do, people have arrived whose reputations have been largely made through the specialised institutes.

These specialised institutes are curious, hybrid bodies. The basic pattern (which admits of infinite variation) is that fixed costs are paid for by corporate subscribers—who may include government departments, local authorities, newspapers or whatever, and above all companies. Special projects are usually financed by trust fund money (in one outstanding case, nine-tenths of it from American foundations, whose understanding generosity, past and prospective, should be gratefully recognised). The management boards normally include some powerful professors, who provide personal if not institutional links with the universities. And their directors are usually to be seen with wrinkled brows, wondering where the cash for the year after next is to come from.

The great virtue of the institutes is their independence, and their provision of a forum within which nobody is tied to a party's, a university's or (for civil servants) a ministry's viewpoint. This independence is not necessarily a consequence of independence from government money (the National Institute for Economic and Social Research, whose long-term economic forecasting is partly paid for by the Treasury, has certainly never let its tune be called by Whitehall). But it is obviously a healthy thing for them to be free of Parliamentary questions, and to offer a good home to political advisers when their party is out of office. Direct, year-by-year subvention from government would make the institutes a touch more cautious: and if firms were to see government paying the institutes they would be less eager to give them shareholders' money, whatever the tax advantages of so doing.

But there is a way around these objections. The Heyworth committee might see its way to recommending that a research council, with an annual (or far better, longer-term) lump sum of government money, should be empowered to guarantee to worthwhile institutes a basic income to provide building, library and permanent staff to the institutes. Their special projects could then be carried out either on money from regular private subscribers (whether firms or foundations), or in certain cases for individual government departments which would be free to decide for themselves what to use.

It is important that such a Social Research Council should guide the ways in which money is spent, as well as simply acting as a safety buffer between the politicians and the seekers after knowledge. It should have a specialised staff, and enough money, to keep tabs on all social research wherever it is to be undertaken. For each of the various fields of such study it should foster the creation of a central library and register of questions to which answers are sought. It is really rather sad that, at present, a research student seeking a PhD subject in, say, economics or sociology has so little purposeful guidance to rely on, to suggest what some of the most interesting questions for research might be. If a council kept such a list, and invited suggestions for possible subjects from industry or citizens' advice bureaux or other practical people, it might be surprised at the response.

The need for a central clearing house for social research is shown even in the field of government research. Perhaps only journalists often struggle to put together figures from the population census and from the overseas migration board: or to disentable the truth about school leavers from the reports of the Ministries of Labour and of Education. And journalists, discouraged, often give up. Now and again, too, it becomes clear how much the commercial research organisations could contribute to a central fund of social information. Academic researchers, already able in some cases to tack socially significant questions on to research questionnaires primarily designed to ascertain the housewife's taste in soap, might benefit more than they know from closer partnership with the ad-men. The reverse is truer still.

DOUBTLESS the establishment of such a register of information and even the setting up of so overtly useful a council, would be looked upon in some university circles as the gravest of threats to academic freedom. Resistance would be strengthened if—as seems more than likely—the Heyworth committee finds itself having to argue that if the time and money spent on the social as well as the exact sciences is to rise, that spent on the humanities must relatively decline. (So must some individual sectors of social research; the proportion of economic research effort which goes into agricultural economics has long seemed absurdly large.) The danger of divergence from off-beat subjects is real in its way. It would be sad if some obscure Mr Charles Marks, wishing to prepare a thesis on some obscure aspect of Capital, found himself diverted to the study of discounted cash flow because the SRC would only make a grant on that condition. But, first, there is evidence that existing bodies such as the research councils for medicine and for agriculture have been notably adventurous in such cases; and secondly there is so very much to be known in the social sciences, so many future teachers needed, so great a task to be tackled now. This is the importance of Heyworth.

COMMENTARY

POLITICS

Trumpets for Assault

When Parliament returns next week, the Conservative party is likely to sail into assault upon the Government with much more ferocity than it displayed in the first two months. Provided the verdict from his present medical check-up is satisfactory, Sir Alec Douglas-Home has apparently decided against early retirement. Those who are eager to issue a rallying call behind him, and those who have merely resigned themselves to accept it, are united on one thing. It will be best for the party to turn public attention away from discussion of their own leadership towards discussion of Labour's faults of commission and omission. In the first two months the Conservative party in Parliament treated the Government fairly softly, while the City of London treated it with far too harsh abuse. After contact during the recess with their constituency associations, most of whom naturally incline to the City view, Conservative MPs are now eager to move some way towards them. It is felt that assaults even about the economic situation can no longer be effectively answered by Labour ministers with references to Labour's inheritance, not convincingly anyway. The prospect is for venom.

KOSYGIN TO BRITAIN

Aperitif

It was confirmed on Monday that Mr Kosygin, the Russian prime minister, will be coming to London in the spring, and it was announced that Mr Wilson will repay the compliment later in the year. What the two men can usefully discuss is another matter. If by the time they met the Americans, British and west Germans had agreed on a new nuclear command for the western alliance, Mr Wilson could valuably spend his time persuading Mr Kosygin that this is not the threat to Russia that Russian propaganda has always said it is. But it is unlikely that the Atlantic trio will have nerved themselves to agree on this by then. The range of other subjects of conversation is limited, since the western alliance is in such disarray that soundings about disengagement and arms control in central Europe would do more harm than good. At best such talks could only be hypothetical; at worst they could give rise to the suspicion that yet another British prime minister was succumbing to the temptation of playing the "honest broker" between East and West. Any elaborate pretence of being the marching wing of the western world will lose Britain friends rather than gain it influence.

But Mr Kosygin's visit will be useful if it can serve as an introduction to the capitalist world for the new Russian leadership. Mr Khrushchev was never quite the same after his eye-opening trip to America in 1959. Sooner or later, and possibly sooner, someone from Moscow will have to go to Washington and reopen the dialogue that was interrupted by the fall of Mr Khrushchev. The London visit could be a useful prelude. Mr Wilson will doubtless also take the opportunity to urge on the Russian prime minister the virtues of a joint nuclear guarantee for India, as well as the possible extension of the test-ban treaty to cover underground tests. But it is more as a Russian chance to taste the West than for any hope of specific results that the exchange of visits is a good thing.

CRISIS IN NATO

Leaks in a Trial Balloon

A plainly inspired report from Paris in Monday's *Guardian* set out the French suggestion that Britain now has a chance, which may not recur, to move towards Europe. Can this be taken seriously? The two conditions given are the familiar ones—that Britain should prove its independence of America by developing its national nuclear deterrent without American aid, and its European character by going into the common market without questions. Given present British realities, neither suggestion has much immediate relevance. Since the French know the Labour party's lamentable European attitudes well enough, one must presume this was taken into account.

The purpose of the leak, so far as one can interpret it, is to show that France has suggestions to make in the present crisis of the West. Britain and France, it says, should assert European interests in a nuclear directorate of three with America. There would be a larger directorate, including Germany and Italy, for political consultations. If this is correct, it is a small step forward from President de Gaulle's 1958 idea of a Directorate of Three, and welcome in the sense that any positive French proposal is better than none.

But it still leaves Britain and France as privileged Europeans, with Germany and Italy tagging along behind in the second-class compartment. It is not clear why the United States should let its nuclear policy be influenced by France when the French aim, as repeated by the *Guardian's* informant, is for France to dictate when America should use nuclear weapons in Europe but be neutral when America is involved elsewhere. And if Washington is not convinced, that is another French argument to squeeze America out of Europe.

Further, France's aim is said to be a European-American partnership of the kind Churchill and Roosevelt had in the war. But how will an unintegrated Europe provide the Churchill? President de Gaulle is known to believe he and President Johnson alone wield real authority. It has probably been his ambition from the first to speak for (but not, of course, with) Europe to the American President. It may be better than the recent continuous in-fighting but is not much of a recipe for a partnership. Nato directorates may be a diplomatic paper-hanger's device. They do not answer the problems of the alliance.

CRIMES OF VIOLENCE

The Shotgun State?

Everybody will echo the Home Secretary's praise for the courage of London's police, but the publicity given to recent crimes of violence in the course of it is in danger of being misused. On January 7th the Commissioner of the Metropolitan Police stated in a special police order that

> the last fortnight of the year witnessed what, at any rate in the experience of every serving member of the force, must constitute an unprecedented amount of wanton thuggery in which the use of firearms was far more common than that of knives and blunt instruments.

This alarming impression will be interesting to check. No final figures either for the whole year or for the last two weeks of it have yet been compiled. There were five known cases of murder or manslaughter in December 1964 in the Metropolitan Police area, of which two could be regarded as crimes of public violence. The total number of killings in December 1963 was also five. There is no public evidence yet of any disproportionate increase in other crimes of violence for the month. Indeed Mr R. Bacon, Metropolitan Police assistant commissioner, had denied on December 31st that there was any new uncontrollable wave:

> The general conduct of London's citizens is certainly no worse, and probably rather better, than for the same period in recent years.

What had occurred were certain alarming cases in which firearms were used, concentrated in one particular district; all six recent such cases well within a four-mile area in north-east London. Since January 1st there have been two further cases one in Kensington, the other in Croydon. There have also in the last month been six armed bank raids in the metropolitan area, in five of which there was shotgun fire at the ceiling. They are believed to be the work of the same gang.

Whatever the exact extent of the violence, it will be tempting to some to blame it on the vote in the House of Commons on

THE PACE-SETTER

(Pace setters prefer savoury Belgian cuisine as when sky-borne by Sabena)

Brillat-Savarin, and he knew a bit about men and meals, once said, "Tell me what you eat, and I will tell you what you are". Since then, no one has cooked up a better test for singling out a pace-setter. That, of course, means you. As we see it, your culinary connaissance fits you for the position.
How do we know? We also dine at the same fine restaurants. Watching you and the chef plan a dinner for your friends was an education. Absolutely marvellous, your understanding of the nuances of fine cuisine.
However, that is only natural. Flawless taste is part of your unerring skill for picking the best.
It's obvious. You fly with us. You fly Sabena.

SABENA

BELGIAN WORLD AIRLINES

SABENA. THE ONLY INTERNATIONAL NETWORK HOMING ON BRUSSELS, HUB OF THE COMMON MARKET

The integrated heavy industrial manufacturer NKK is one of the representative steel manufacturers in Japan, which makes a firm position as a unique steel-maker for handling Shipbuilding and Plants too, supplying steel from its own mills, processing it to its final stage.

Shipbuilding Division ··· has recently expanded their shipways to 100,000 tons for big scale tanker production, is one of the main force of NKK, with steel making division.

Moreover NKK is building a new. (THE LARGEST) steel plant in the World, to cope with increasing demands for steel.

In this way NKK, with mutual cooperation of the Steel-Making & Shipbuilding Divisions, is always taking leadership in its new field.

NKK NIPPON KOKAN

Head Office: 2, 1-chome, Otemachi, Tokyo, Japan
Overseas Offices: New York, Los Angeles, London, Duesseldorf, Singapore, Hong Kong

You're wrong

You're wrong if you think Cherry Heering is sweet. Let us explain. The first taste is with the tip of the tongue. Bitter-sweet. Then-the after-taste. DRY. It is nearly 150 years of experience, skill and tradition that makes Cherry Heering so special.

VERY CHEERING
CHERRY HEERING
DENMARK'S LIQUEUR DELIGHT SINCE 1818

O-108

December 21st for the abolition of capital punishment. There is some danger, for instance, that this feeling might influence the House of Lords when it comes to consider Mr Silverman's bill. Abolitionists can rightly point out objections to this reaction: in four of the eight recent London cases in which firearms were used there has been no suggestion of intent to murder. But they should not ignore the fact that the fear of a spread of the firearms habit is one of the most genuine fears by which reasonable retentionists are moved. The proper answer, surely, is stricter control over their availability. The assistant commissioner said at his press conference that the possession of a shotgun was "part of the average adult Englishman's equipment." This view may be more prevalent among chief constables and peers than it is among all London suburbanites.

BRAZIL

The Nine Chinese

CHINA's exploring toes in Latin America have been savagely stamped on. The nine Chinese arrested in Brazil in April, shortly after the military revolt that overthrew the Goulart government, were sentenced late last month by a military tribunal to ten years' imprisonment on charges of subversion. Two of the convicted men were journalists who had been in Brazil for about two years working for the New China News Agency; three were members of a trade mission and the remaining four had been negotiating about a possible Chinese industrial exhibition in Brazil. All nine are appealing against the sentence.

The men were arrested not by the federal security forces but by the state police of Guanabara, whose governor, Sr Carlos Lacerda, is Brazil's keenest hunter of communists. Much of the evidence presented by his police was dismissed out of hand by the military court: the Chinese were acquitted of espionage charges (which could have carried sentences of 30 years' imprisonment) and most of the Brazilians accused along with them were acquitted altogether. All the same, there have been too many contradictory statements by Brazilian authorities while the men were awaiting trial for the course of justice to seem anything but rough. Mr Sydney Silverman mentioned some of these in his letter to *The Times* of January 12th (although Mr Silverman seems to be exaggerating his case by saying that the convicted Chinese had been only a day or two in Brazil before their arrest).

The Chinese businessmen, their bags packed with the Maoist word, were obviously not in Brazil just to sell Chinese goods. Tentatively, the Chinese are trying to get themselves and their case known in Latin America. Again, the Brazilian government, which publicly justifies the military coup by stories of creeping communism, had no obligation to offer hospitality to communist missionaries. But, given the confusing circumstances of the arrest, the sentences are severe, and possibly unwise. Peking is claiming, as it was bound to do, that the whole affair was master-minded by the United States. Others may think that while it was certainly not engineered by Washington, it may have been done in a bid for American approval. In fact, it is more likely to be the muddled consequence of Sr Lacerda's hunting instincts, and this, for a country of Brazil's distinction, is hardly enough.

PRICES

Advertisement Corner

SAINSBURY, and Marks and Spencer, and the co-operative societies, achieved several thousand pounds worth of free publicity this week. It came when Mr George Brown announced to the travelling circus of British labour correspondents, accompanying him on his journey to Sweden, that these three great groups of stores had responded admirably to his personal plea for price restraint. They are going to resist raising prices where they do not have to, and will even make price cuts where these are commercially desirable. Since then, most of their major competitors have hastened to say, unsurprisingly, that their policy is exactly the same.

There is no national harm, and there may even be some national benefit, in this rather odd new ploy in the government's psychological battle against inflation; but Mr Brown appears to have lacked some commercial acumen in not charging an advertisement fee for his astounding feat in thus elevating so un-newsworthy a statement of the obvious on to the front page headlines of the national newspapers. The possibilities of doing so seem limitless, since the 95 per cent of firms who do not intend immediately to raise their prices (at any one time during even the most raging period of price inflation) would now appear to have every incentive to get in on the publicity act. *The Economist*, which has a platform of its own, can now proudly point out that, without even being personally approached by Mr Brown, it has once again this week most responsibly maintained its selling price at only two shillings.

SIAM

The Zeitgeist and I

THE Siamese have a Buddhist religion, a Hindu culture, and a Chinese past. (Their ancestors migrated a thousand years ago from southern China; the population of 27 million also includes three million more recent settlers.) One of the chief concerns of Field Marshal Thanom Kittikachorn's military government is to avoid having a Chinese future as well. Siam does not share a border with China; but neither Laos nor Burma has any real control over the strips of their territory that separate Siam from that country. The Chinese are working hard on improving the roads that lead Siamwards.

The main threat, though, is not invasion but subversion. Siam's border with Laos (where the Siamese have given up hope that the pro-communist Pathet Lao will lose the civil war) is 850 miles long. Siam generally is pretty well-to-do by Asian standards, but this vulnerable north-east is poor, racially distinct and already hostile to Bangkok. The clandestine Voice of Free Siam radio has announced the formation of an underground independence movement. On January 7th Mr Thanat Khoman, the Siamese foreign minister, pointed to increased communist activity in the north-east.

Siam was a founder-member of Seato, and it got more than $80 million last year in aid from the United States. But the first cannot help against subversion; and the second, like much Siamese government activity, does not have as great an effect outside Bangkok as it might.

Since it took office 13 months ago, the government has been kept busy sweeping up the scandals that the previous prime minister, Field Marshal Sarit Thanarat, left behind at his death (£7 million appropriated from state funds, for example). It has also tried genuinely to slacken the regime's rein and prepare popular elections. This slackening has allowed neutralist opinion to speak out. The Siamese are not a people to stand out too rashly against the *Zeitgeist*. They were as swift to ally themselves with Japan during the second world war as with the allies after it. So long as the Americans stay in South Vietnam, they will probably hold aloof. If the Americans quit, Siam will go the way that its neighbours, Burma and Cambodia, have led.

CENSORSHIP

Book for Bedtime

WILLIAM BURROUGHS's drug-addiction novel "The Naked Lunch" is still being chewed over by the police. It is three weeks now since they picked up copies for a flick through, and still nothing has happened. Perhaps the director of public prosecutions (who is sensible enough not to want another Chatterley trial) has quenched the police's zest.

Quite apart from literary merit, John Calder, the book's publisher, has been almost excessively scrupulous about its distribution. You will hunt for it in vain except at the most respectable bookshops.

The seller risks prosecution. The buyer risks other dangers. On one set of shelves at least, it has replaced Simone de Beauvoir's "Bardot" (with illustrations) as the Most Thumbed Book by Babysitters. Among its other virtues and vices, Burroughs's book is both funny and erotic. If it does come to a prosecution, one foresees, regretfully, that a series of pundits will maintain—as they did, successfully, for Lady Chatterley, and unsuccessfully for Fanny Hill—that they, unlike babysitters, read it *only* for beauty of phrase and sociology.

Unruly Docks

London Easing Off?

"AFTER the wild alarms of the past few weeks, the congestion in London docks has shuffled itself into something less than a crisis. On Thursday eight general cargo ships were waiting in the river—but several of these were waiting for specific berths for specialised cargoes. Other berths, meanwhile, were lying empty—which is doubtless unavoidable in an industry that really does depend on winds and tides, to say nothing of the vagaries of other ports and other ports' workers.

The easing of pressure on the port of London (which may be strictly temporary) has made it harder to adopt righteous moral attitudes about the main dockland event of the past week—which was the almost total defeat, at the hands of the dockers' unofficial spokesmen, of the Transport and General Workers Union. The TGWU's leaders, backed by the dock workers' official "delegates," agreed last week to work at the weekend. In the event a mere 350-odd men obeyed the call. The TGWU was made to look ridiculous again. This will be remembered the next time serious problems arise, by the dockers themselves if by nobody else. Indeed the worst result of this week's easing of the short-term difficulties would be if the pressure came off those responsible for the docks—particularly the employers, who still have to take some drastic steps to set their affairs to rights.

Underpaid in Antwerp

ANTWERP's docks, 40 miles up the Schelde from the sea, are municipally run from makeshift offices in a gorgeous sixteenth century town hall. While the town has considerable freedom to manage the port as it sees fit, its engineers there are technically civil servants, underpaid as they usually are in Europe. About 900 engineers work on the sluice gates and the tugs which are vital to a river port that has only a few open quays along the river: they are paid between £600 and £900 a year, and they came out on strike last week for a considerable increase. This tied up about 110 ships inside the docks, and a further 96 outside, some of which went away and unloaded at other ports. After three days the government took a hand and called up the strikers ("requisitioned" was the Belgian phrase): and the strike collapsed. By last Thursday morning, the 900 rebels were back at work feeling the more bitter because the Minister of Defence, M. Seghers, who issued the call-up notices, was a leader of their own Catholic Union. Meanwhile the dockers, who belong to a Socialist union, stayed out of the dispute and even continued to work on ships at the open quays. Inconceivable in Britain? Probably yes, but the Belgian dockers obviously did not have the same sense of union solidarity.

The engineers had been encouraged to strike by the fact that the more militant dockers had recently won an agreement which gave them a 40-hour week, spread over five days, and a single "call" each day, at more convenient times. They also have an elaborate shift system (as do the engineers), with the difference that the dockers' pay is much greater on inconvenient shifts (rates vary from £2 16s. to £4 5s. a shift), with 40 per cent for overtime on Saturdays and double time on Sunday shifts. Weekend work is now voluntary, but there is no lack of volunteers, which is not surprising as the average working week of an Antwerp docker seems to be about three days. The engineers had hoped for a similar shift-work bonus.

In some ways, Antwerp is not dissimilar from London; there are upwards of 200 master stevedores who actually employ the dockers, with a central employers' body (CEPA), and no real decasualisation. Dockers are organised into A and B categories. The B class consists of new entrants (limited at the moment to 1,500) who move into category A after one year and work a minimum number of shifts. Both classes draw ordinary unemployment benefit (£1 4s.) when they are unemployed for the day. Class A dockers (about 12,000 in all) get an additional 8s. a day from a port workers' security fund, and there are elaborate pension arrangements. The young men do not find the terms all that attractive; the average age of Antwerp's dockers is over 40.

For 400 years Antwerp has been fighting Amsterdam and Rotterdam as the gateway to North-West Europe. At the end of the last war, with Rotterdam behind the German lines, Antwerp was the only major port in allied hands, and it boomed—and was bombarded by rockets in return. Under these circumstances, the dockers used their bargaining power to the full; they got, and have continued to get, wages that are relatively high, by Belgian but not by English standards. Even the present take-home pay in the London docks seems high to the Belgian port authorities.

The rapid expansion of Rotterdam has not prevented Antwerp from advancing with the common market into record tonnages: oil products (and now petrochemicals) are replacing coal, and road transport, rail. Antwerp is still strong as a port of transhipment with 300 shipping lines calling regularly, and the pattern is unlikely to be seriously disturbed by the present troubles. For all the talk of a go-slow by the engineers, who have apparently got no concessions from their strike, and in fog, 87 ships were moved in and out during the 24 hours after the strike ended, and 105, twice a normal day's movement, were moved in the next day. By now things are almost back to normal.

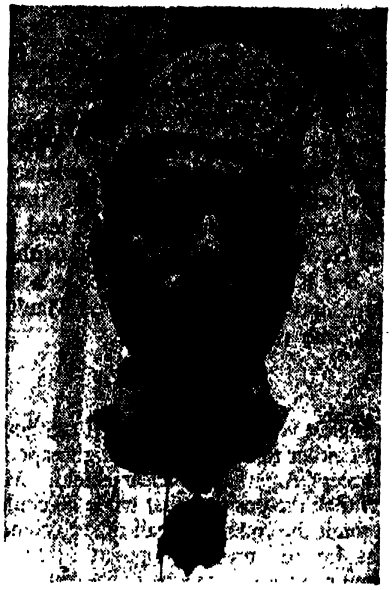
$25 million misunderstanding

THE best contract which America's east coast dockers have ever won—according to their union leaders—was turned down ten days ago by the rank and file in New York City, which tends to set the pattern for the Atlantic and Gulf coasts. On Monday, 60,000 dockers, from Maine to Texas, walked out. Over two hundred ships are now immobilised. No American liner can sail because the seamen refuse to cross the dockers' picket lines. The cost of the stoppage to everyone affected is put at about $25 million a day. And it is all, according to the leaders of the International Longshoremen's Association, due to a misunderstanding of the contract by the 8,201 men who voted against it (7,121 voted for it). A second vote is to be taken soon.

This contract, the first four-year one in the ILA's history, consists of a bargain similar to that accepted long ago by a different dockers' union on the west coast. The men are offered a substantial increase in wages, better pensions and other benefits, including their first guaranteed annual wage (though not a very generous one), in return for eliminating a few of the wasteful uses of manpower for which the docks are notorious; these were condemned by a recent government study. What the men appear to fear is that these small concessions will cost some of them their jobs. This is unlikely. No new men are to be allowed to join the labour force and attrition through retirements and deaths is certain to be substantial; the average docker is 50 years old, as he is in Britain.

All this should have been driven home to the men before the first vote, the more so as their leaders have been guilty, in the past, of encouraging obstinate resistance to change. Now there are ominous signs that the leaders have lost touch with their members, always a pretty rebellious lot. One is the officials' surprise and bewilderment at the way the vote went. Another is the rank and file's resentment at the rise in union dues which the contract provides for. The dockers' leaders will now have to make up for lost time. They may not get a second chance. The employers are demanding compulsory arbitration and, if the dockers turn down the contract a second time, Congress may impose it, as it did upon the railwaymen. All the powers granted in the Taft-Hartley Act to keep the men at work have now been exhausted. If the strike drags on the damage to exports and to the American balance of international payments may convince even liberals that Congress must intervene.

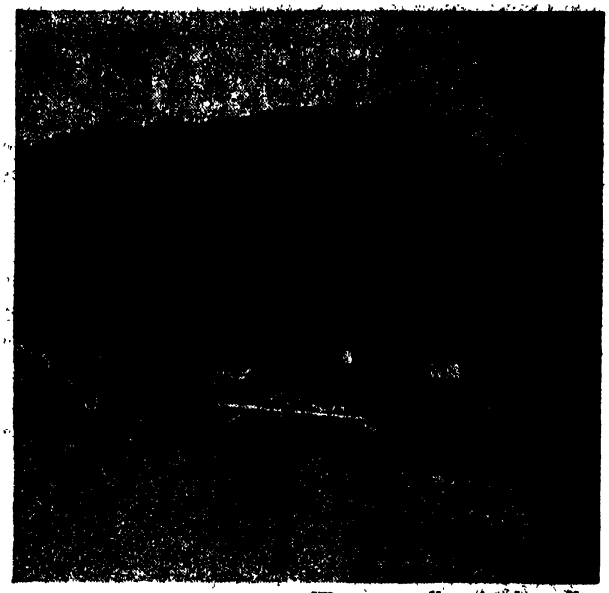
THE WORLD INTERNATIONAL REPORT



Sheikh Abdullah

Valley Road to Pakistan

FROM OUR SPECIAL CORRESPONDENT IN KASHMIR



Weary travellers in the valley

WHEN ninety distinguished geologists decided early last month to precede an international congress in New Delhi with a short busman's holiday in Kashmir, they never guessed it would be weeks before Indian airlines could land a plane to take them out again. To your correspondent, contemplating the same fate, the primitive communications that the Indian government thinks good enough for its most prized possession symbolise the relationship between the two. New Delhi has done much for Kashmir—but never the little bit extra that might have made the vital difference. The Kashmir valley, which would have freely voted for India fifteen years ago, is today as cut off in spirit as it is in fact.

Theoretically the valley is linked with the rest of India by a tortuous mountain road and a daily Dakota flight. But in winter the road is closed three days a week for needful improvements. In 1948, the road was no more than a crude track. But, even given the endless landslides, it could have been a reasonably modern highway long ago if someone had cared enough. Up this road grind the weary convoys of lorries bringing to the valley all its essential supplies, including much of its food. Fortunes were made on this road by transport contractors related by blood or money to Kashmir's former prime minister, Bakshi Ghulam Mohammed. Of course, there is an easier route out of the valley—but it leads across the ceasefire line to Rawalpindi in Pakistan.

Once there was no airline service here at all. Today, above Srinagar airfield the winter sky is clear for 1,500 feet below a permanent cloud blanket 2,000 feet thick. This should not be a fearful obstacle for a flat valley 15 miles wide and 60 long. But unless the unseen Dakota droning above the cloud can find a gap, it will fly back to Jammu; the pilot dare not come down through the cloud without de-icing equipment or adequate landing aids. Perhaps, as a disappointed traveller remarked, New Delhi should talk less about integrating Kashmir with India and spend more.

In fact New Delhi spends plenty—£63 million in development aid alone to date, with another £12 million due in the coming year. Rice, the staple local food, has been subsidised. Roads, schools, health centres, agricultural research stations, even factories offer visible evidence of Indian spending. All, politically, in vain. Less visible but far more influential are the loaded pockets of the Bakshi family, which are universally believed to be stuffed with millions of pounds. It was this family's property that was burned in the riots following the theft of a hair of the Prophet a year ago. Bakshi himself had already been pushed out of office by New Delhi, and was arrested last September—but for political not financial reasons. Under the guise of taking medical treatment in New Delhi, he is again bargaining with the mighty.

The reason is plain. Since Bakshi was sacked, the valley has had no political peace. His group may well have carried out the still mysterious theft of the hair to provoke disorder and to discredit his successor, a man of straw who had begun to show a will of his own. But the riots only revealed popular detestation of the Bakshi family—and Kashmir's rejection of India. New Delhi put in yet another prime minister, Mr G. M. Sadiq, a less equivocal figure but one with no political supporters. Bakshi could at least count on the legislature, half of whose members (including virtually all those from the valley) had ensured their own election by making certain that no one dared to stand against them. Even this parody of democracy was suspended when Bakshi was arrested at a time when the legislature was about to pass a vote of no confidence in Mr Sadiq. The prime minister has a better chance of surviving the vote when the legislature meets again in March. Since the Indian constitutional provisions for dismissing a state government were extended to Kashmir last month, a defeat for Mr Sadiq would probably mean the imposition of direct rule from New Delhi.

While this shadow play goes on, the man who counts for most in the valley broods patiently in his home near Srinagar. Sheikh Abdullah, the prime minister of Kashmir until 1953, reveals no bitterness over the ten years' imprisonment from which Mr Nehru released him shortly before he died. But he is evidently saddened at the way the degree of good will that existed between India and Pakistan at the time of Mr Nehru's death has since been dissipated. Kashmir has become a football in the internal politics of New Delhi. The sheikh rejects the widely held belief that what he

wants for Kashmir is independence. His approach is different. What he is after is any solution that will let his people progress in stability. This means a settlement freely accepted by all three parties—India, Pakistan and the people of Kashmir. As he recounts his whole political career and philosophy, it is impossible to doubt that, if he privately favours a particular solution, it really is because he believes it may fit this bill and not for itself alone, still less to satisfy his personal ambition. Nor is he anti-Indian. The sheikh is a determined secularist who rejected Jinnah's communal approach in 1947. As he describes it, he was ready to make Kashmir the laboratory of Indian secularism and it was the powerful communalists in New Delhi who frustrated him.

Sheikh Abdullah's political situation is curious. He is immensely popular, yet the people who revere him do not share his ideas. If one thing is absolutely plain about Kashmir, it is that after 17 years with India, the Kashmir valley—bar its few Hindus—wants to join Pakistan. This feeling cannot be violently expressed: though Mr Sadiq has brought to heel the special armed police with whom Bakshi used to terrorise his opponents, the heavy police reinforcements brought in from the Punjab a year ago are still around. But the feeling is now unconcealed. The casual visitor is not likely to enthuse much over the people of Kashmir. His contacts are with those townsfolk who live on tourists and whose devotion to sharp practice and graceless daylight robbery astound even old Riviera hands. But if Kashmiri opinion counts, this is it. And its basis is Moslem feeling. Though local Hindus and Moslems live happily together, while Kashmiri officials are denounced as corrupt, Indian officials brought in from outside are denounced as Hindus.

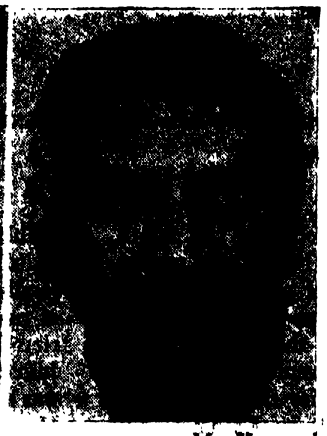
The true representative of this kind of feeling is the able, very young religious leader of the valley, Maulvi Farooq, who came to the fore during the riots a year ago, and with whom Abdullah was forced to compromise last month. While the Plebiscite Front, headed by Abdullah's righthand man and former fellow prisoner, Afzal Beg, wants a plebiscite with independence as the third option, Farooq wants a straight-choice plebiscite that will lead to Pakistan. Given the climate in New Delhi and Rawalpindi, neither plebiscite is remotely likely. But if a plebiscite were to be held, and even if it offered the three options, it might still be Maulvi Farooq, not Sheikh Abdullah, who won it.

INDIA

Congress in the Rain

FROM OUR INDIA CORRESPONDENT

Mr Shastri



Mr Kamaraj

IDEOLOGY played less part at the annual convention of the Congress party, which ended in Durgapur on January 10th, than did tactics for staving off India's domestic and foreign crises. This is understandable for a ruling party that has to reckon with the menace of China's bomb at the same time as it copes with the grave food shortages—which some members consider an even greater danger. The party's president, Mr Kamaraj, set the tone when, while rededicating Congress to the goal of a "socialist society in our lifetime," he sternly reminded the delegates that, without Mr Nehru's protective umbrella, the party could not expect any indulgence for failures from a disenchanted people.

The truth of this was made plain by the bitter attacks on government policies, reflecting the prevailing popular mood, from rank-and-file members. The critics, in fact, got out of hand, obliging the prime minister, Mr Shastri, at one stage to pull them up and remind them that "wholesale and irresponsible" condemnation would do the party's image no good at all. All this ferment notwithstanding, the party leadership was unable to close its ranks. The hard-headed Mr Kamaraj came out unexpectedly in favour of trimming economic ambitions; Mr Shastri, on the other hand, tried to rally doubters by a stirring call for blood, toil, sweat and tears to push India to self-generating growth over the next decade. As if to buttress the prime minister's stand, Nehru's daughter, Mrs Indira Gandhi, broke India's self-imposed taboo by praising China's enormous progress through its own unaided efforts.

The confusion about immediate objectives naturally carried over into the resolution on economic policy adopted by Congress. This asks for a substantial acceleration of growth at the same time as it pleads for a two-year period of consolidation. It invokes the familiar Congress pledges to put through land reforms, reduce economic disparities and try to check the concentration of wealth (themes absent from Mr Kamaraj's presidential address this year). But it also urges all possible steps towards increasing output. It is nebulous in its suggestions for tackling the food shortages: while declaring that an integrated national plan was needed, it refused to get down to specifics, perhaps for fear of the lobby of farmers and traders.

When Congress turned to foreign affairs, clearly the less important aspect of the session, China's bomb dominated the debate. Some highly vocal delegates urged the government either to develop matching weapons or to accept America's nuclear shield. Mr Shastri took the position that while he could not commit the country for all time to come, he was for the present opposed to India developing nuclear weapons of its own. As he said, and as others repeated after him, what India needs vis-à-vis China is conventional capability. Trying to see the threat to India in perspective, he added that should fighting in the Himalayas mount to anything more serious than a border skirmish, the conflict would escalate into a world conflagration. But he was unwilling to discuss these larger implications.

More immediate foreign issues hardly featured at all. The foreign minister, Mr Swaran Singh, made vague pleas for renewed talks on outstanding problems between India and Pakistan. But no attempt was made to discuss the substantive issues or to try to educate public opinion about them. In fact, the only contribution was the negative one of merging, amid much acclamation, Kashmir's National Conference (the ruling party) formally with Congress. This was described as a step towards Kashmir's final integration with India, by men heedless of the grave repercussions that such statements have across the border in Pakistan.

A Congress session has always been something of a jamboree. This one was no different, except that fewer delegates—a third less than last year—cared to attend. Because of the obsessions among the leaders, many delegates may have left with more misgivings about the future than they had when they came. There was Mr Jaggivan Ram, who fancied himself to succeed Mr Nehru, speaking ostensibly on behalf of collective leadership but actually joining the chorus of critics. Mr Morarji Desai, Mr Shastri's unsuccessful rival, behaved better but went away muttering that he had his own views. Last, but far from least, there was the all too wide gap between Mr Kamaraj and Mr Shastri.

MONEY

FOR [illegible]
MANAGING [illegible]
A COMPANY SECRETARY

Make the most of Mr. Wise's [illegible]
money [illegible]
Contact the [illegible]

5% 7 DAYS' NOTICE OF WITHDRAWAL

5½% 1 MONTH'S NOTICE OF WITHDRAWAL

5¾% 3 MONTHS' NOTICE OF WITHDRAWAL

6% 6 MONTHS' NOTICE OF WITHDRAWAL

Minimum periods of deposit are the same as the periods of withdrawal

Write or telephone the
General Manager, Deposit and [illegible] for further information

LOMBARD BANKING

LIMITED

[illegible]

ess than he dust eneath her tiletto heel

[illegible]

[illegible]

MALAYSIA

The Next Stage?

As the British reinforcements sent to Malaysia this month take up position in northern Borneo, they will find a dramatic change in the military situation. Until now, Indonesia's "confrontation" of Malaysia has for the most part involved troops detached from the garrisons of Borneo or Sumatra, or else irregulars. Now elements of at least two Indonesian divisions normally based in Java have been detected at the western end of Indonesian Borneo's frontier with Sarawak; Tunku Abdul Rahman, the prime minister of Malaysia, claimed on January 6th that Indonesian forces were "massing along the Borneo border." The total number of Indonesian troops along the Borneo border has been estimated at between 15,000 and 20,000. There are also reports of reinforcements sent to Sumatra, presumably directed chiefly against Malaya. To face these forces, British strength in the area has been built up to a total of some 50,000 men of all services, the largest concentration in the Far East since the Korean war.

There are sound reasons for the main Indonesian build-up to be directed against Sarawak and Sabah (the Malaysian territories in north Borneo). The alternative operation—to try large-scale landings on the Malayan mainland from Sumatra—is liable to be used only as a diversionary operation. Because Indonesia lacks landing-craft, a Malayan "Bay of Pigs"—that is, a full-scale invasion attempt—is far less likely than a continuation of the present attempts to put small groups of raiders ashore. A greater threat to Singapore comes from Indonesia's thirty TU-16s, some of them equipped with air-to-air missiles. There are airfields they could operate from nine minutes' flying time from Singapore; they might be able to carry out a surprise attack, although the Bloodhound anti-aircraft missiles sent to Singapore last autumn could inflict heavy, maybe irreplaceable, losses.

Borneo is the theatre in which Indonesia can most easily deploy its considerable numerical superiority; it has an army of 350,000 men. Along most of the Borneo frontier the terrain makes anything but small-scale operations difficult, but at the western end the capital of Sarawak, Kuching, provides a target within fairly easy striking distance over passable ground. The capture of Kuching would be an important psychological victory for the confrontation [illegible] as it might be led by some of Indonesia's [illegible] airborne troops carried in the 50 transport aircraft possessed by the Indonesian air force. General Nasution would probably choose this sector for any major attack, though the fate of an airborne operation against Kuching would turn on his ability to bring reinforcements up quickly by land.

If such an attempt to swamp Sarawak's defences were made, and looked like succeeding, a possible riposte would be to strike at the communications of Indonesian forces in the frontier area. Their sea link with Java is vulnerable and, though the Indonesian navy possesses two heavy cruisers of the *Sverdlov* class, it might be reluctant to risk these within range of British aircraft. The best military response to airborne attacks would be to destroy the bases from which they came; this applies equally to any attempt to bomb Singapore with TU-16s.

Against these military arguments it is necessary to weigh the political argument that attacks on Indonesian territory would certainly weaken the forces of moderation in Indonesia (such as they are) upon whom the hopes of an eventual peace rest. So long as confrontation can be contained with reasonable success by purely defensive actions, the British and Malaysians will probably confine themselves to these. Only if and when an intrusion manages to sink its teeth into some part of Malaysia (were, for instance, an attack in the direction of Kuching to make progress) is escalation likely to bring counter-attacks into Indonesia.

SOUTH VIETNAM

When Buddhists Cry Wolf

FROM OUR SAIGON CORRESPONDENT

All things temporal are transient, and above all power and glory; some Vietnamese Buddhist monks are rediscovering the truth of Buddha's teaching. One of the major developments of South Vietnamese politics in recent weeks has been the decline of monkish influence. After the overthrow of the Diem regime in November, 1963, the monks enjoyed immense prestige and, in fact, dominated the political scene of South Vietnam for many months. The power centre of Saigon was the Vien Hoa Dao (the "institute for the propagation of the faith"), which had replaced the famous Xa Loi pagoda as the national Buddhist centre. But since Mr Tran Van Huong took over as prime minister last November the power of the monks has been shaken.

The militant Buddhists had commanded overwhelming support from all factions, both at home and abroad, in their struggle against President Ngo Dinh Diem. It was recognised that they were fighting, not only against the oppression of Buddhists by Roman Catholics, but also against the oppression of a people by its ruler. But with the Diem regime gone, and with the succeeding governments embarrassed by Buddhist pressure, their cause has been dissipated. The leading monks who now control the Vien Hoa Dao, in particular Thich Tam Chau, Thich Tri Quang and Thich Ho Giac, have found themselves in a dilemma. If they wanted to stay in the limelight, and maintain their influence, they had to remind the government that they had the crowds at their beck and call by keeping up a continued campaign of agitation. On the other hand, if they did so they risked going beyond the bounds of religion for the

Tuesday prayer session in Saigon: for some, prayers are not enough.

unholy perils of politics. This has now happened.

The monks of the Vien Hoa Dao have now been challenged by Mr Tran Van Huong. He is the first prime minister since the fall of the Diem government to have picked up the gauntlet. By making the separation of religion from politics a major policy issue, he has drawn on himself the wrath of the Buddhist monks. They have made a determined effort to unseat him by publicly damning him and by secretly inciting their more fanatic followers to take to the streets against him. Their campaign has failed so far because the attitude of the public, both at home and abroad, has changed considerably.

People in South Vietnam, including most of the Buddhists, want religious freedom, but they also long for stability and peace. They no longer see any sense in the repetition of the old cry that "Buddhism is being oppressed." By insisting that this is the case, the monks have cried "wolf" too often. Their followers resent the constant demand on their purses by the Vien Hoa Dao. Besides, the Buddhists, like everyone else, are sick of continued unrest.

Another factor working against the monks' bid for power is that many of them originally came from what is now North Vietnam. Mr Tran Van Huong, on the other hand, is a southerner and this makes him closer to the hearts of his people than are the northern-born monks. This regional alignment has persuaded many of the southern Buddhists to rally round the prime minister and has enabled him to approve the creation of a new Buddhist association.

The Vien Hoa Dao is, in consequence, becoming isolated, and its headquarters has increasingly taken on the aspect of a political party. Several new newspapers have started a fierce campaign against the institute—an unthinkable thing six months ago. The most articulate of these, *Van Hoi Moi*, ("New Faith") sells like hot cakes, especially in the provinces. Other clandestine papers, giving scandalous accounts of the worldly lives of the monks and ridiculing their claims to political power, do a roaring trade. Two of these, *Su That* ("Truth") and *Cai Choi* ("The Broom") are available only at outrageous blackmarket prices.

Finally, there has been a change in the American attitude both in the government and the press. Washington, anxious only for a strong and stable government in Saigon that will get on with the war against the Vietcong, has found the continued agitation of the Buddhist leaders—with its increasingly anti-American tone—at first perplexing then annoying, and, in the end, outright intolerable. Much of the American press now talks of the monks of the Vien Hoa Dao as if they were an even greater menace to the existence of South Vietnam than the Vietcong. Because South Vietnam has great censorship, the Vietnamese [illegible] for one more [illegible] to the foreign press than to their own, and the general hostility of the American press has done much to cut down the influence and popularity of the Vien Hoa Dao.

If American support is not enough to put a sub into power in Saigon, it is a fact of Vietnamese politics that it is impossible to unseat a prime minister if the United States does not want this done. And for the time being, Mr Tran Van Huong is a man after Washington's heart.

FRANCE

Spectre That Isn't

FROM OUR PARIS CORRESPONDENT

GHOSTS of the popular front are once again haunting the French conservative press. They have been conjured up by announcement of an agreement between Socialists and Communists in the greater Paris region to present joint lists of candidates for the municipal elections, to be held throughout France in March. The agreement, which brings back memories of the nineteen-thirties, has symbolic significance; its practical consequences should not be exaggerated. First, it is limited to Paris where the Socialists, though not the Communists, are notoriously weak. Second, it applies only to the local election. Third, the agreement was to a certain extent imposed on the two parties by a change in the electoral law; this makes it impossible, in municipalities of more than 30,000 inhabitants, to present new lists of candidates between the first and the second ballots. Thus, coalitions, which used to be formed between ballots, now have to be made in advance.

Since the beginning of the century, as its poorer inhabitants have been driven out towards the suburbs, the French capital has been getting gradually more blue at the centre and more red at the periphery. Revolutionary Paris has now a conservative majority but is surrounded by a red belt. In the suburbs of the Seine department alone, the Communists hold the town halls of eighteen big municipalities; most of them were conquered on the first ballot by an absolute majority. Eight important suburban mayors are Socialists, almost all of them elected on the second ballot with right-wing support against the "red peril." But since 1959, when municipal elections were last held, the Paris Socialists have been forced, by the new electoral law and their final break with gaullism, to seek support from another quarter. In this lie the roots of the new agreement with the Communists.

But what is true of Paris is not true of France as a whole. M. Mollet, the Socialists' leader, is to try to keep control of Arras, and his colleague, M. Defferre, to remain mayor of Marseilles not with communist backing but against communist opposition. In Toulouse, the Socialists are expected to form part of a coalition that will include Gaullists. The electoral [illegible] of the Socialist party invites comparison with the [illegible] of whom it used to [illegible] that their [illegible] on the left [illegible] on the right. (The comparable crack about the Socialist party is "*restaurant ouvrier—cuisine bourgeoise.*") Indeed, the ease with which all the traditional parties seem to be preparing alliances of one sort or another for the coming local elections suggests that gaullist strategy has not worked out according to plan.

If "popular front" agreements on the Parisian model had been signed in towns throughout France it would have been easy to try to scare the floating voter by arguing that the choice was between communism and gaullism—and that M. Defferre was a crypto-pink. But for such a plan to work out, it was necessary for the gaullist Union for a New Republic to have stronger local roots than it actually has. When it comes to the general election and General de Gaulle himself sweeps into the arena with full propaganda backing, the UNR may be strong enough to force reluctant Socialists to hunt for communist support. At least, this is what happened in 1962. But this does not apply to local elections.

The March elections will give some idea of the political temperature of the country. But since they will reflect the political fragmentation of the Fourth Republic rather than the polarisation of the Fifth they will not be a true guide to the presidential contest. About this, little is known except for its probable date: rightly or wrongly, the pundits have calculated that it will be on December 5th.

The rest is mystery. Officially, there is no guarantee that General de Gaulle will be a candidate, though the odds are that only ill-health could prevent him from standing again. Standing against whom? M. Tixier-Vignancour is canvassing for the votes of the extreme Right. M. Defferre may or may not be the only candidate for the Left. The president, who has spoken contemptuously of the paralysis that cripples the United States, Britain and Germany before every election, has no reason to stage a long campaign. It would suit him to limit it to the three weeks required by law. It is only during this brief period that the opposition has the right to an equal share of radio and television time. But this does not mean that it is not already time for General de Gaulle to start preparing the ground. His economic advisers, in particular, have much to do. The financial squeeze is beginning to have its economic effects and an industrial pause would not provide the government with the best atmosphere for electioneering.

AEG means electricity

Electricity is our business

Equipping a factory, electrifying a railroad, a ship or a complete town: AEG has solved such problems a thousand times. (And why not? Our 6000 scientists and a further 80 000 staff backed by 80 years experience make quite a team.) AEG builds power stations based on coal, oil, hydro-electric power or nuclear energy. All custom-built. From electronic switching and control gear to generators, electric motors to measuring instruments, transformers to household appliances, the AEG program covers the board. That's why it makes sense to

Team up with AEG
AEG means electricity

AEG

ALLGEMEINE ELEKTRICITÄTS-GESELLSCHAFT
(founded 1883)
West Germany
Berlin – Frankfurt

Our new seal of achievement, quality and customer satisfaction

No other company has built so many millions of tractors.

Our four-millionth-tractor record includes all of the IH farm tractors which have faithfully served agriculture since the beginning of this century—and all of the International crawler tractors at work in both agriculture and construction. In addition to these four million powerful wheel and crawler tractors, we have made tens of thousands of International Cub Cadet® garden type tractors.

No other company has so many millions of satisfied users.

We are justly proud of the millions of IH tractors serving man's basic power needs around the world. Many tractors we have built are still in operation after 30 years or more—lasting proof of outstanding engineering and of the inherent quality found in all International Harvester equipment.

No other company has achieved such accomplishments in the tractor field.

It is impossible to match International Harvester's experience in designing, developing, engineering and manufacturing tractors, either in numbers or in excellence. We are now building tractors with from 7 to 700 engine horsepower!

Our tractors will always reflect this experience, research and quality.

Our future will not be based on the tractors we have built. It will rest instead on the new tractors we produce today and tomorrow. Those tractors, of whatever type they may be, must reflect all of the experience, research and quality knowledge we have gained in building the first four million International Harvester tractors.

We pledge that they will!

INTERNATIONAL HARVESTER

International Harvester Export Company, 180 North Michigan Ave., Chicago 1, Illinois, U.S.A.

CONGO—I

Adoula's Formula

INEVITABLY, the proposals for a Congo settlement published in *Jeune Afrique* on Monday by Mr Cyrille Adoula have been promptly rejected by Mr Tshombe. Mr Adoula proposed that President Kasavubu should meet representatives of all the Congo's political elements, except Mr Tshombe, and seek to form a new provisional government. The present rebels were specifically included in the proposed "*confrontation*." The present prime minister was categorically excluded, not because he had failed to restore peace (on that count Mr Adoula himself is somewhat vulnerable, as Mr Tshombe was quick to point out), but because he had brought in South African, Portuguese and other mercenaries and thus gone beyond the limits of national reconciliation.

Mr Gaston Soumialot, who had gone to Cairo to seek Arab recognition of the Congo rebels' shadowy government, declared there that rebel co-operation with Mr Adoula was possible and that the civil war could be ended if Mr Tshombe and his mercenaries left the Congo. In the past, the terms for peace stated by rebel leaders have included other conditions, such as the resignation of the president ; but they might well settle for Mr Adoula's formula now. Their attitude to him has shifted several times since he became head of the government of national reconciliation formed in 1961. That government included those who claimed to be Lumumba's heirs ; but by the end of 1963 many of them, notably Mr Gbenye, had broken with it and formed a hostile emigré movement in Brazzaville. Mr Soumialot himself launched his revolt in Kivu province last spring, before Mr Adoula had been forced to yield the premiership to Mr Tshombe. The present rebel leadership shows, however, some tendency to regard Mr Adoula not as an enemy but as a man whose weak position forced him into an unhappy dependence on American support and on men like Mr Victor Nendaka, his (and now Tshombe's) police chief.

The Adoula formula, however, requires more than the rebels' assent and the ousting of Mr Tshombe. It requires the African states to provide a peace-keeping force which, under the control of the Organisation of African Unity, would replace all foreign military elements now in the Congo, including the mercenaries. It requires the United Nations to finance this by a special arrangement which, Mr Adoula argues, would need the consent of Russia, France and Belgium if "the error of the first Congo operation" is not to be repeated. It requires general Congolese agreement, before fresh elections are held, on a basic domestic programme ; and it requires a re-examination of Patrice Lumumba's death, in which task an OAU commission would assist the provisional government.

At first sight, the faithful execution of such an ambitious programme may seem as improbable as the first official comments from Brussels have pronounced it to be. But it may also be argued that the Adoula formula offers a more realistic basis for averting a catastrophic continuation of the Congo war than any of the policies at present being pursued.

CONGO—II

Tshombe's Loose Hold

FROM A SPECIAL CORRESPONDENT

IN the face of general scepticism, Mr Godefroid Munongo, the "strong man" in Mr Tshombe's present Congo government as he was in the secessionist Katanga regime, was insisting until a few days ago that elections would be held early in February. Now they have been officially postponed. The practical difficulties are evident enough. Apart from the dubious nature of the electoral rolls, and the confusion of the numerous parties that now—at least theoretically—exist, the Tshombe government does not control vast areas.

Its military forces hold all the major towns, although fighting was reported this week on the outskirts of Stanleyville and at Paulis. But at any moment the military situation could change, now that the rebel forces are receiving aid from across the Sudan border. The rebels' tactics and discipline have improved in the past few weeks, which may suggest the presence of foreign military advisers, and they have forced Mr Tshombe's troops to retreat in some north-eastern areas. His white mercenaries are thin on the ground (despite fresh recruiting drives in southern Africa) ; in early January there were only a dozen at Paulis. And the rebels have almost invariably recaptured any places that were left to be held by his black troops alone.

Apart from the north-east, there are at least three other areas where the government forces are now in conflict, if only sporadically, with rebels who follow the "Lumumbist" leadership that lately held Stanleyville. In the Kikwit area the insurgents who originally revolted over a year ago, under the leadership of Pierre Mulele (who is now believed dead), still hold the whole area of the province outside its three chief towns. Fighting also continues in the swampy country around Lac Leopold, into which rebel forces moved last August from their base in Congo-Brazzaville. The present anarchy in Kivu is even more serious and widespread. The rebels have a training camp at Fizi, north of Albertville. But Kivu has also become a battleground of warring tribes, and the confusion is worse confounded by roaming bands of Watutsi warriors, who originally entered the Congo as refugees from Ruanda. Every week now there are new reports of threats to Kindu, a key position on the road between Stanleyville and the Kamina base from which the mercenaries and their auxiliary troops launched their northward drive last October. If Kindu fell, the government forces in the north would be cut off.

Administrative control has broken down completely over a vast area ; communications scarcely exist, and the provincial governments, themselves often governments only in name, squabble with each other and pay little heed to orders from Leopoldville. Relatively speaking, however, law and order reign in Katanga, where the banditry of the last two years has almost stopped now that Mr Tshombe has re-enlisted in his new army his former provincial "gendarmes," most of whom had taken to the bush with their arms when United Nations forces ended his secession early in 1963. Much the same holds for south Kasai, where the diamond-producing areas at least are almost peaceful now that Mr Albert Kalonji, once a self-proclaimed divine king but today ranking as minister of agriculture, has returned from exile. In the north, Ubangi province, whose capital is Gemena, has been fairly quiet, despite some separatist tendencies. In the west, the government controls all that lies between Leopoldville and the mouth of the river Congo.

JORDAN WATERS

Messing about with Rivers

ARAB plans to counter Israel's diversion of the Jordan waters were made in a hurry a year ago when President Nasser proposed them as an alternative to going to war. That the problems they involve have still to be worked out at leisure became clear at the Arab prime ministers' conference in Cairo last weekend.

In December some members of the joint Arab water authority inspected sites for operations in Syria and Jordan. It seems that in both these countries some clearance of sites has begun. But, according to the Beirut newspaper *Al Hayat* on December 30th, Lebanon refused to be inspected. This was perhaps understandable since the part that Lebanon can usefully play is still uncertain—as can be seen from a study of the general Arab plan. The details of this plan are secret, but, in a broad way, the tasks allotted to each country are:

1. *Lebanon.* To divert the river Hasbani into the Litani, which flows into the Mediterranean.

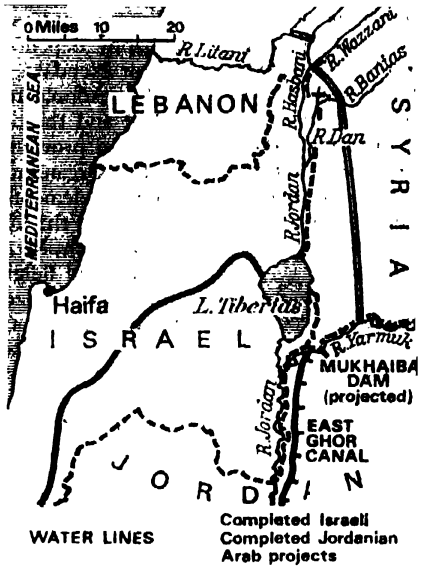
2. *Lebanon and Syria.* To build a dam and pumping station on the Wazzani; part of the waters to be used for irrigation in Lebanon and Syria and the rest to be diverted to the Banias in Syria.

3. *Syria.* To divert the river Banias and lead its waters, together with the surplus from the Wazzani, through a 45-mile canal to the Yarmuk, which forms the frontier between Syria and Jordan.

4. *Jordan.* To build a large dam on the Yarmuk at Mukhaiba (near Lake Tiberias) and so create a reservoir that will store both the water from the Banias and the Yarmuk spring flood waters. The reservoir has then to be linked by a ten-mile tunnel with Jordan's East Ghor irrigation canal, which at present carries only the Yarmuk's summer flow.

These plans do not touch the river Dan, whose main springs are in Israel, and which serves the river Jordan in Israel with nearly fifty per cent of the total headwater flow.

As the Lebanese explained in Cairo, they cannot divert the Hasbani into the Litani or work upon the Wazzani until they have prepared irrigation schemes to utilise the water. Not only have the Arab states not voted money for this, but Lebanon is already engaged in big projects upon the Litani financed by the World Bank. To introduce new projects that have no international sanction might jeopardise this bird in hand. Lebanon, besides being half-Christian, half-Moslem, cannot (as all the Arab states have agreed) have a joint Arab army on its soil to protect it from possible Israeli retaliation. So the onus for diverting the Wazzani has virtually passed to the Syrians.



If Syria has, as reported, begun activities near the river Banias, this alone could be taken by Israel as provocation. Jordan's big dam at Mukhaiba is, by contrast, not controversial so long as it is considered by itself and not as a part of the Arab plan as a whole. It has always been internationally accepted that Jordan needs such a dam for the storage of the Yarmuk's spring flood alone—and Israel does not grudge Jordan a drop of Yarmuk water. But the siting of the dam so near to the Israeli frontier puts it full in the danger zone should Arab-Israeli border forays begin.

For the Israelis to remain unmoved while the Arabs persist with their plans must require monumental patience, for all that their tendency is to wait and see what time will show. The Banias diversion to the Yarmuk is a big undertaking through hilly country. The initial Arab costs for their whole scheme appear to have been underestimated at £16½ million; and even that sum is still far from being subscribed. The Israelis meanwhile are setting their sights on much bigger water targets, through desalination of the sea by electrical and nuclear power. Many years may have to elapse before these projects are a practical proposition. But the Arabs, too, have a long haul. It may be that while their bulldozers are grinding slowly, this messing about with rivers will become an obsolete method of watering barren places and the race be one for desalination plants.

CEYLON

Penthouse in Heaven

FROM OUR COLOMBO CORRESPONDENT

WHEN Ceylon's election campaign opened last week the legally recognised parties were found to be fielding nearly 500 candidates for the 151 seats. Although the number of candidates and the plethora of parties suggest a somewhat tousled political situation, the pre-election picture is not all that confusing. To begin with, there is a definite demarcation between the "major" and the "minor" elections. In the predominantly Tamil areas of the north and north-east, the two Tamil parties fight their own separate battle for about twenty seats. Neither the ruling Freedom party nor the main opposition party, the United National party, has named one single Tamil candidate for these seats. This is a distressing reminder of the continued estrangement of the island's two leading communities.

In the rest of the country, seven parties are in the running. But the number is misleading. The real contestants are, on the one side, Mrs Bandaranaike's ruling Freedom party, Dr Perera's LSSP (Trotskyite) party, and a handful of Communists, who have all joined together to form a leftward-leaning "alliance of progressives"; on the other side, there is the opposition leader, Mr Dudley Senanayake, captaining a looser rightist, pro-western grouping of his own United National party and the Sri Lanka Freedom Socialist party (SLFSP), which consists of Mr C. P. de Silva and other members who deserted the government ranks last month. Also on Mr Senanayake's side is an ultra-nationalist Buddhist group led by Mr Philip Gunawardena; this association with the anti-government alliance is not that of a satellite but of a group that hopes to play an enviable balancing act if the results are close.

But the electorate has already decided, your correspondent is convinced, that the coming struggle presents a clear choice between the Freedom party and the United National party. Consequently, the smaller parties on both sides are not likely to get more that 25 seats between them. Since the possibility of a landslide for either of the two main antagonists is remote, whoever is called upon to form a government on March 22nd may have to resort to some sharp manoeuvres and hard bargaining to get a working majority. Depressing as this is in the light of Ceylon's economic troubles, the present political climate offers little hope that the elections will produce a stable government. The Tamil Federal party may hope for an indeterminate result, as it could then hold both Sinhala parties to ransom. Such a bargain might do some good in ending the present alienation of

the Tamil minority. It will be a bold leader, however, who is prepared to grant the Tamils their language demands in return for their parliamentary support.

Mrs Bandaranaike said this week that the choice before the people was between socialism and capitalism, neutralism and alignment to the West. The opposition leader said the day before that the election was a "national struggle" between democracy and dictatorship. He has accused Mrs Bandaranaike of opening the door to communist imperialism through coalition with the Trotskyists. The Buddhist leaders, for their part, tend to attack both sides. Few Buddhists in Ceylon really believe that Mrs Bandaranaike plans to destroy Buddhism. The government since 1956 has paid far more attention to religion and culture than its western-oriented predecessors, and the average Buddhist voter knows this very well. In Buddhist eyes Mrs Bandaranaike is guilty, if at all, by association with the Marxists. The leader of the most militant Buddhist lay group has issued a statement denouncing the Left as much as the Right. The Left is branded as the tool of "communist totalitarianism" and the Right as the partner of "Catholic Action" and of Seato.

The Bandaranaike legend has lost something of its magical effect. Sentiment will therefore play a smaller part this time. The ordinary voter, especially the rural peasant who controls at least 60 per cent of the seats, is not at all unintelligent. Though perfectly logical within his own framework of thinking, which is largely traditionalist, his mind works in strange paradoxical ways familiar only to those who have lived and grown up among the peasants. He is a status-seeker but neither aggressive nor acquisitive. Democratic enough to want a place in the sun, he hankers not for a room at the top but for the penthouses he feels are made in heaven. Socialism, he thinks, is bunk and good only for "*ugath pisso*" (educated eccentrics). Benevolent paternalism, or maternalism for that matter, is the nearest approximation to his political ideals. So current slogans of socialism or capitalism, democracy or dictatorship, are notions which he is likely to reject.

While the peasant will make up his mind between economic inconveniences (caused mainly by rising prices, shortages and bureaucracy) and a government that pays respect to his sensibilities, no such dilemmas will trouble the business community, the traders, urban middle classes and all religious and racial minorities. They will vote against the government. The urban workers, chafing in face of the virtual wage freeze, are discontented and restive. But they have been mentally conditioned to regard the United National party as the rich man's party, and fear of its return could make them scamper back to the comparative security of the Freedom party and its leftist allies. No less important, but much less calculable, is the reaction of the one million new voters.

NIGERIA

Waiting for the West

FROM OUR LAGOS CORRESPONDENT

WHAT resolved Nigeria's crisis early this month was the constitution, which left nobody any room for manoeuvre. President Azikiwe, despite his open sympathy for those who were protesting against the fairness of the December 30th elections, could neither postpone them, as he wanted, nor, once they were over, could he do otherwise than summon Sir Abubakar Tafawa Balewa to form another government. The aggrieved leaders of the Progressive Alliance (UPGA) had no alternative other than to accept the situation—or resort to secession. Even secession was entirely unprovided for in the constitution and would have amounted to armed revolt.

What remains now is, first, for everybody to make the best of the situation (it pleases nobody) and secondly, to see what, if anything, can be done to change the constitution. The first part of this process is still by no means achieved. The government that Sir Abubakar formed last week was avowedly provisional. Until the partly boycotted elections are completed (they have still to be held in the Eastern region, in Lagos and in parts of the Mid-West region) Sir Abubakar does not feel he can make a definitive choice of ministers. Meetings this week between the Northern People's Congress and its Western region allies in the victorious National Alliance, Chief Akintola's National Democratic Party (NNDP), have underlined the fact that neither of these two parties really wanted to see a broad national government formed. Most people feel that Sir Abubakar had a harder job persuading his Western allies to be reasonable than he had with the Sardauna of Sokoto, his own party leader. The NNDP's election campaign amounted to a crusade against the Ibos and against the Action Group. The party fears that if the UPGA is allowed to nominate members of the Action Group to ministerial posts in a national government, even Chief Awolowo, imprisoned since 1962 for treasonable felony, may succeed in getting one.

Within the Progressive Alliance, some of the more radical voices have been heard suggesting that the alliance should not participate in the new federal government as a gesture of continued protest against the elections. The alliance was due to hold meetings this weekend to decide its stand. However a rejection of any reasonable offer of seats in the cabinet is most unlikely. The alliance has already disastrously miscalculated in boycotting the election; it will hardly throw away once again the chance of getting at least a share in federal power. The Eastern and Mid-Western regional governments, both controlled by the NCNC, which is the senior partner in the Progressive Alliance, are therefore likely to accept the results of the elections in exchange for seats in the federal cabinet. The NCNC's participation in the new ministry will mitigate the ill-effects in the south of a northern-dominated government, and will moderate the expected extrusion of Ibos from jobs in the public corporations in favour of Yorubas and Hausas.

Trouble is most likely to come in the West. The voting there on December 30th confirmed the widespread belief that Chief Akintola's party, although still in power in the region, is not popular. In spite of its opponent's boycott it won only 36 out of the 57 federal seats in the West.

This was the first time it had faced the Western electorate. The real test will come in the regional elections that are due this year. Indeed it could be argued that the crisis will not really be over until the Westerners have voted. The NNDP is still regarded in the West as an opportunist group which exploited Chief Awolowo's downfall. If it is defeated in the regional elections, a main prop of Sir Abubakar's new federal government will have fallen.

If Chief Akintola were to lose his hold on the West, then the Progressive Alliance would control all three southern regions. This would not in itself end the North's dominance in the federal house; but it would generate strong pressure for a dissolution of the federal house before its term was up. Then, unless the constitution was changed beforehand, there would be another crisis, in the form of another north-south confrontation even more naked than the last one. One of the terms of the compromise that resolved this month's crisis was that the constitution should be reviewed. But it is unlikely to be radically changed under this government. The two main criticisms of the constitution are southern ones—that it gives more federal seats to the North than to the other three regions put together, and that the president has no executive powers. On both these counts the North has every reason to be happy about the way things stand now, and no change can be imposed on the Northerners against their will.

Marketing in Europe

A monthly research publication on consumer goods and retail distribution.

Included in the current issue:—

ADVERTISING IN EUROPE

THE GERMAN ICE CREAM MARKET

SOCIAL SECURITY

Further details from:

THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St. James's Place London SW1
Telephone HYDe Park 8711 ext 27
60 East 42nd Street New York 17 NY
Telephone Murray Hill 7-6350

MANUFACTURERS HANOVER TRUST COMPANY New York

DIRECTORS

BARNEY BALABAN
Chairman of the Board, Paramount Pictures Corporation

THOMAS M. BANCROFT
President, Mount Vernon Mills, Inc.

WILLIAM S. BEINECKE
President, The Sperry and Hutchinson Company

ALVIN G. BRUSH
Chairman of the Board, American Home Products Corporation

JOHN B. CLARK
Honorary Chairman, Coats & Clark Inc.

JOHN A. COLEMAN
Partner, Adler, Coleman & Company

LOU R. CRANDALL
Chairman of the Board, George A. Fuller Company

RICHARD G CROFT
Chairman of the Board, Great Northern Paper Company

HORACE C. FLANIGAN
Consultant

WILLIAM S. GRAY
New York

GABRIEL HAUGE
President

J. VICTOR HERD
Chairman of the Boards, The Continental Insurance Companies

JOHN E. HEYKE, JR.
President, The Brooklyn Union Gas Company

BARRY T. LEITHEAD
President, Cluett, Peabody & Co., Inc.

JOHN T. MADDEN
Chairman of the Board, Emigrant Industrial Savings Bank

BIRNY MASON, JR.
President, Union Carbide Corporation

EUGENE J. McNEELY
Director, American Telephone and Telegraph Company

R. E. McNEILL, JR.
Chairman of the Board

EUGENE S. NORTHROP
Vice Chairman of the Board

ROBERT G. PAGE
President, Phelps Dodge Corporation

RICHARD S. REYNOLDS, JR.
Chairman of the Board, Reynolds Metals Company

CHARLES J. STEWART
New York

GEORGE G. WALKER
President, Electric Bond and Share Company

J. HUBER WETENHALL
President, National Dairy Products Corporation

Consolidated Statement of Condition, December 31, 1964

ASSETS

Cash and Due from Banks	$1,549,655,033
U. S. Government Obligations	818,505,459
State, Municipal and Public Securities	760,513,136
Other Securities	45,598,104
Loans (After deducting Reserve for Possible Loan Losses $133,637,565)	3,446,982,569
Banking Premises and Equipment	71,660,096
Customers' Liability on Acceptances	231,404,476
Accrued Interest and Other Assets	46,201,248
Total Assets	$6,970,520,121

LIABILITIES

Deposits	$6,039,651,144
Mortgages Payable	11,433,873
Borrowed Funds	130,261,768
Acceptances	235,951,803
Accrued Taxes and Other Expenses	18,038,380
Dividend Payable January 1, 1965	5,859,333
Other Liabilities	8,442,700
Unearned Income	24,790,278
Total Liabilities	$6,474,429,279

CAPITAL ACCOUNTS

Capital Stock ($15 Par)	$ 175,780,005
Surplus	200,000,000
Undivided Profits	115,310,837
Reserve for Contingencies	5,000,000
Total Capital Accounts	$ 496,090,842
Total Liabilities and Capital Accounts	$6,970,520,121

U. S. Government obligations and other securities carried at $378,642,615 were pledged for various purposes as required or permitted by law.

International Division:
44 Wall Street, New York

London Branches:
7 Princes Street, E. C. 2; 10 Mount Street, W. 1, London

Representative Offices:
Beirut, Frankfurt, Madrid, Manila, Mexico City, Paris, Rome, São Paulo, Tokyo

Incorporated with Limited Liability in U.S.A.
Member Federal Deposit Insurance Corporation

THE WORLD □ AMERICAN SURVEY

Strategies West and East

WASHINGTON, DC

WHEN President Johnson told the convocation of Georgetown University on December 3rd "We come to reason, not to dominate. We do not seek to have our way, but to find a common way," most people took these unexceptionable words as no more than a ritual protestation. Perhaps that was all they were, at the time. But within a few days Mr Harold Wilson's visit obliged Mr Johnson for perhaps the first time to give his full and sustained attention to the tangled subject of the multilateral nuclear force. By mid-December the President had ordered an abrupt change of tactics. The change, embodied in a National Security Council memorandum, told the executive departments what they were to avoid in their dealings about the multilateral force. But to judge by the results to date, they were given no guidance on what, in a positive way, they were to try to do. The stupefying few weeks that have followed, in which American policy has remained entirely passive in a matter which the Administration still holds to be of the highest importance, has had a most curious effect on some of the allies. Those who so lately felt themselves grievously bullied now protest that it is impossible to get anything decided if the leader will not lead.

How long the American self-denying ordinance will last is a puzzle. Mr Wilson and Herr Erhard could put an end to it quickly enough by agreeing upon the principles of an allied nuclear force, which would then have to be studied by Washington and discussed, though very likely without hope of agreement, with Paris. While the American pressure is off, it is obvious that the Labour government badly needs some kind of a Nato nuclear force scheme, both to find a home for the British deterrent and to ease Britain's fearsome future problems of defence economics. So do Dr Erhard and Herr Schröder, if only they are offered something that gives them equality of status. Unfortunately it is by no means clear, as yet, that Mr Wilson's proposals do this. Mr Wilson can perhaps make it clear when he goes to see Herr Erhard on January 22nd; but before that happens Herr Erhard will have had talks with General de Gaulle on the 19th, and as things now stand his position at those talks will be weak.

General de Gaulle, the one beneficiary of President Johnson's self-denying ordinance, has shown no sign of reciprocating it by any gesture of his own. His New Year message to the French people contained the usual warnings against "Atlanticism" and "hegemony." The general's decision last week to sell a slice of the French dollar reserve for gold was announced in such a way that there is no doubt in Washington that it was deliberately calculated to produce a political effect. These things have been noted by the Administration as evidence that General de Gaulle is as set as ever in his determination to squeeze American influence out of Europe.

Naturally there is no thought of submitting. Mr Johnson's moratorium can only mean that the engagement is broken off until he has tackled the French President in person. May is thought of as a likely month for Mr Johnson to go to Paris, but discussion of the subject has not yet got beyond the intimation last week that he was interested in going, and a statement by the French Ambassador, M. Alphand, that his government had noted it "with great interest." So sticky have Franco-American relations become that this innocuous phrase is regarded as rather encouraging. Mr Johnson, it must be supposed, will get there in the end, but there will first be a contest to establish the most favourable tactical position in advance. Officials in Washington are speculating rather gloomily on all the possible ways in which General de Gaulle may, in the meantime, get Dr Erhard to renounce allied nuclear forces and to promise full observance of the Franco-German treaty. The Americans feel that under the self-denying ordinance there appears to be nothing they can do, and they are far from confident that Mr Wilson, with his parliamentary worries, will do what is needed for them.

MORE and more this European problem is seen as a political one, the salvaging of what can be salvaged of Atlantic partnership, and only secondarily one of defence. The centre of strategic interest continues to shift from Europe to Asia, where Britain is now as heavily committed in Malaysia as the United States is in Vietnam and where the ripples still spread from the Chinese nuclear explosion last October. If, since the Nassau agreement, the special relationship with Britain in nuclear defence has been a manifest diplomatic liability in Europe, south Asia now seems to beckon the British to a particular strategic duty and a new field of Anglo-American collaboration at the same time. Not much is being heard now of Mr Shastri's idea of a guarantee to India by all the nuclear powers against Chinese nuclear blackmail. Assessments of the chances of getting the new Soviet government to join in such a guarantee are not encouraging. Even a hard and fast Anglo-American guarantee, if it went beyond the rather general assurances that exist, is thought to be a difficult commitment to undertake without some agreement for consultation with the Indians. Whether the Indian government will eventually choose such an agreement or will prefer to manufacture its own bomb, is for the future.

Any strategy for Asia is going to need the backing of both nuclear and conventional forces. Britain's nuclear defence dilemma, and Mr Wilson's proposal to reserve part of the V-bomber force for use outside Europe, may have over-emphasised the nuclear element. What interests the United States, with no nuclear dilemma and a virtually world-wide delivery capacity, is mainly the improvement of its flexibility, speed and range in the deployment of conventional forces. Here the Indian Ocean has been a relative gap, and it happens that Britain still possesses in it and in the south Atlantic various islands which might be made into useful staging-posts. A joint Anglo-American survey has been made of a possible chain of such posts on Ascension Island, Aldabran or another island in the Seychelles, Diego Garcia in the Chagos Archipelago, and an island in the Cocos group, the administration of which was prudently transferred some years ago from Singapore to Australia. This scheme would give British and American forces convenient access to Singapore and Australia, either by way of Aden or across, or round, southern Africa, by a route relatively immune to political hazards. There are, however, one or two possible political hazards to be surmounted first. The islands are insignificant bits of sand or coral and barely inhabited; still Aldabran is administered from the Seychelles and Diego Garcia from Mauritius, and each would need to be detached by, presumably, an order in council and administered from London, to make the investment of putting runways and other installations on them seem a reasonable bet.

Britain's present heavy involvement in the defence of Malaysia

is regarded in Washington much as British governments tend to regard the American entanglement in Vietnam—with sympathy, but with an undercurrent of concern lest the British in their harassment become hot-headed and escalate the conflict. Thus, officials in Washington gently emphasise that Indonesia is not a suitable place for the use of nuclear weapons. No longer is there any talk of President Sukarno as a man of any conceivable value as a bulwark against communism, but this disclaimer does not necessarily extend to every group in Indonesia that might inherit power when he is gone. The political architecture by which Borneo was joined to Singapore and Malaya has never been greatly admired in Washington. Still, it is not denied that Indonesia's northward expansion needs to be prevented and Malaysia protected nor that this is a task which the British and the Australians are in honour bound to perform. Nobody says a word about Suez.

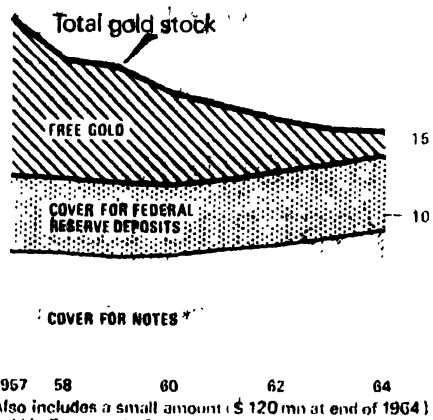
Appended to the words of consolation and encouragement is always, however, a murmured hope that the British will stay on the defensive, using the imposing show of force which they have assembled to convince Dr Sukarno of the pointlessness of going on and not for punitive expeditions—so that avoidable political damage is avoided and a tolerable future relationship with Dr Sukarno's successors is not ruled out. Reports of the Indonesian President's medical condition lead to the thought that the moment of succession may not be far off—though nobody will forecast who the successors will be or whether they will, in fact, be easier to live with than the present ruler. Added to all the other reservations is the heartfelt prayer that Britain and Australia will not "start anything there that they cannot finish themselves." It is pointed out that, although the United States still has conscription, Britain does not and Australia has only just announced a limited scheme of selective service.

The Administration feels burdened by Vietnam, preoccupied by the ominous course of Chinese communism, and gloomily convinced that vast regions of Asia and Africa form an "area of opportunity" which rival groups of communist powers will use to show that each can make more trouble than the other. It does not want to become involved with Indonesia just because British resources run out. Most governments find it a shade easier to urge coolness, prudence and restraint on others than to display these qualities themselves when they are in trouble. However, President Johnson is a prudent man. To attach a foreign policy label to his Administration would be premature; still it will be in tune with his approach to most subjects if he shuns extra foreign involvements where they can be shunned.

Freeing More Gold

LAST week, when the Treasury warned speculators off with the statement that the price of gold was fixed "immutably" at $35 an ounce, it also confirmed that the Administration would ask Congress to modify the 25 per cent gold cover required as backing for both Federal Reserve notes and for deposits held by the Federal Reserve Banks—mainly the reserves of member banks. This step would have become necessary in two or three years even if the United States were to lose no more gold. During 1964 the net loss, $125 million, was very small, yet the ratio of gold certificates to the total of Federal Reserve notes and deposits continued to drop, from about 30 per cent to 27.7 per cent, because of domestic expansion of the supply of money.

However, for various reasons the United States must expect to lose more gold in 1965 than it did in 1964. The most dramatic is the French intention to convert into gold perhaps as much as $650 million in dollars, compared with $400 million last year. The new subscription to the International Monetary Fund must also be paid partly in gold—just how much is being debated fiercely. Finally, although the figures are not yet available, the deficit in the American balance of international payments seems to have taken a sharp turn for the worse in the last quarter of 1964; in any case there is bound to be a sizeable deficit in 1965. The treasury is said to be bracing itself for a net loss of gold ranging from $500 million worth to perhaps as much as $1 billion this year; it could be even more. Compared with total stocks of $15.5 billion this is perfectly manageable; compared with stocks of free gold amounting to only $1.8 billion, it is painfully large.



*Also includes a small amount ($ 120 mn at end of 1964) held in Treasurer's Account

In an emergency the Federal Reserve authorities can suspend the requirement for gold cover but it would be far better to prevent such an emergency from arising by abolishing this anachronism completely, both to accommodate domestic growth and to show the world that the value of the dollar will be maintained. Mr Henry Reuss has put such a Bill before Congress but the Administration seems to fear that to go so far would inflame not only the monetary crack-pots but also conservatives who believe sincerely that the gold cover is an insurance against inflation at home and reckless spending abroad. Precisely what Mr Johnson has in mind is not known, but if the cover requirement for Federal Reserve deposits were eliminated—leaving that for the currency untouched—this would free nearly $5 billion worth of gold. Alternatively, the amount of cover required on deposits—or on notes and deposits—could be reduced, perhaps to 20 per cent. The request seems likely to be included in the Economic Message, now due on January 28th. At present the signs are that Congress will approve some modification: both of the chairmen of the relevant committees, Mr Patman and Senator Robertson, seem prepared to co-operate.

Healthy and Wise

1. Better Schools

PRESIDENT JOHNSON'S proposals on education, which he sent to Congress this week, are the centrepiece of his efforts to raise the quality of American life. They are linked closely, and inevitably, with his campaigns against poverty and racial discrimination. A quarter of the whole population is being educated in America today. But the poorest and the most disadvantaged, who need the best schools, get the worst. Many talented young people cannot afford higher education. In the past three things have stood in the way of adequate federal aid to education: the general distaste of conservatives for a big new spending programme; the fear that federal aid would mean federal interference; and the bitter dispute over any federal aid to private (mainly Roman Catholic) schools. Doctrinaire Protestants preferred no aid if the Catholics would benefit; the Catholics fought federal aid to tax-supported schools if parochial schools were not to be included.

Mr Johnson, though he has such large majorities in Congress, has faced only the first difficulty squarely: he proposes an increase in spending authority for education of $1.6 billion in the fiscal

BANKERS TRUST COMPANY NEW YORK

DIRECTORS

LEE S. BICKMORE President, National Biscuit Company
JOHN M. BUDINGER Senior Vice President & Chairman of the Advisory Committee
S. SLOAN COLT New York
JOSEPH F. CULLMAN, 3rd President, Philip Morris Incorporated
RICHARD C. DOANE Chairman of the Board, International Paper Company
WALLIS B. DUNCKEL President
KEMPTON DUNN Chairman of the Board, American Brake Shoe Company
PAUL A. GORMAN President, Western Electric Company, Inc.
LEWIS A. LAPHAM Chairman of the Executive Committee
WAYNE C. MARKS Armonk, New York
WALTER A. MARTING President, The Hanna Mining Company
GEORGE G. MONTGOMERY Chairman of the Board, Kern County Land Company
WILLIAM H. MOORE Chairman of the Board
WILLIAM A. MORGAN Senior Vice President
HERMAN C. NOLEN Chairman of the Board, McKesson & Robbins, Incorporated
JOHN M. OLIN Honorary Chairman of the Board of Directors and member of its principal committees, Olin Mathieson Chemical Corporation
DANIEL E. POMEROY New Jersey
WILLIAM T. TAYLOR Chairman of the Board, ACF Industries, Incorporated
WALTER N. THAYER President, Whitney Communications Corporation
E. CLINTON TOWL President, Grumman Aircraft Engineering Corporation
THOMAS J. WATSON, JR. Chairman of the Board, International Business Machines Corporation
FRAZAR B. WILDE Chairman of the Board, Connecticut General Life Insurance Company

Statement of Condition, December 31, 1964

ASSETS

Cash and Due from Banks	$1,007,034,442
U. S. Government Securities	579,392,419
Loans	2,208,920,627
State and Municipal Securities	435,115,798
Other Securities and Investments	97,729,432
Banking Premises and Equipment	44,998,035
Customers' Liability on Acceptances	106,867,586
Other Assets	44,887,789
	$4,524,946,128

LIABILITIES

Capital Notes 4½% due 1988	$ 96,000,000	
Capital Stock (Par value $10 per share) Authorized 9,607,544 shares Outstanding 9,087,248 shares	90,872,480	
Surplus	200,000,000	
Undivided Profits	57,153,842	$ 444,026,322
Cash Dividend Payable January 15, 1965		4,997,986
Deposits		3,900,369,677
Reserve for Taxes, Accrued Expenses, etc.		30,819,822
Liability on Acceptances		111,850,287
Other Liabilities		32,882,034
		$4,524,946,128

Assets carried at $212,170,785 on December 31, 1964 were pledged to secure deposits and for other purposes.

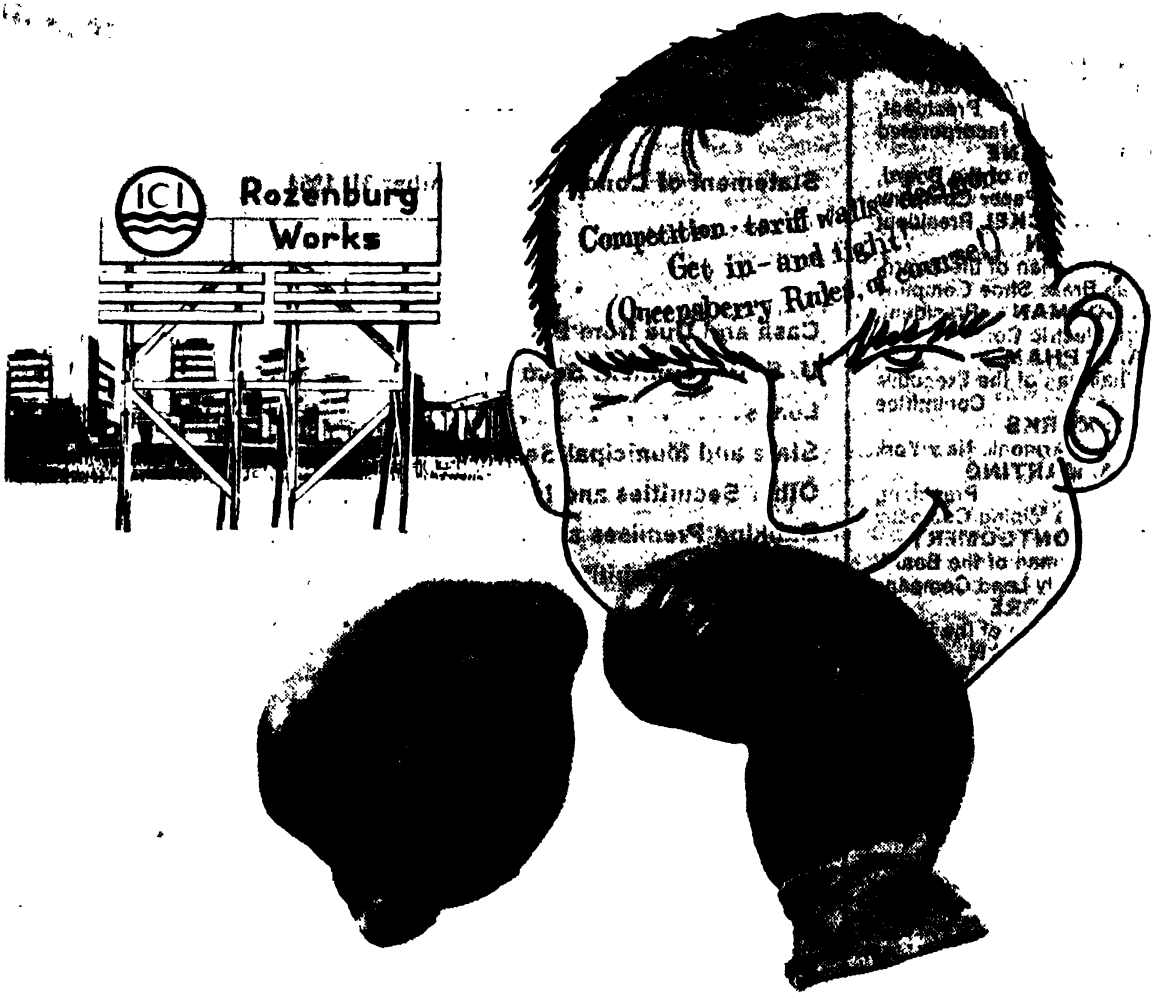
London Offices

9 QUEEN VICTORIA STREET, E.C.4 **34 GROSVENOR SQUARE, W.1**

Incorporated with Limited Liability in the U.S.A

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

IN-FIGHTING



£64 million is a lot of money. That's the value of the business ICI and its Continental subsidiaries do with Europe in a single year. When that business was threatened by mounting tariff barriers, ICI didn't throw in the towel.

Far from it — the Company decided to duck under the tariffs, get inside and manufacture on the spot.

As a result, five ICI plants are now built or building at Rotterdam, to produce sophisticated chemicals for the industries of Europe.

ICI

IMPERIAL CHEMICAL INDUSTRIES LIMITED · LONDON S.W.1

PR317

year which begins in July, bringing the total to $4.1 billion. Elsewhere he has dodged round the stumbling-blocks. Two thirds of the new money is for school districts which serve the 4 million children in families with incomes of less than $2,000 a year. (There is also a pre-school programme for such children, to help overcome their deprivations.) But as the Administration proposals are framed, a school district is required to have only a tiny proportion of needy children to be eligible; it is said that 85 per cent or more of all school districts will qualify for some aid.

If so, and if Congress agrees, America will have something very close to general federal aid for all tax-supported schools; the money can be spent on teachers' salaries or buildings and is not restricted, as are funds under the National Defence Education Act. The National Education Association, which has been critical of such broad aid in the past, appears to be enthusiastic. The Roman Catholics, for their part, offer qualified approval. They will not share in the main programme, but they are offered certain fringe benefits: a share of $100 million a year for books; certain services; and access to new educational centres where all comers will be welcome. They will also profit from additional money for educational research and from college scholarships. Mr Johnson has evidently noted the progress of the "shared time" experiment in thirty states; this allows children from the hard-pressed Roman Catholic schools to use the facilities of the tax-supported schools at certain times. Critics argue that there will be a great deal of duplication under Mr Johnson's programme and that Mr Keppel, the Commissioner of Education, should be raised to Cabinet status. There is something in these criticisms. But if Mr Johnson's political skill has surmounted the ancient stumbling-blocks in the way of better education for all, these defects are relatively unimportant.

Road to Medicare

FEDERAL hospital insurance for the aged—or, as it is called, medicare—has long been billed by its opponents as the thin end of the wedge of "socialised medicine" in America. But the sweeping proposals for improving the nation's health sent by President Johnson to a liberal, sympathetic Congress this week were not so thin. In fact, the Administration's health measures, put top of its list of legislative demands for the Great Society, would seem utopian if they did not seem so long overdue. The most important item in the package is the hospital insurance Bill—medicare itself. It would cover for elderly patients the costs of roughly sixty days in hospital, sixty days of care upon discharge, 240 health visits to the home each year and assorted diagnostic services at hospital clinics. If passed—and even medicare's staunchest opponents are conceding that it probably will be—the programme will protect some 16 million Americans over the age of 65. The funds required—about $2 billion in the first full year of operation—would be administered under the social security system. But they would be raised by a new hospital insurance tax, distinct from the regular social security tax; this is now 3.6 per cent of a worker's earnings up to $5,600, a contribution matched by his employers. The device of a separate tax seems to have won over the once hostile chairman of the House Ways and Means Committee, who had feared that the costs of medicare might drain away the established social security retirement fund.

Beyond medicare, the President's health proposals were unexpectedly dramatic. They would set up 32 regional health centres to fight heart disease, cancer and stroke. These, linked to hospitals and medical schools, would also put the entire population in touch with the latest forms of medical treatment—open heart surgery for example. The Administration's plan would also give federal funds to the states to help them pay the costs of medical and dental care for poor children. There would be increased federal aid for mentally retarded or crippled children, for medical and dental students, for new buildings for hospitals and medical schools, for mental health centres, and even for doctors wanting to set up in group practice. The cost of these undertakings would be about $262 million next year, $802 million in 1967. Hardly any aspect of medical care was left out of the President's message: there will be more money for research, studies of the nation's future need for doctors, greater control over habit-forming medicines, everything in fact except a universal form of national health insurance to help American families with their ordinary heavy medical bills.

With visions of a healthier tomorrow on the horizon, the Surgeon General announced this week that his report of a year ago linking cigarette smoking and lung cancer had little overall effect on the country's consumption of cigarettes. This ended 1964 as it had begun—about 40 billion a month—although there was a sharp drop last February when awareness of the report was at its peak. Nonetheless because the population grew there was a noticeable drop in consumption a head. Congress has been cool to the anti-tobacco cause, last year failing to appropriate any funds for a crusade against cigarettes and delaying action on a proposal to require cigarette packets and labels to carry warnings of the possible danger. Mr Johnson's health message, interestingly enough, did not mention the need for a campaign against smoking.

Republicans' next Chairman

Bliss for Burch

MR GOLDWATER'S man has been toppled from the head of the Republican National Committee. Mr. Dean Burch, the tense young man who has been known as Mr Barry Goldwater's "hand-picked" choice as chairman of the Republican party, has agreed to resign on April first. He did not do so willingly. Only a week ago, in an impassioned plea, he argued that he had the ability to unite the defeated and divided Republicans. But as he spoke Republicans, even conservatives among them, with an eye on the congressional elections in 1966, were plotting to have Mr Burch removed when the National Committee met in Chicago later this month. Mr Burch seems to have been persuaded to step down without a fight by Mr Goldwater himself, who had sought the advice of President Eisenhower and Mr Nixon. For Mr Burch to have been voted out would have been the final insult for the humiliated Mr Goldwater and his right-wing supporters. Or, as Mr Goldwater explained it, a united party could not be achieved without solid backing for the national chairman.

The new man is to be Mr Ray Bliss, the chairman of the Republican party in Ohio. A jovial insurance man with conservative leanings, he seems universally admired by party members for his shrewd professional skill. In 1960 he swung Ohio into the Republican camp when it had been expected to go to John Kennedy and in 1962 he engineered a sweeping Republican victory in elections to all state offices. Already he has soothed the troubled party by saying that he is sure that the Republicans can bounce back in 1966. With Mr Burch out of the way, Republican leaders are also building their hopes for resurgence on a new Republican Co-ordinating Committee. This brings together the party's leaders in Congress

(the new and photogenic Republican leader of the House of Representatives, Mr Gerald Ford of Michigan, has already made his debut on television) and Republican leaders in the hinterlands, including some Governors and past presidential candidates. As the Republicans regroup, however, they must heed one warning from the departing Mr Burch. He noted that the followers of Mr Goldwater were among the most generous contributors in the party's history and should not be alienated. The figures bear him out. During Mr Goldwater's campaign $5 million was raised by letters to supporters and another $2 million by appeals on television, most of these sums being donated in small amounts. In fact, the Republican campaign of 1964 ended with a sizeable surplus—at least $600,000—even though about $4 million more was spent last year than was spent on the campaign for Mr Nixon in 1960.

Sugar Slices

As cautious as a dieter with his calorie chart, the Department of Agriculture has decided who can supply how much of the 9.2 million tons of sugar that it estimates Americans will eat in 1965. And, like a dieter, it has deliberately underestimated what the actual consumption will be. Somewhere around 9.8 million tons is a more likely amount, but the discrepancy leaves room for Congress to give permission to the American growers of sugar beets to sell some of the surplus which they produced last year after supplies of foreign cane sugar ran short in 1963. Congress should have set the new foreign quotas itself; the sections of the Sugar Act of 1962 which assign shares of the American sugar

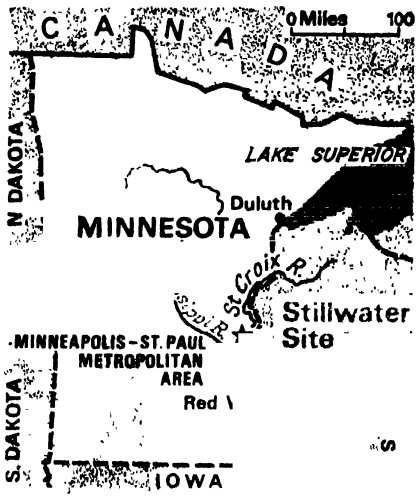
Saving the St Croix

FROM A CORRESPONDENT IN MINNEAPOLIS

The battle to preserve natural areas for their scenic values, and old buildings for their architectural or historic importance, is all too often lost simply through the failure of conservation-minded people to appreciate early enough what is fundamental to success. A classic example of this failure is now on display in the valley of the St Croix river—a clear, pleasant stream which rises near Lake Superior and flows south, forming the Minnesota-Wisconsin boundary for 100 of its 165 miles to its junction with the turbid Mississippi. It is said to be the most popular boating water between Lake Michigan and the west coast. Virtually all traces of the lumbering industry, which flourished on the river in the late nineteenth century, have disappeared; the valley has remained a quiet, wooded area—the last such "unspoiled" valley so near a major metropolitan area.

On the lower river just below Stillwater, however, the Northern States Power Company, which provides the growing region with electricity (the same company, ironically, which has preserved from development some 70 miles of the upper St Croix) has now proposed to construct a major electric power plant. The first 550,000-kilowatt coal-burning unit is to be in operation in 1968; a second 650,000-kilowatt unit is to be added after 1970. The company, eager to proceed, has the enthusiastic backing of local interests hungry for the tax relief which its $140-million plant will ultimately bring to a growing community.

The company's proposal has, however, been vigorously opposed by an organisation known as "Save the St. Croix"—a curious alliance of planners thinking primarily of the valley as a major recreational site for the 2 million or so people in the Minneapolis-St Paul metropolitan area, and of local householders. Many



of these are commuters into the cities, whose enjoyment of the river and its vistas will suffer from the plant, with its tall smokestack, long coal pile and attendant barge tows. The opponents have drawn eloquent support from conservationists all across the nation. Their problem is simply that no agency exists which is specifically empowered to consider the broad questions which they are raising about the future use of the valley.

In spite of Minnesota's liberal tradition, it is one of the four states without direct state regulation of electricity companies. Northern States Power needs only four formal approvals: a local zoning permit from the village of Oak Park Heights (1960 population: 322); a permit from the Army Corps of Engineers certifying that the nine-foot river channel is adequate; permission from the Minnesota Conservation Department, which opened hearings this week, to withdraw water for cooling; and an agreement from the state's Water Pollution Control Commission that the return of this water will not raise the temperature of the river unduly and, by doing so, make swimming unpleasant and skating impossible.

Formal review of potential pollution of the air is not even required, though this hazard will be considered. Nor has Wisconsin's approval been asked on any of these questions. The company can point out that no public decision has been made to save the valley for recreation and that it has done more than is legally required to protect public health; it can also ask legitimately, "Why is it up to a private firm to save the St Croix"?

Indeed, the conservationists ought to have understood long ago the threat which the electric power industry, doubling its generating capacity every ten years, posed to the rivers of the region. An almost identical controversy has been under way on the Hudson River above New York City. Local planners have long been pointing out that the fragmentation of the metropolitan area into a multitude of small, sovereign governments makes it especially difficult to preserve major areas from development.

Under the existing arrangements for financing public services these municipalities and school districts can share in the tax revenue from the region's commercial and industrial development only by getting the shopping centres, factories and electric generating plants built within their boundaries. No public body exists to enforce a regional plan for development.

The St. Croix may yet be saved, however. Minnesota's authorities may find technical grounds for rejecting the plant, or the company may move voluntarily to another, already industrialised site (perhaps at Redwing on the Mississippi) either out of concern about future regulatory legislation or simply because its construction schedules make extended delay intolerable. As an interstate river, moreover, the St Croix is likely soon to be covered by new federal legislation, which President Johnson has promised to support designed to forestall air and water pollution.

The issue, however, goes beyond the St Croix. There are other cases to which this federal legislation will not apply. If the people interested in preserving the historic, scenic and aesthetic values of urban areas are not to be disappointed repeatedly in the future, they will need to insist much more skilfully than they have in the past that the planning of major plants and roads be integrated at an early stage with a far more effective programme of public planning.

Chemical New York

CHEMICAL BANK NEW YORK TRUST COMPANY

Condensed Statement of Condition

At the close of business December 31, 1964

Assets

Cash and Due from Banks	$1,258,597,186
U. S. Government Obligations	603,150,911
State, Municipal and Public Securities	867,627,688
Other Bonds and Investments	24,122,073
Loans	3,214,712,078
Banking Premises and Equipment	71,199,861
Customers' Liability on Acceptances	149,535,682
Accrued Interest and Accounts Receivable	30,623,803
Other Assets	11,675,404
TOTAL	$6,231,244,686

Liabilities

Deposits		$5,296,633,868
Funds Borrowed		167,940,018
Reserves for Taxes, Expenses, etc.		26,306,235
Acceptances Outstanding (Net)		152,867,604
Dividend Payable January 1, 1965		6,131,246
Other Liabilities		27,585,002
Reserve for Possible Loan Losses		43,865,471
Reserve for Contingencies		15,921,462
Capital Funds:		
Capital Stock, $12 par (Shares Authorized, 9,300,000; Outstanding, 8,758,923)	$105,107,076	
Surplus	294,892,924	
Undivided Profits	93,990,780	493,990,780
TOTAL		$6,231,244,686

Assets carried at $436,314,117 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

Directors

N. Baxter Jackson — *Chairman of Executive Committee*

Henry Upham Harris — *Partner, Harris, Upham & Co.*

Harold H. Helm — *Chairman*

Robert L. McKim — *Chairman of the Board, Associated Dry Goods Corporation*

Maurice T. Moore — *Partner, Cravath, Swaine & Moore*

Richard K. Paynter, Jr. — *Chairman of the Board, New York Life Insurance Company*

Robert G. Goelet — *Real Estate and Investment Management*

Hubert S. Aldrich — *Vice Chairman*

Arthur K. Watson — *Chairman of the Board, IBM World Trade Corporation*

Kenneth L. Black — *President, The Home Insurance Company*

Henry L. Hillman — *President, Pittsburgh Coke & Chemical Company, Pittsburgh, Pa.*

H. I. Romnes — *President, American Telephone and Telegraph Company*

Lammot du P. Copeland — *President, E. I. duPont de Nemours & Company, Wilmington, Del.*

William S. Renchard — *President*

Howard W. McCall, Jr. — *Vice Chairman*

Harold W. Comfort — *Chairman of Executive Committee, The Borden Company*

Grant Keehn — *President, The Equitable Life Assurance Society of the United States*

J. Irwin Miller — *Chairman of the Board, Cummins Engine Company, Inc. Columbus, Ind.*

George R. Vila — *President, United States Rubber Company*

John L. Gibbons — *Chairman of Trust Committee*

Crowdus Baker — *President, Sears, Roebuck and Co., Chicago, Ill.*

Robert C. Tyson — *Chairman, Finance Committee, United States Steel Corporation*

J. Wilson Newman — *Chairman of the Board, Dun & Bradstreet, Inc.*

W. Thomas Rice — *President, Atlantic Coast Line Railroad Company Jacksonville, Fla.*

Advisory Committee

Frank K. Houston — *Honorary Chairman of the Board*

Dunham B. Sherer — *New York*

Joseph A. Bower — *Retired*

Thomas R. Williams — *President, Ichabod T. Williams & Sons, Inc.*

John K. Roosevelt — *Retired*

H. L. Humphreys, Jr. — *Chairman, United States Rubber Company*

Graham H. Anthony — *Chairman of Finance Committee, Veeder-Root, Incorporated, Hartford, Conn.*

Adrian M. Massie — *Consultant to the Bank*

Frederick F. Hasler — *Chairman, Haytian American Sugar Company, S. A.*

James Bruce — *Director—Various Corporations*

B. F. Few — *Trustee and Vice Chairman, The Duke Endowment*

James B. Black — *Chairman of the Board Pacific Gas and Electric Company San Francisco, Cal.*

Gilbert H. Perkins — *Consultant to the Bank*

Isaac B. Grainger — *Consultant to the Bank*

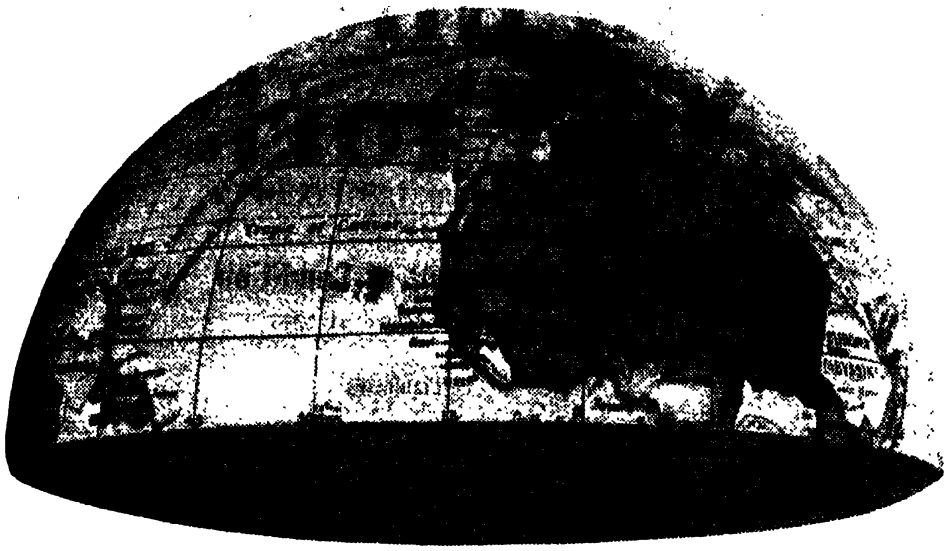
Charles H. Kellstadt — *Chairman of the Board of Trustees, Profit Sharing Fund, and Director of Sears, Roebuck and Co., Chicago, Ill.*

C. W. Nichols Jr. — *Chairman of the Board, Nichols Engineering & Research Corporation*

MAIN OFFICE: 20 Pine Street, New York, N.Y. 10015
[illegible] Moorgate, London, E.C.2 • REPRESENTATIVE OFFICES: [illegible]
Edificio Torre Latinoamericana, Mexico 1, D.F. • 85 Ayala Ave., Makati, Rizal (Manila), Philippines
Edificio Karam Avenida Urdaneta, Caracas, Venezuela

Member Federal Reserve System • Member Federal Deposit Insurance Corporation
Charter Member New York Clearing House Association

who in the world is M.E.L?



a static question with a dynamic answer

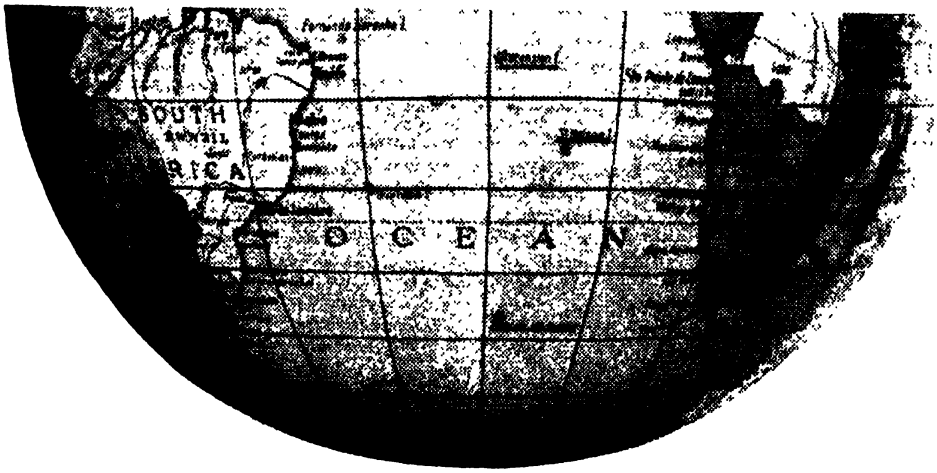
In the world of science and technology M.E.L. is a comprehensive technical organisation providing a scientific, electronic and engineering service to Industry, Commerce and Government.

With truly global activities and resources M.E.L. is a company in which the benefits of 40 years' experience in the engineering and science-based industries, are blended with the latest electronic techniques, and supplemented by the unique research facilities of the Philips world federation of industries.

M.E.L. has been developed to harness these outstanding resources to serve you in the fields of Telecommunications and Defence Systems; Avionics; Electronic Control; Electron Microscopy; Non-Destructive Testing; Scientific and Industrial Instrumentation; Automation Systems; Health Physics; Nucleonics; Cryogenics; Ultrasonics; Filtration; Welding . . .

If you are concerned with helping Britain's expanding economy, by bringing the benefits of science and technology to your organisation, who should you ask?

Who in the world but M.E.L.?



M E L

The M.E.L. Equipment Company Ltd Manor Royal Crawley Sussex Telephone Crawley 28787 Telex 87267

market to foreign countries expired on December 31st. But the legislators were paralysed by the in-fighting in the domestic sugar industry. The beet growers in the West wanted a permanently larger share of the market, and the refiners of raw cane sugar on the East Coast, who are dependent on foreign supplies, were determined that the beetmen should not get it. The resulting impasse forced the Department of Agriculture to step in and allot the foreign quotas for 1965 under its administrative powers.

But the department went a bit further. It set acreage limitations on the 1965 sugarbeet crop, the first since 1960. It also divided up the so-called "global quota," which was, in fact, the Cuban quota somewhat modified, and assigned shares to the various sugar-producing foreign countries. This was a reversal of the policy of the Sugar Act of 1962 which kept a Cuban quota intact (at about 1.6 million tons, about half Cuba's former share) in case friendly relations were restored; other countries were allowed to fill it on a first-come, first-served basis. The department has also suspended (because it lacks the authority to set them) the fees on imported sugar. These were established in 1962 so that imports coming in under the global quota paid the full amount of the difference between the American price of sugar and the world price (about 2.4 cents a pound) and imports under national quotas paid a fraction of the difference. But now the department is anxious to see the American domestic price, which has been sagging, climb back to the $6.64 a hundredweight which it considers adequate for domestic producers and reasonable for consumers. Accordingly, it has kept a close control over imports by introducing quarterly quotas. These are to be especially tight, at 500,000 tons, during the first three months of 1965 and will be expanded to 1.2 million tons for the second quarter. For the year the total is 3.4 million tons.

The warring sugar factions at home still seem irreconcilable. Senators from the West and the Department of Agriculture are said to sympathise with the ambitions of the domestic beet growers; why should they not be allowed to expand when the 1963 crisis showed the unreliability of foreign suppliers? On the other side stand a great many members of the House of Representatives from the populous East coast where cane sugar is refined and the State Department, which wants to help the sugar-producing nations, particularly those in Latin America. Such countries have an unfavourable trade balance of over $700 million with the United States.

Capitol in Waiting

BOTH in size and in formality, the inauguration of President Johnson in Washington next Wednesday will be styled for a Texan. The President and Mrs Johnson have had at least 150,000 invitations sent out in advance of the inauguration; most of these are intended, as one official described it, as "something nice to hang on the wall." But more Americans than ever are expected to come to Washington for the four days of festivities. Twenty-two of these will be guests at the White House, 16,000 have already booked rooms at the city's hotels, visiting horses will be put up at a nearby race track and the rest will have to fend for themselves. At the actual swearing-in ceremony, on the steps of the Capitol Building, Mr Johnson will take the oath of office upon his mother's Bible. He will wear—to the deep dismay of Washington clothes-rental agencies—a grey business suit. This will be the first occasion in over a century that a President has not appeared in formal dress (apart from President Roosevelt's fourth inaugural in 1945) and Mr Hubert Humphrey will not be able to wear the morning coat which he is said already to have purchased for taking the oath as Vice President.

The inaugural parade will not be the biggest ever, for the committee in charge hopes that for the first time in memory it will end before dark. Each state, therefore, has been limited to one float and one marching band—except Texas, which will have two. The theme of the Texan float will be "The Ascent to National Prominence of Lyndon B. Johnson" while Minnesota, conscious of its proud second place as Mr Humphrey's home state, will proclaim itself "Source of Brainpower and Manpower." The President and his party will watch the parade from a special platform in front of the White House, protected by bullet-proof glass and wall-to-wall carpet. For the rest, box seats at the parade cost $25 each; so do tickets to any of the four inaugural balls. The President has promised to appear at all, but again will be the least formally dressed in history, wearing black tie and dinner jacket rather than tails. The occasion naturally will recall the past. The last such deliberate folksiness was perhaps the triumphal ride of Andrew Jackson to the White House in 1829, hatless and on horseback, with a mob at his heels. The weather, which is expected to be clear, makes more poignant the memories of John Kennedy's snowy inaugural four years ago. And the profile on the presidential medallion which has been struck bears a distinctly Rooseveltian chin.

Thresher's Lessons

FROM A SPECIAL CORRESPONDENT

TWENTY-ONE months after the loss off Cape Cod of the nuclear attack submarine *Thresher*, with her entire company of 129 naval personnel and civilian experts, the cause of her ruptured hull remains unknown and unknowable. The investigations by the Navy and by the respected Joint Atomic Energy Committee of Congress, now apparently completed, have simply explored all the circumstances which could have contributed to the failure. The Navy testified this week that it had already complied, or was complying, with all the twenty final recommendations of the committee.

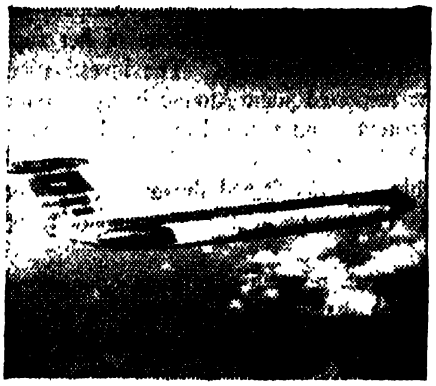
The congressional report, released over some opposition from the Navy, disclosed that the *Thresher* went to sea on its final journey even though there were suspicions that it had not been adequately inspected after its overhaul at the Portsmouth Naval Shipyard in New England. Moreover, the committee found that industry's chronic weaknesses—careless workmanship and inspection and slipshod design—posed a special threat in the construction of advanced weapons, ships and aircraft.

The *Thresher* was built to two standards, the committee's chairman said. The standards of design and construction for the nuclear power plant were more stringent than those for the rest of the ship. So was the adherence to the technical specifications. He went on to say that in the past ten years, while nuclear power was revolutionising the submarine as a weapons system, the more conventional aspects of the submarine and its safety devices had not kept pace with the stringent performance requirements imposed by greater endurance, higher speed and deeper submergence. For example, the deballasting system which might have been adequate for a conventional submarine was inadequate for the larger, deeper diving, higher performance nuclear submarine. Similarly brazing, a cheap method of joining metal piping systems, is less desirable for hazardous salt-water lines subject to tremendous pressures than welding, which is more expensive and time-consuming.

From this long inquiry Vice-Admiral Rickover, the "father of the nuclear submarine," emerges with high credit. He was responsible for the nuclear reactor compartment alone, and there materials and workmanship and inspection were apparently faultless. Hence there is increased attention to his formula of keeping his carefully selected and fully trained personnel on extended duty instead of having them subject to that rotation in assignment which is the rule elsewhere in the military services. Much has been learned as a result of *Thresher's* loss, but it was a tragically expensive lesson.

Earning currency

improving rv



TRIDENT Maintaining BEA in the forefront of international air carriers. Has flown one million miles in seven months at 98% regularity. Tridents have also been sold to Pakistan, Kuwait and Iraq.

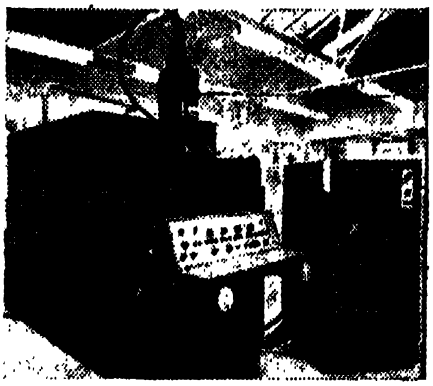
A product of Hawker Siddeley Aviation.

BIG DIESELS A Mirrlees 7072 b.h.p. diesel at Europe's largest diesel power station, in Jersey. The majority of Mirrlees diesels, ranging from 135 to 7,500 b.h.p., are sold abroad.

A product of Mirrlees National, a Hawker Siddeley Company.

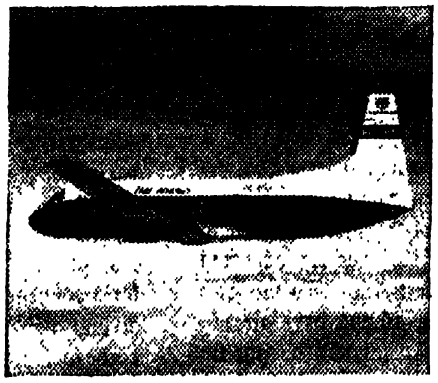
BIG TRANSFORMERS For high-power electrical distribution. Above, a Fuller 275/132 kV transformer, with fully insulated on-load tap-changer at 132 kV line end.

A product of Fuller Electric, a Hawker Siddeley Company.



ELECTRON BEAM WELDER An outstanding example of the new manufacturing technology. Can weld foil only 1/1,000th inch thick, or cut through 4 in. steel.

A product of Hawker Siddeley Dynamics.



748 Short-to-medium range airliner, sold to Thailand, Venezuela, Argentina, Ceylon, Brazil and India. R.A.F. version provides tactical troop and equipment mobility.

A product of Hawker Siddeley Aviation.

abroad at home

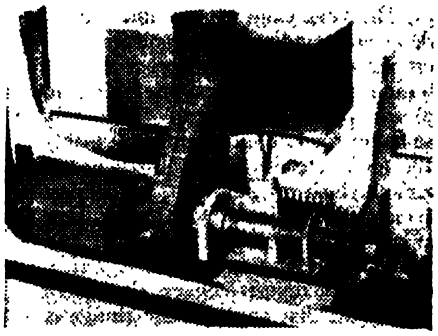
CONCEIVED BY BRITISH SCIENCE,
DESIGNED AND DEVELOPED
BY BRITISH ENGINEERS,
BUILT BY BRITISH CRAFTSMEN

ARGOSY Spearheads BEA drive to increase air-freighting of British exports to Europe. The United States Air Force Logistics Command has awarded the Argosy a 100% on-time rating in scheduled service with Logair.

A product of Hawker Siddeley Aviation.

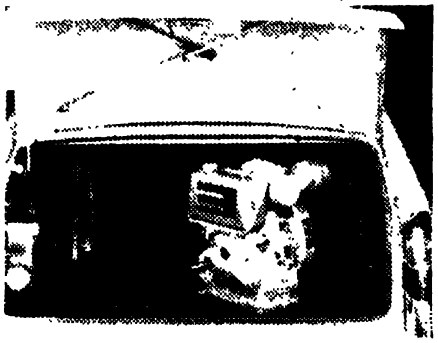
LOCOMOTIVES Brush 2,750 h.p. Type 4 diesel-electric locos have been accepted as the standard design for all regions of British Railways.

A product of Brush Electrical, a Hawker Siddeley Company.



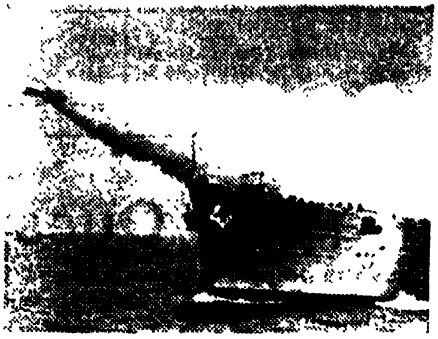
OLYMPUS Supplied to Central Electricity Generating Board and a number of generating authorities abroad, for peak-load electricity.

Turbine by Bristol Siddeley, a Hawker Siddeley Associated Company. Electrics by Brush Electrical, a Hawker Siddeley Company.



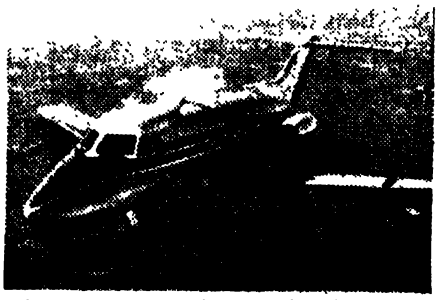
SMALL DIESELS The AA1, the world's smallest, 3·5 b.h.p. diesel. By Petters, who produce a range of diesels from 1·5 to 108 b.h.p and export 70% of their output.

A product of Petters, a Hawker Siddeley Company.



SEASLUG A ship-to-air missile with an enviable reputation for accuracy.
"The best thing the Navy has ever had."

A product of Hawker Siddeley Dynamics.



125 Twin-engine business jet; 24 sold in North America in six months. Adopted by the R.A.F. for training navigators.

A product of Hawker Siddeley Aviation.

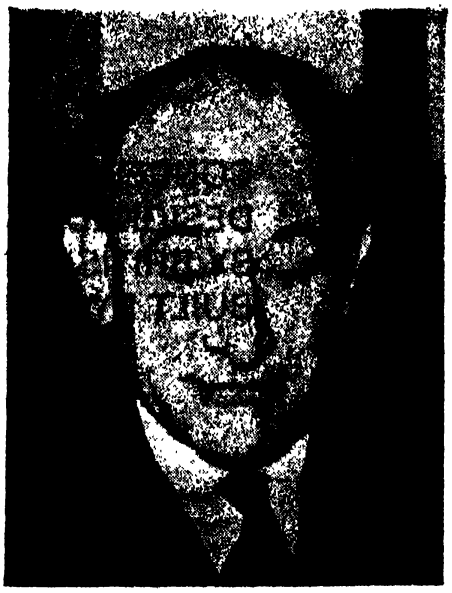
HAWKER SIDDELEY

BRITAIN

Ministers' Passage

LABOUR would need to do exceptionally badly to lose either of next week's two by-elections, at which two cabinet ministers are seeking places on the front bench. At Nuneaton, as the table below shows, Mr Frank Cousins has inherited a safe majority of 23.7 per cent. Compared with 1959, the Labour majority in this expanding Midland town went up last October by a below-average 3.6 per cent, and even this came about almost entirely because there was some swing from the Conservative to the Liberal. The same Conservative and Liberal candidates are standing again, and in a by-election one might normally expect this redistribution of votes from Conservative to Liberal to proceed further. The only adverse factor for Labour might presumably be if the total vote dropped well below last October's highish 78 per cent, while past middle-class indignation at Mr Cousins kept up the non-Labour share of the vote and concentrated it heavily on the Conservative. But all the local reports suggest that there is no sign, yet, that any of these things is going to happen. The *Daily Mail's* latest National Opinion Poll reports a national swing to Labour of about 3 per cent since October; compounded admittedly of a 6 per cent swing just after October, and a steady drop since, but still enough to increase Mr Cousins's majority.

Mr Gordon Walker's struggle at Leyton could have been slightly more nervy. The Labour majority last October was 16.8 per cent, well up from a pretty marginal 7.4 per cent in 1959. At the beginning of last October's election Leyton was therefore a nominally less safe seat for Labour than Smethwick (where the Labour majority in 1959 had been 9.4 per cent). But Smethwick had been showing a sharp swing away from Labour at local elections, because of the race issue, all through the last Parliament. Leyton has been doing precisely the opposite. Population has been falling, and the Labour majority getting steadily larger on smaller turnouts (last October only 70 per cent) as middle-class people have moved away. Once again, the only adverse factor for Labour might be if total turnout dropped still further, while local Conservatives still turned up in force to demonstrate against Mr Gordon Walker's supposed "wetness" and "carpet-bagging." In addition, of course, the Conservatives have seen, with a glint in their eye, that the whole political atmosphere in the country could be transformed if the Foreign Secretary did go down to disaster. Tory headquarters has therefore run an intelligent campaign, keeping a firm and sensible check on the right-wing utterances (especially on the racial issue) to which their candidate initially seemed as if he might be prone.



Foreign Secretary Gordon Walker

Technology Minister Cousins

In order to guard against an apathetic turnout, Labour has put up a battery of ministers to speak for Mr Gordon Walker. At one time, there seemed a risk in this. Publicity at these meetings was hogged by a handful of rowdy British Nazis, some of them surely mentally ill. When Labour responded by saying that it would recruit "younger and tougher stewards," a ghastly possibility swum in view: if the result had been a new orgy of publicity while stewards hit half-a-dozen psychopaths, these Labour meetings would have become very unworthwhile. But so far this week the security precautions have succeeded by deterrence, and the rowdyism could even have spread a vague feeling among some floaters that voting against Mr Gordon Walker is, in some undefined way, a faintly unrespectable thing to do.

LAST OCTOBER'S VOTING "..

	Labour	Cons.	Liberal	Labour majority
Nuneaton...	52 8	29 1	18·1	23 7
Leyton	50 3	33 5	16 2	16 8

Ask a Silly Question

What was the point of the Department of Education's survey of school buildings?

TWO years ago exactly the National Union of Teachers, in its missionary zeal, published a survey of school buildings in Britain. It was a depressing document—the sort of document against which any right-minded minister would wish to defend his ministry's record. Sir Edward Boyle chose the eminently Whitehallish defence of pointing out that the real truth would only be known when the ministry's own survey—then on the computers—appeared. Since then a general ding-dong has sporadically continued about the content of the ministry's own report—although such doubts as there may have been about the worth of the NUT's own survey were largely dispelled when the Newsom report on secondary schooling revealed its sad truths.

Now at last the Department of Education, as it has become, has published its controversial survey.* What it shows is the extent to which, back in 1962, schools fell below the standards to which they should have conformed on various rather steep assumptions. Assuming a static population, the immediate raising of the school leaving age to 16, and the immediate elimi-

* HMSO. 7s. 6d.

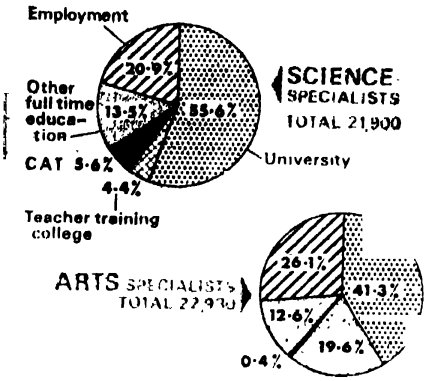
School looking forward: too few like this . . .

nation of all overcrowding in classrooms, the report guesses (again, on some rigid assumptions about costs) that it would have taken £1,368 million to bring all schools up to standard. The report also quantifies certain specific shortcomings of schools—17,272 schools with over 3 million pupils schools with 793,000 pupils had no staff room, and so on.

The most striking truth about the survey is doubtless that it was in some ways a thoroughly useful guide to the Ministry of Education in preparing the four years of school building programmes that have been set under way since it was conducted. But what seems to have happened is that somebody asked the computer people to get the wrong sort of figures out of the machine: the survey's particulars were no doubt helpful, but its generalities are cumbrous and even at times could be misleading (as they have this week misled some newspapers into stories of horrors in the school-room). There is plenty wrong with Britain's school buildings, but not quite the same things as this report appears to demonstrate.

After the Eighteen Plus . . .

The destination of those obtaining two or more 'A' levels in the General Certificate of Education in the academic year 1962-63.



Source: Statistics of Education Part IV

Last Act in the Meadow?

Oxford's roads again

NEXT Tuesday there is to be staged yet another production of that deathless melodrama, the Oxford Road Battle. The public may be forgiven for having assumed, with some thankfulness, that the curtain had come down for the last time when Oxford City Council finally decided that the town's southern inner relief road, cosmetically sunk and landscaped, should run through Christ Church Meadow after all. But a paragraph recommending restriction of traffic in Oxford pointedly inserted in the report "Traffic in Towns" has encouraged the university to take the stage once more by challenging the road scheme proposed by the city council in its revised development plan. One of the chief actors in next week's inquiry will be Professor Colin Buchanan, not an Oxford man but author of the said paragraph.

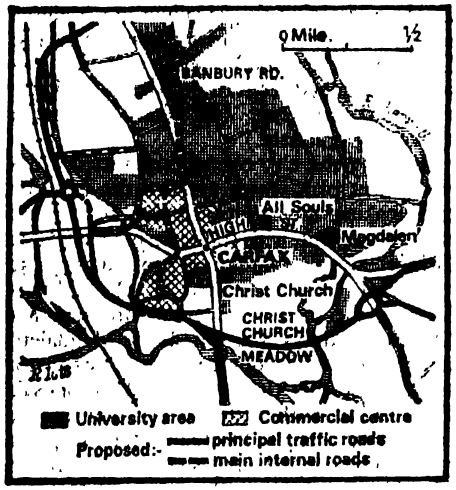
With an academic genius for reducing large questions to a series of squabbles over details the University of Oxford and its constituent colleges have argued for twenty years on this matter, for what has all too often looked like argument's sake. Often, too, it has seemed as if ancient Town v. Gown rivalry has been more important than a solution. Cabinet Ministers and other alumni have swung in heartily from time to time. Pundits of all kinds have had their field day, but seldom on the basis of adequate investigation.

As early as 1941 it was realised that in addition to outer by-passes Oxford needed new inner roads to north and south of the university and commercial centre. A private proposal for "Christ Church Mall" following an almost identical route to that now supported by the City Council was welcomed by the founder of the Oxford Preservation Society, Sir Michael Sadler (ex-Master of University College) and later included among other alternatives in a report from the Town Planning Committee to the City Council. In 1948 Dr Thomas Sharp's plan for Oxford, requested by the council, proposed "Merton Mall" running slap through Magdalen College School and Christ Church Memorial Gardens, crossing the Meadow much closer still to Merton and Christ Church colleges. This and other of Dr Sharp's traffic proposals launched Oxford into its seemingly endless controversy. (Dr Sharp was not a university graduate.)

In 1953 the city council submitted a development plan which avoided the issue by not making any proposals for new inner roads at all. But, with traffic across Magdalen Bridge steadily building up under the powerful local stimulus of the Morris factory, the then Minister of Housing, Mr Duncan Sandys (educated at Magdalen) approved the development plan in 1955 with the proviso that the council make proposals for dealing with traffic congestion in the university area. This really hotted up the pace. The council suggested a road through the Meadow and another through the university Parks. The correspondence columns of *The Times* filled with letters from dons in one camp or another. Extreme defenders of colleges along the High Street led by Mr John Sparrow of All Souls, campaigned for the complete closure of Magdalen Bridge to traffic. Sir Roy Harrod of Christ Church on the other hand asked for "a tunnel (in modern jargon 'underpass') " beneath Carfax to move more traffic more quickly along the High. (Later he campaigned instead for a tunnel under the whole Meadow.) Local traders became wary of support from the university of schemes which they thought would take trade away from the town centre. So great was the fuss that Mr Sandys came to Oxford and asked the council to try again. They responded with another pair of roads, one innocuously south of the Meadow and the river, the other taking a much more controversial route between the city centre and the university science area, emerging into St Giles. After more fuss and an inquiry the Minister rejected this scheme too.

In September, 1956, however, perhaps stirred to action by the Suez atmosphere, Mr Sandys leapt in again. He wrote to the city council saying they should, in his opinion, close Magdalen Bridge and build a Meadow road with an extension northwards, passing west of Carfax. This produced another flood of letters to *The Times* and a writ from Christ Church against Mr Sandys for exceeding his powers. Lord Beveridge (Balliol) introduced a debate into the House of Lords and suggested a Royal Commission. The council failed to agree to plans on Mr Sandys's lines drawn up either by their consultant Dr Sharp or their own Planning Department and told the Minister so. It was only now (1957) that they were advised by him to carry out a traffic survey.

Finally, after a survey and some rather dubious stopwatch calculations, the council came back to a new version of a Meadow road plus other roads more or less on the lines of the current plan. In 1960 the then prime minister, Mr Harold Macmillan (Balliol), was elected Chancellor of Oxford University after being put forward as a candidate by Mr Hugh Trevor Roper



(Christ Church). In December of that year a lengthy inquiry was held into the road question. The numerous witnesses included a Mr Edmund Slocock (Merton 1892-96), who submitted that it was against God's will to put a road through Christ Church Meadow. A central traffic-free precinct was urged by Mr Sparrow and others. The Oxford Preservation Society had engaged Sir William Holford (Liverpool University, for a change), who planned an alternative road south of the river and a redevelopment plan for the decayed adjacent district of St Ebbes. Dr Sharp presented his own scheme independently. The city council's argument concentrated on the need to provide the quickest alternative route to the High Street, regardless whether this would be necessary if the High itself were restricted. Eventually the government inspector, supported by a new Minister, Dr Charles Hill (Trinity, Cambridge), decided in favour of the council, and the Meadow road. Magdalen Bridge remained open.

This deliberately narrow account has ignored, as so many other people have done, the needs of the city of Oxford outside the town centre and the university quarter. Perhaps now there is a chance that these, too, will be regarded as more than traffic funnels. Professor Buchanan is sure to take the line that it is pointless to argue about one section of a road unless you know what you want at either end of that section. And so it may prove, at long last, that the Meadow, which despite its powerful charms was always soggy ground on which to take a stand, is mercifully irrelevant.

Just for the record the present Minister of Housing, Mr Crossman, is a New College man. The Prime Minister, as a member of three Oxford colleges, is as ever unpredictable. And his Cabinet contains 11 Oxford men, only one less than the last Cabinet.

How to Make Money

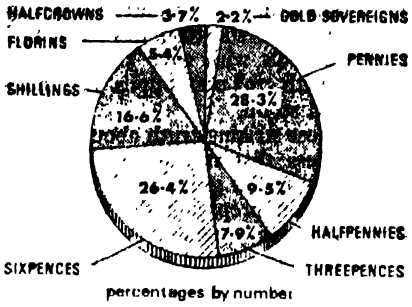
IT is appropriate that in Britain, where the coinage is of hideous design, of inconvenient weight, and divided into denominations that meet no rational demand, the annual report of the Deputy Master and Comptroller of the Royal Mint for 1963 should appear in 1965. This is said to be a "healthy sign of industry in the business of the department"—and in any case it is hard to complain about the delay of a document which, as every year, is full of curious and often useful information.

The Mint has been doing good work making up the number of shillings in circulation; until recently there was a notable paucity of these coins most of which seem to spend their lives inside various sorts of meter—for parking, for gas or for electricity. But there was no severe shortage of shillings in the severe winter of 1962-63, and the situation was markedly better in 1963-64 (perhaps because of the spread of half-crown meters?). The Mint also reports a rapid increase in the popularity of the sixpence: "few purchases today are met with any smaller sum of money." But pennies, too, are on the up-and-up. In the 1950s the Mint took back 295 million surplus pennies from the banks. But in 1962 there were minted 137 million new pennies, and in 1963 the figure was 134 million. The halfpenny, however, may be on the way to joining its late half brother the farthing.

Numismatists will be glad to hear that over 10 million sovereigns were struck in 1963 for circulation abroad "where unsatisfied demand could give rise to counterfeiting"—which is a compliment in its way. As for coins made for foreign and Commonwealth countries, they formed by their numbers 38 per cent of the Mint's annual output. These exports included a complete new coinage for the new republic of Cyprus, only five years after the island received (also from the Royal Mint) an entirely new decimalised currency.

Among the Mint's activities, the Comptroller describes a particularly antique and curious ceremony called the "Trial of the Pyx." This technique of quality control, carried out before a jury of freemen of the Goldsmith's Company, is no doubt good for industrial morale at the Mint. But one must wish that it could be accompanied by another test such as, perhaps, a test of the resistance of the average pocket to the average load of pennies. Mr Tom Driberg, MP, found that German students accumulate these "sombre and cumbersome coins" as chips for poker. That, certainly, is a suitable use. What else is?

Total number of coins struck for United Kingdom in 1963 (473 million)



The Economist

JANUARY 14, 1865

UNNECESSARY COSTS OF RAILWAYS

We last week showed that the transfer of the railways to the Government *might* be so managed as to diminish their working cost. We did not undertake to say that it *would* be so managed, for we acknowledged the delicacy and the difficulty of the task; we indicated a possibility, but we did no more. It is, however, fair to point out that the large sums now annually spent in Parliament in useless contentions between one railway and another, and now-a-days in the obtaining lines of railway between places which did not at all need a railway, would at once be spared. . . . Every one knows that there is no real desire on behalf of the public for most of these schemes. A railway is now-a-days got up *to sell*, or at all events *to promote*. A lawyer and an engineer get together in a district where there happen to be two small towns unconnected by direct railway communication, and devise a railway to unite them. The engineer and the lawyer are pretty sure of their money. Out of the legal expenses, and the Parliamentary expenses, and the surveying expenses, they will fill their pockets. . . . They will be benefited even if no one else is benefited. Very commonly some one is injured. The railway so projected, if made or authorised, is offered to two rival companies, and they are made to bid for it; each is told that the other must buy, that the other will invade their district, &c. In the end one or the other does buy. And in consequence the main line of great railway which pays well is tied to a "branch" which will never pay, which is often a loss out of pocket. Any one such branch, or a few of them, main lines can stand, but the multitude with which they are now overcharged is weighing them down. The profit of the original *bona fide* railways is depressed by the losses of these *lawyers' and engineers'* railways. . . . All this the transfer to Government would sweep away. There would be no longer competition, no longer contending Companies in Parliament, no longer engineers and lawyers suggesting delusive plans. The expense of Parliament would be spared, and the expense of bad railways would be spared.

BOOKS

Suez Disclosures

Suez: *The Seven Day War*

By A. J. Barker.
Faber. 223 pages. 30s.

Le Piège de Suez

By Henri Azeau.
Robert Laffont, Paris. 409 pages. F20.40.

Dulles Over Suez: *The Theory and Practice of his Diplomacy*

By Herman Finer.
Heinemann. 571 pages. 63s.

Mr Harold Wilson lately and wisely refused to commission an official history of the Suez crisis. To have done so would have been to repeat the mistake made by Asquith when he agreed in 1916 to the Dardanelles Commission—diversion of energy into recrimination when all of it is needed for current affairs. Conservatives who know the whole of the Suez story can therefore keep their stiff upper lips sealed for the present. Nevertheless, new light is constantly being thrown on their manœuvres because other participants are not so reticent. Memoirs and interviews are being made available by Frenchmen, Israelis and Americans who, in the words of one of these authors, "*se découvrent, l'un les autres.*" See how they give one another away.

These three books are all by reporters on, not participants in, the events of 1956. But each has interviewed great numbers of the actors—Mr Barker the soldiers and the other two the statesmen and civilians. Between them, they supply much corroborative detail. For instance, the Anglo-French plan conceived in the initial outburst of temper postulated (shades of 1882) the capture of Alexandria as the prelude to an attack on Cairo; again, the legend that the British collaborated with the French but stopped their ears to news of Israel's plans is disproved not only because Selwyn Lloyd met Ben Gurion at a villa in Sèvres on October 24th (in which hideout the latter was fixing fine points with the French) but also because the British General Staff had been acquainted by its French counterpart with Israeli plans at intervals between October 12th and 19th. Again, at the moment when Eden was telling Cabinet and country that his military objective was "to intervene as a temporary measure to separate the combatants," the troops chuffing east from Malta were being told that "Britain and France were at war with Egypt, and they were the task force charged with the capture of Port Said." Yet, again, a mysterious delay of twenty-four hours over the main parachute drop, insisted on by the British on November 3rd to the fury of the French, seems to have been due at least in part to Eden's sudden recoil at the news that Nasser had accepted a Hammarskjöld interpretation of six points for managing the Canal to which Selwyn Lloyd had agreed at the United Nations in mid-October.

Each book contains other nuggets. Mr Barker readably and clearly describes the military operation. (His avowal that he knows nothing about politics is confirmed by repeated reference to the Palestine war as "the War of Independence" even when he is writing of Egypt.) But his military chronicle reveals how inadequate were the British as compared with the French paratroop aircraft and equipment, how clumsy the delays seemed to confident troops, and how simple was their faith in the political judgment of their betters. "The problems of peace in the Middle East still await a solution that could have been settled in 1956 if the troops had been ready at the right time, if our politicians had been sufficiently resolute, and if we had not had to face American hostility." Three big "ifs"—and it does not seem to strike him that the first and last are of just the kind that the statesman must take into account if he is to be any good at his job.

Monsieur Azeau covers a vast field, historical and political as well as military, and his book is well arranged considering the immense variety of detail that it contains. More sophisticated than Mr. Barker, he attributes subsequent calm in the Middle East less to the fright Suez gave the neighbourhood than to the recession of the cold war once the Russians became enmeshed in Arab politics.

The "trap" of his title is the legend or chimera that the Suez Canal was safe only in western hands, and that the ruler of Egypt could not be trusted to keep it going however vital its yield might be to Egypt's shaky balance of payments. M. Azeau is good at setting his story in the context of contemporary world events; the historical part of it is nevertheless overloaded with traditional French assessments of the Machiavellian cunning of Whitehall and the Pentagon. But when he comes to the crisis he offers both perspective and good judgment, and his blow-by-blow account clearly shows how vain was the British hope of discomfiting Egypt while retaining the friendship of other Arabs, and how even more futile the French notion that by Nasser France could "save" Algeria. His book—probably less prof guesswork than any yet av[illegible] some useful documents [illegible] graphs, but is marred by [illegible]

Professor Finer is [illegible] Indeed, his highly partisan account appoint those old enough to have sat at his feet in the London School of Economics. Now an American professor, he hates Dulles only a tithe less than he hates Nasser. He is all for the Eden-Mollet techniques until they rob an idealised Israel of a "clean victory." He also hates the Soviet Union worse than the rest, and explodes when Dulles is caused to vote with the arch-fiend. "How could the United States side with that government [the USSR] against the best representatives of the civilisation of the west? Yet it did." By his standards, America should have kept company with the "best" people, and could have snapped its fingers, with impunity and for ever, at "Arab passion and rancour." His book is too long, too opinionated and not worth its price even for some lively comment on the American home predicament in an election year.

A point that emerges from all three tales is that only the Egyptians and the Israelis acted unequivocally. The French did not tell the British everything until Eden was inside the trap; the British equivocated in the hope of keeping in with old American and Arab friends as well as with new and less congenial allies; the Americans misled the British through their mealy-mouthed failure to be specific about their antipathy to spilling a foreign ruler and to the use of force. How different would have been the course of events had the men at the helm been Bevin and Marshall instead of Eden and Dulles, each of whom mistrusted the other as well as being prey to a disease serious enough to warp judgment.

More Reappraisals

Labouring Men: *Studies in the History of Labour*

By E. J. Hobsbawm.
Weidenfeld and Nicolson. 409 pages. 55s.

This collection of eighteen articles, essays and reviews by one of the more productive and stimulating of our Marxist historians guides the reader over a wide area of topics and problems of British labour history, mainly in the nineteenth century, though overlapping into the late eighteenth and early twentieth. The underlying and unify-

ing theme is the history of the working class at large, rather than its better-known movements and organisations: hence "labouring men" more than "Labour," and much interesting poking into hitherto neglected and obscure corners. Apart from a short introductory essay on Paine as the spokesman of the individualist "self-reliant poor," all the pieces fall into one of two categories: either combative, pleasantly truculent attempts at rescue or defence of orthodox Radical positions, generally against the forces of Claphamesque "revisionism," or more sober, though not necessarily more conventional, contributions to research and definition.

The first category is introduced with a spirited and successful rescue of Luddism from the distortions of uncomprehending and hostile nineteenth-century economic apologists or Fabians and Liberals. Far from being a stupid and pointless refusal to accept progress and reality, Luddism was, in fact, part of a long, living, and very rational tradition of "collective bargaining by riot." The famous thesis, enshrined in Halévy, about Methodism and revolution is given a very cool, searching examination; and Dr Hobsbawm concludes that there is really no evidence that Methodism had any more chance of restraining the rebellious from rebelling than had the Archbishop of Canterbury. Then come a couple of exhilarating papers (with a postscript) assaulting Clapham and his followers in the "cheerful" school of economic historians of the nineteenth century: "The British Standard of Living, 1790-1850," and "History and the 'Dark Satanic Mills'". A rather desperate (and forlorn) rescue operation is mounted on behalf of Hyndman (a figure peculiarly cheering to present-day British communists: his Social Democratic Federation had a fantastic capacity for survival in the face of sublimely incompetent leadership). More effectively, Dr Hobsbawm shows us how respectfully Dr Marx was treated by his contemporary critics, before the era of "hysterical anxiety" about the strength of communism. Lastly, Dr Hobsbawm treats us to a demolition job on the Fabians: all their claims to have destroyed Marx's influence, to have inspired the Labour party, to have laid the foundations of the welfare state, are "mythological." Not only were the Fabians freaks, without a place in the British political tradition, in "neither the liberal nor the working-class stream of British politics"; they were in reality representatives of a displaced and distressed middle class, their history to be written in terms of "middle-class reactions to the breakdown of mid-Victorian certainties, the rise of new strata . . . within British capitalism": as an "adaptation of the British middle classes to the era of imperialism." Their middle-class socialism reflected, we are assured, the inability of the people for whom they spoke to "find a firm place in the middle- and upper-class structure of late-Victorian Britain." One is thankful for Dr Hobsbawm's restraint in not permitting himself the indulgence even once of using the phrase "proto-fascist." It is certainly an astringent reappraisal: more stimulating, perhaps, than convincing.

The second category of pieces is concerned mainly with specific problems of trade union history. What was the nature and extent of the "tramping system" in certain nineteenth-century unions? Can one discern a distinct and recurrent pattern of "tensions" making up any given "explosion" of working-class movements ("Economic Fluctuations and some Social Movements")? Why, in 1889, did the ununionised gas industry suddenly become unionised, and what deductions can one draw from this in a context of technological advance? How is the phenomenon of "General Labour Unions," neither craft nor industrial, to be accounted for? Why did trade unionism on the British waterside emerge as it did and when it did? How big was the "labour aristocracy" of nineteenth-century England? What weight ought to be given to considerations of custom, tradition, empiricism, short-term calculations, historical conditioning, in the history of labour relations? All these questions, and more, Dr Hobsbawm poses with clarity and precision. His greatest achievement here is to have resisted the temptation to supply answers of corresponding clarity and precision.

A Fellow's Lament

A Cornishman at Oxford

By A. L. Rowse.

Cape. 319 pages. 30s.

This is a sad book, well worth reading—both by this generation's new invaders of old Oxford, of whom Dr Rowse was one of the first and most sensitive pioneers, and by the university's abiding old élite of which, for all his protests, Dr Rowse became a permanent part when he was still only a poor Cornish lad. It is a sad book because this evident success story—from the scholarship to Christ Church to the sure first class degree in history to the fellowship at All Souls and his wide repute as a historical writer—is seen by Dr Rowse himself as a tale of frustration and failure, through an unfair fate and the stupidity of others.

No man knows another man's pain. For years during his struggles on the competitive university ladder, Dr Rowse was plagued by an undiagnosed ulcer. Certainly others have gone to Oxford as social strangers from poor homes, and with physical disabilities, too, to multiply their awkwardnesses there. But Dr Rowse blames, equally with his own pain, other people's shortsightedness, which denied him the Newdigate prize as a poet, which he most of all longed to be, and snatched from him the post at his own college for which he was invited to apply.

Others, again, have missed prizes and not got fellowships when asked to put in for them. But they have, publicly anyhow, accepted the verdict. The quality of Dr Rowse's lament is its embarrassing st ds, he is convinced, were tacke him, and he says without any gentlemanly flummery. And no doubt he will say so again in the third instalment ("A Cornish Childhood", twenty years ago, was the first) of this moving evocative and maddening autobio- y; he will no doubt find in his agreeable and distinguished triangular round between All Souls, Cornwall and California some more bitter rebuffs.

As he feels, he writes: that is a mark of memorable autobiography from Rousseau onwards. For all his insistence on the rational approach and his denunciations of stupidity (which made him a Labour young man because the Tory leaders were so stupid, and then cut him off from the Labour party because it seemed to him so stupid too), Dr Rowse is a feeling man. He sees and writes about scenes and sensations, when he is not angry, with the eye of a civilised countryman and scholar. He wanted to be acclaimed a poet. He might (if he had not rationally ruled it out) have been a religious man. As it is, for all his achievements, has had not made the success of his life that he feels he should have been allowed to do; and he is right to tell us so, even so vehemently.

Adventure and Drama

Under Five Shahs

By Hassan Arfa.

John Murray. 466 pages. 45s.

Every now and again those eminent nineteenth century French orientalists, the Comte de Gobineau and the Vicomte de Vogüé, would enliven their studies with part-fictional accounts of the careers of eastern personages. But not the most imaginative of their tales outdo, in chiaroscuro, adventure and the unexpected, General Arfa's autobiography. His paternal grandfather's father had been Vizier to the Khan of Erivan when it was still a part of the Shah's dominions; another of his great-grandfathers, Commodore Jervis, served as a midshipman at Trafalgar; another was the fabulous Russian *boyar*, General Peter Demidoff, a giant of a man with so fierce a temper that he had his son flogged to death for arriving home late and threw his daughter's suitor (the author's English grandfather) from a second-floor window of his palace for his presumption in asking for her hand. The author himself was born in Tiflis, where his father was Persian Consul-General; and, as if all this were not enough, he is brother-in-law of an ambassador of France and of an English Carmelite prioress. Against a background so diverse, General Arfa's life could hardly fail to be many-sided; with his zest for adventure and passionate devotion to his country and its Shahs, his story reads in places like extracts from the Arabian Nights.

Young Arfa was certainly precocious. At fifteen, sent by his father to France to learn the language, he chose the method of eloping with his tutor's wife; at sixteen, fired with Islamic fellow-feeling for the Turks in their struggle against Italian aggression in North Africa, he tried to join up with their forces in Tripoli; at seventeen, as a cadet in the Turkish Military Academy, he contrived to fight on their side against the Bulgars. He was nineteen when he first saw his own country and was commissioned into the Imperial Guard. It was on one of his visits to the paternal villa in the Principality of Monaco, where his father had retired with his Swedish second wife after ten years as ambassador in Constantinople, that Arfa junior met and married Hilda Bewicke, the young English ballerina then dancing in Monte Carlo in Diaghilev's Ballets Russes.

Next come thirty-odd years of active—very active—soldiering in Iran against centrifugal tribesmen, interrupted by a brief spell as military attaché in London and culminating in the high responsibility of Chief of Staff of the Army. Dr Mosaddeq's attempt to abolish the monarchy then forces the author into politics (and into prison) in defence of the throne, and his next task in the service of his country is to represent it in Turkey (as his father had done half a century earlier) and in Greece. In Turkey he is again involved in tragic and dramatic events: the slaughter of the Iraqi royal family on the day the young King Faisal was awaited in Istanbul for a meeting of the heads of state in the Baghdad Pact; the overthrow of the Menderes Government and its painful sequel. The ambassadorship to Pakistan and Ceylon continues a career that has left little leisure for the pursuit of the author's hobby, dairy-farming on his property outside Teheran.

It is a varied menu of well seasoned dishes that the general offers us in this book. The chapters on campaigning against restless Kurds and recalcitrant Turkomans will appeal to the Middle Eastern expert; those on Reza Shah and Dr Mosaddeq and the oil controversy will appeal to all, for they are eye-witness history written from the inside by one who has had a hand in its making. In a striking photograph of the first meeting (at which Arfa was present) between Reza Shah and Kemel Atatürk we can observe the reciprocal appraisal of one another by these tough *Duci* of Hither Asia.

Polyglot General Arfa's English is pleasant to read, as witness the account of his audience with the effete young Ahmad Shah, who opened Reza Khan's way to the throne by preferring Paris to Persia. The author was to report to this *fainéant* tailpiece of the once vigorous Qajar dynasty on some fighting in Mazanderan in which he had just been engaged:

> Ahmad Shah appeared. He was short and fat, with a half-bored and half-apprehensive expression on his clean-shaven face. For a few moments we stood facing each other in silence. Then Moshir-ed-Dovleh leaned towards the Shah and whispered: "Ask him about what happened."
>
> "What happened?," repeated the Shah mechanically.

Learning to be Human

A Human Idiom

By William Walsh.
Chatto and Windus, 212 pages, 25s.

The jacket of this book ascribes to Mr Walsh the title of Professor of Literature in the University of Leeds. He is in fact Professor of Education there, but the mistake is understandable. Nobody could make greater claims for the civilising influence of literature than he does, and it is through acute criticism of literary texts that he justifies these claims.

Anyone who has read his previous book, "The Use of Imagination," on the interrelations of literature and educational thought, will recognise a similarity of method as well as certain recurrent enthusiasms. The new volume, however, is intended for a wider public, and only the introductory chapter (a very good one) deals specifically with the aims and means of educating people in humanity. This word, needless to say, does not bear the same connotation as it does in Scottish academic contexts. Professor Walsh quite simply urges that people need help and guidance if they are to become fully aware of the potentialities and complexities implicit in the condition of being human, and argues that literature can afford such help. His subsequent chapters examine writers who have themselves grappled with such characteristic difficulties as the establishment of a sense of identity in a world of circumstance (Henry James) or the confronting of events with an ideal (Santayana).

Professor Walsh's case is much strengthened by the inclusive view he takes of literature. He gives plenty of attention to other forms than poetry and fiction. These highly imaginative exercises (along with drama, unaccountably omitted) have their own peculiar power to extend insight and quicken sympathy; but we can unquestionably learn much about what it means to be human by reading letters, autobiographies, philosophical essays, even literary criticism. The author has not played for safety in his choice of creative writers—R. K. Narvan, D. J. Enright and Brian Glanville. His other subjects are far more securely established in critical esteem, but he has perceptive things to say about them all. The final chapter is more concerned with the predicament of the modern writer in coming to terms with his cultural environment than with the value of literature as an educative force, and as a conclusion it leaves something to be desired. As a whole, however, the book presents very persuasively Professor Walsh's thesis that, in an age impoverished by a lack of religious belief and sound moral criteria, literature does provide a rich source from which a sense of values can be fed.

A word of thanks is due to the publishers for the low price of this well produced volume; but there is a comic misprint on page 86, where "perfectly performed" should surely read "perfectly pre-formed."

OTHER BOOKS

ECONOMIC GROWTH IN A FREE MARKET. By George H. Borts and Jerome L. Stein. *Columbia University Press*, 235 pages, 36s.

Two features make this work stand out in recent academic writings about growth. The first is that it concentrates on regional differences in growth rates within a country (or free trade area). The second is that theory and statistical verification are admirably intermixed, thanks to the recent publication of an impressively large collection of state by state estimates of incomes in America over an eighty-year period. Differences in industrial composition turn out to be relatively unimportant in explaining long-term interstate differences in manufacturing growth rates, and the authors put much more weight on differences in the rate at which the labour force grows.

WEST AFRICAN ANNUAL, 1964-65. Edited by L. K. Jakande. *John West Publications*, Lagos. London: *Diplomatic Press and Publishing Co.* 352 pages £3 3s.

Sixteen West African countries are surveyed in this useful, African-produced reference book. This second edition includes a deadpan review of West Africa's only colony, Portuguese Guinea. The work as a whole benefits from being regional in character: Africa is too large, and the results too bulky, for any more continental compendiums. It is an ambitious annual, taking its information-giving function very seriously: the recent histories, the geographies, the constitutions, and many trading regulations are given, along with rare details like the tribal structures and the national anthems, and the latest election results. Some of it is fascinating: how else could it become known that the Senegal national anthem, written by its president, begins (in English translation): "Strum your koras, strike the balafons."

WHO OWNS WHOM

(Continental Edition) 1964 65

4th Edition: 46,000 companies listed

Belgium and Luxemburg, France, Holland, Italy, Switzerland, Western Germany, Austria, Denmark, Norway, Sweden, U.S. W. Europe (excl. U.K.) Subsidiaries and associates listed to show parents. Parents listed to show subsidiaries and associates.

Available complete £8 10s. post free U.K. or in the following sections:

Vol. 1 France.
Vol. 2 W. Germany, Austria, Scandinavia
Vol. 3 Belgium, Holland, Italy, Switzerland

Each volume £4 post free. U.S. Western Europe available only with complete edition

"Die kontinentale Ausgabe ist für die westeuropäische und die amerikanische Industrie eine wirkliche Fundgrube."
—*Frankfurter Allgemeine*

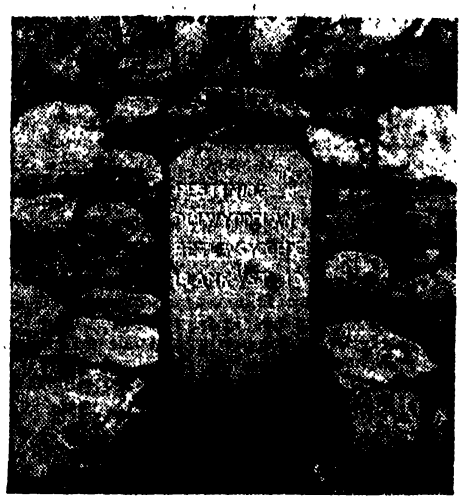
"D'une utilisation pratique, cet ouvrage dresse un catalogue des sociétés mères de leurs filiales ou de leurs associées . . ." —*Le Monde*

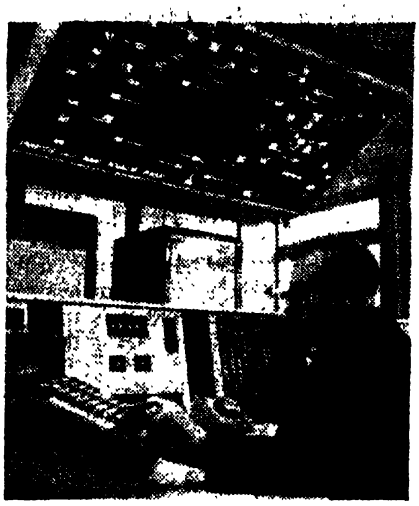
Available through booksellers or from the publishers:

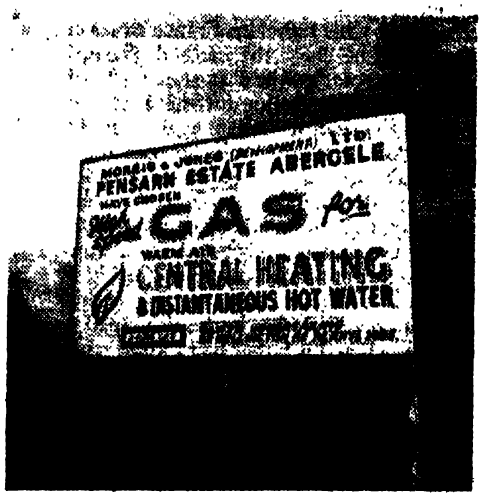
O. W. ROSKILL & CO. (REPORTS) LTD.

14 Great College Street, London, S.W.1.

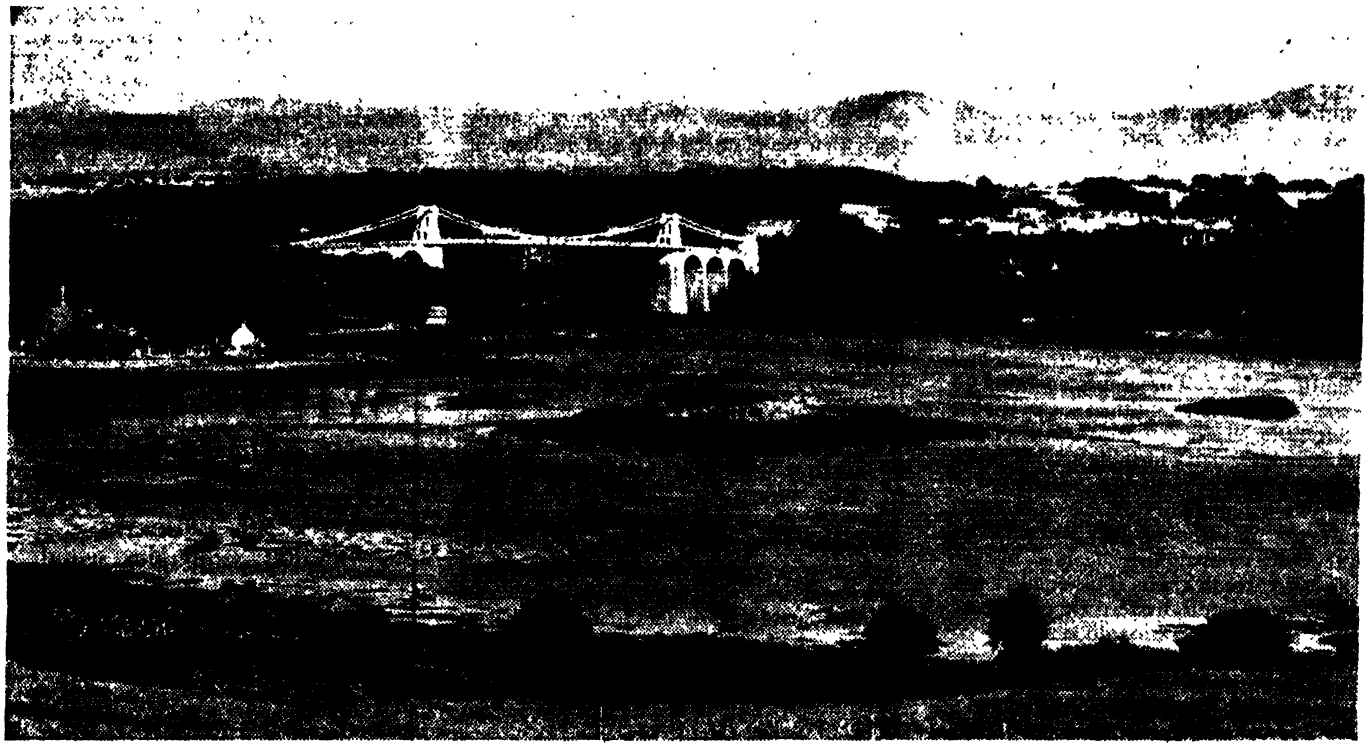
Also available: Who Owns Whom (U.K. Edition) £8 post free. 4 Supplements to U.K. Edition (June, Sept., Dec., 1964, Mar., 1965) £1 the set post free.







From Llangollen to Pwllheli and across the Menai Straits . .



High Speed Gas spreads its warmth around North Wales

THE NEED WAS THERE, the demand was there. The difficulty lay in the terrain. Rugged and romantic to the tourist, it presented a tough, practical challenge to the architects of the N. Wales grid. To supply the growing demand for High Speed Gas, the Wales Gas Board had to plan a complex and ambitious pipe-laying operation. They had to reckon with three major rivers, one hundred and twenty-seven streams and seven miles of solid rock and boulder in the Snowdon range. They had to provide for sufficient pressure to pass the gas over exceptional distances, and altitudes of up to 1,750 ft. above sea level. Despite these conditions, the first 180 miles of the North Wales grid, from Llangollen across the Menai Straits to Anglesey, were laid within a year. Now a further 52 miles links Llanrwst to Pwllheli, and St. Asaph to Ruthin; and spreads still farther the simplifying benefits of High Speed Gas to new industry and the people who live there.

The setting may be romantic, but the North Wales grid is a highly advanced and sophisticated technological achievement. Built to operate over long distances and at high pressures, it was the first major gas grid in Britain to use radio telemetering to control supply (you see above the new Telemetery Control Room at Rhyl). It is all part of the new pattern of Britain's gas industry, designed to meet a growing domestic and industrial demand fast, efficiently and fully.

In today's high speed world . . . the gas industry thinks of tomorrow.

BUSINESS

Aircraft are Too Expensive

Issues that have been simmering for six years were boiling over this week; is the defence of this country to be put in pawn in order to keep jobs for aircraft workers, or vice versa?

No government should be asked to make such a dreadfully bald choice; the reorganisation of the Ministry of Defence put in hand two years ago came too late to save Mr Wilson and Mr Healey from having to make it. They will probably resolve their immediate dilemma with the usual soggy compromise, and it will be lacking in charity to blame them if it is soggy, a compromise, and the worst of both worlds. Look dispassionately for a moment at the facts that face them. There is the defence of this country, an issue that should take precedence over everything else and in all circumstances. The defence budget is strained beyond endurance by costly weapons and this year something has to give, either the budget or the weapons. The future size of the aircraft industry, which ought to be a separate issue, is not, because aircraft production is inextricably bound up with defence. Cut weapons and you cut jobs, and the aircraft industry being what it is, large numbers of men are given their cards the day after cancellation is announced—with no nonsense about softening the blow with severance pay and the like. What does this or any other government do in these circumstances? Soften the blow as much as it humanly can by letting the work run down . . . and down . . . and away over the horizon where the ultimate decision to cry Stop! does not have to be taken until another day.

Apply this to the present defence-aviation dispute and one comes up with the following series of decisions. Concord is not cancelled, but it is not put into production either; prototypes only are authorised and a breathing space thus bought—at the cost of some hundreds of millions of pounds—before any final commitment to send Concords thundering down the production line. TSR 2 is not cancelled either, nor is it ordered; the most probable decision here looks like the authorisation of a small, experimental batch that will probably end as research aircraft and never see RAF service. Vertical take-off is not cancelled either, but the simpler and cheaper of the available designs is chosen, rather than the more expensive, high performance one.

If this is, indeed, the kind of choice the government will make, then it must be with the resolve never to let the present muddle arise again. It is not fair to blame it on the shortcomings of the aircraft industry, although it is the industry and its managers who, by their determined and formidable resistance to cuts or criticisms in the past, have encouraged matters to slide until the government has to make the terrible decision to waste several hundreds of millions of pounds in order to save several thousand jobs. The men to blame are the government's technical advisers—those who pressed for the support of projects that have turned out to be unnecessary, unsuitable or just too expensive for this country, and who advised the rejection of others. If one talks to the researchers, the men who provide the data for deciding that X works and Y will not, plenty of them will say that their advice has been ignored, or rejected, or simply disbelieved by their superiors; and their cynicism is something that the government will have to heed. The blame spills across the whole gamut of government advisers: the Royal Aircraft Establishment at Farnborough, the Air Staff, the lot. It is on their advice that orders were placed in good faith for weapons ranging from Blue Streak to TSR 2, which have subsequently turned into obvious candidates for cancellation, not just on economic or financial grounds, but on defence grounds too. Blue Streak was a forgivable error; it was, to do the government's advisers credit, cancelled as soon as the pattern of warfare altered in a way that made it obviously obsolete. But what can one say of the record of TSR 2? Only that it has been a matter for dispute between a weak Ministry of Defence and a strong Air Staff ever since work first began on it in 1958, and that the tussle to proceed or cancel has come up regularly each year at this time when the defence estimates are prepared.

The argument against TSR 2 is that it is too expensive to do the job for which it was intended, and not needed for the one that would justify its cost. The RAF needs very badly a good, fast, small bomber to carry high explosives to targets behind enemy lines, and it needs such a bomber now for the type of fighting it is likely to be asked to do at any time. Such a bomber should, now, be on its way to the Far East in place of the elegant but elderly and horribly vulnerable V-bombers. The RAF cannot afford to buy aircraft costing several million pounds each for this kind of mission, which is what TSR 2 will cost. The cost might possibly be justified if TSR2 was required to deliver H-bombs (ignoring, for purposes of this argument, whether it could or could not do the job). But a country investing considerable sums in Polaris submarines does not need (or, indeed, cannot afford to have) a second string to its nuclear bow. This—no doubt over-simplified—is the case now against TSR 2. It is simple, logical and it suggests that the aircraft ought never to have been built.

That does not undo the fact that it has been built. It is flying after a fashion and perhaps a quarter (there is much argument about the figure) of the sum required to develop it has already been spent. A large production machine is grinding into action to build it. Outright cancellation would release the remaining three-quarters of TSR 2's development costs to buy other more suitable aircraft (and they need not be American, although they might have to be if open revolt by the Air Marshals is to be avoided). But it would also do terrible things to the production machine, and break a sizeable section of it beyond repair.

THE aircraft industry employs just as many people now as it did six years ago, when Duncan Sandys made its numerous separate companies merge in order, among other things, to provide for a painless reduction in size. It was plain then that the British aircraft industry was too big for Britain's needs, and it remains equally plain today. The industry reached its postwar size on the basis of export orders from countries re-equipping their war-shattered air forces with the new jets. Those countries now have their jets, and in many cases their own aircraft industries. The markets that launched the industry no longer exist. Nor, in Britain, do the kind of orders that could have absorbed some of the industry's excess capacity; there is no space programme except in the strictly scientific sense; and no programme for large missiles, although the industry has done well in small ones. Bad technical judgement has also led to its building aircraft that were quite obviously not going to interest other countries, and eventually not British buyers either. The VC 10 jet, a commitment from which the British Overseas Airways Corporation tried so hard to be released, is one example. A series of military aircraft from the Lightning fighter to the Belfast freighter and now TSR 2 are others.

It costs an average of £2,000 per man to maintain the aircraft industry, or something rather more than £500 million a year at its present size: £5,000 million in the decade that it takes to design and deliver a new aircraft. The current cost of developing new engines alone ranges from £20 million to approaching £100 million depending on their complexity. These are nothing like so big as some of the figures currently bandied about, but they are formidable. It would be a bold man who would argue that the country gets £500 million-worth of value a year for this outlay, or £500 million-worth of technical expertise to stimulate other, more laggard industries. Examination would probably show that the aircraft industry's overheads were pretty staggering by normal industrial standards, but even assuming that the aircraft companies each trimmed their lavish style down to the levels endured by ordinary industrial mortals, the industry would still be too large for the British economy, and would still need to come down in size by at least 25 per cent.

The fact that it is overgrown and overblown and has been for some considerable time, increases the present difficulties. Logic urges that both TSR 2 and Concord should be cancelled; common sense points out that to do so now would rock the British Aircraft Corporation, which builds both of them, to its foundations and leave it entirely dependent on declining production of the VC 10, some missile work and what orders it secured for its small jet One Eleven. The country does not owe BAC or any other aircraft company a living, but in plain social (and political) justice it does, as their principal employer, owe them the same sort of redundancy terms — it urges other employers to give to their workers. Thus, if the aircraft industry has to be given a temporary reprieve now, at considerable cost to the economy, it must be on the clear understanding that it is only temporary, and that the industry has to slim itself down during that time to a more reasonable and economic size.

The difficult choice is to decide how long a reprieve is socially just and fair, and politically and financially possible. It is here that the government may run into its own trap. Some very bad aircraft have been built in Britain, but some very good ones have been built too. The American industry has probably buried many more dud aircraft than we have. Its latest, most enormous failure, the B 70 bomber, sits in the hangars of North American Aviation reminding anyone tempted to forget that the Americans, too, are fallible. And blind, too, for why have they neglected the possibilities of vertical take-off for so long? The British aircraft industry is technically lively enough to deserve to survive in its own right—if the Ministry of Defence exerts its authority to see that the right military aircraft get chosen for the future and not the wrong ones. But the sort of compromise towards which the government is now heading involves investing considerable sums in the wrong aircraft, simply because the agonising human consequences cannot be faced of cutting off support to them. The country deserves to be told precisely what size of pension it is being asked to give the aircraft industry; the cost of TSR 2 is in dispute and so is the cost of Concord. The British Aircraft Corporation is still earnestly and angrily maintaining that the country will get Concord for a joint Anglo-French investment of £280 million, when other evidence from government departments and elsewhere suggests that the sum may be £350 millon. Other declining industries, like textiles and shipbuilding, may very well ask why a small and noisy industry like aviation should have so much more ample and generous a cushion than they.

The money might be better spent in fostering aircraft research, which has lagged disastrously in Britain during the last decade, than in building a series of flying white elephants. What prevents the evolution of any sensible policy along these lines is the furious opposition set up by both the industry and the armed services every time it is suggested that something unwanted might be cut out in order to provide funds for other things. This is understandable, both industrially and politically: the company that loses one order does not necessarily gain the other. If TSR 2 were replaced, temporarily, by a developed version of the Navy's Buccaneer bomber, BAC would lose an order and the Hawker Siddeley group—which has kept deftly mum through the present dispute—would gain one. If the government is to have a rational aviation policy, it will have to follow the French pattern of sub-contracting to unsuccessful companies much more closely, so that work means work for all and not just caviare for one.

If this means the end of active competition at home, there is plenty from the United States to keep designers up to the mark. But this does mean that the lunatic anti-Americanism which proliferates each time anybody suggests that an American design might conceivably be better must be put behind us once and for all.

BUSINESS BRIEF

Gold and exchange markets have calmed, for the moment.

Rising bankruptcies have finally brought down the Bank of Japan's discount rate, by just over 0·3 to 6·2 per cent.

Consumer spending in Sweden may be dampened by the new budget. French officials admit that a falling away in consumer spending there bodes ill for hopes of any early upturn in investment or production. In Britain, too, doubts over investment plans have been heightened still further: the latest retail returns show price increases more than absorbing the extra money passed over the counters.

HOW MUCH DOES INVESTMENT COUNT ?

For 1965, manufacturers in the United States are forecasting a further rise in their fixed investment, but much less than of late: 8%. Across the Common Market, industrialists' forecasts vary: plus 9% for Germany, no better than level for France and Italy. In Britain, manufacturers did forecast a rise of about 10%; but that was pre-election, pre-sterling crisis, pre-corporation tax. Today, an objective guess might indicate a fall of perhaps 2% in British manufacturing investment this year.

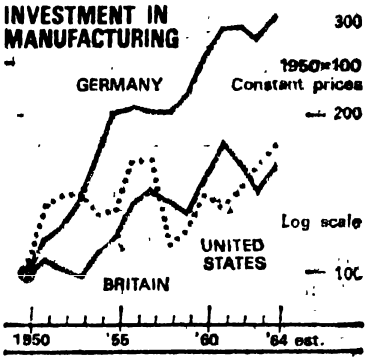
In Europe, as in America, manufacturers' fixed investment is again becoming more cyclical, though underlying trends in Europe are more firmly upward, even in Britain. As the upper chart on this page shows, since 1950 the German manufacturing investment cycle has consisted of two periods of stability in annual investment, alternating with two periods of intensely rapid growth. In Britain, there were declines in 1957-59 and 1961-63, between the only two real private investment booms the country has had since the war. But in America, during the fifties, the manufacturing investment cycle moved quite widely around only a slowly rising trend. Not until 1964, allowing for price changes, did it pass 1956-57 levels.

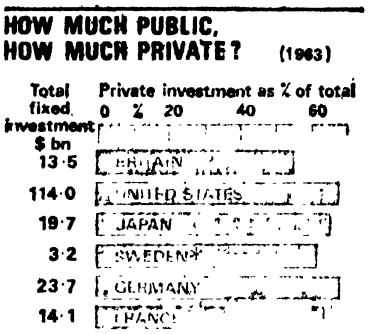
In the United States, it can be argued that the shift of economic activity into non-manufacturing services makes manufacturing investment a less useful indicator. For Germany and Britain, however, it remains perhaps the most significant pointer to private businessmen's concern with increasing productive capacity.

Net investment—gross investment less depreciation of the nation's working capacity—would be a more precise measure, in theory. In practice, it requires shaky estimation of the nation's "capital stock." More crudely, one can assume that the proportion of output required to offset depreciation fully is a figure rising only very slowly over time. So marked increases in the proportion of gross investment to net output — which British manufacturers have achieved, but the Germans much more so— imply a somewhat sharper net addition to these countries' effective manufacturing capacity.

Leagues Beyond Compare

Britain's new Labour government has not been slow—or wrong—to pull out once again the one statistic that has worried this country most in postwar years—the international investment and growth league tables. Taking gross fixed investment as a proportion of national income — here for the whole economy, not simply manufacturing—Britain is still low in the league for the developed countries. Slowly, it has pulled up its percentage from just over 13% to 17-18%, with a peak of 18% in 1961. Belgium, alone, has nearly as low an average. The United States, of recent years, has been slipping down towards similar percentages. But most industrial nations can show much higher figures: France around 20%,





* 1962 figures

Sweden, Italy and Canada 22-24%, Germany and the Netherlands around 25 per cent, Japan an almost incredible 30-35%. Britain's customary self-reproach, here, is no doubt justified, particularly because a high proportion of its total investment comes under public control. But recent economic studies have quite deflated *simpliste* faith in "getting the investment percentage up" as any automatic accelerator of national economic growth. As the "scatter diagram" on the next page shows, the statistical rela-

tionship between a high investment percentage and a high rate of economic growth is not very marked. (If the correlation were complete, the points should lie on the diagonal line.)

Men Count Too

No one questions that capital investment is one significant factor in the relative growth rates of different economies. But one study covering no less than 52 countries found that investment was less closely associated with growth rates than increases in the effective labour force were (or even, for developing economies, than increases in calorie intake of food per head). These statistical relationships do not imply that one variable causes the change in the other. But unless the association is pretty marked, it is unreasonable to assume any causality—e.g., that faster economic growth depends entirely or even mostly on higher fixed investment.

Below, the large table shows average investment ratios, growth rates, and the resultant "incremental capital-output ratios" for a number of developed economies over the last dozen years. These ratios are simply one way of showing the proportion of national investment that these countries have had to put in to achieve a given increment of national product.

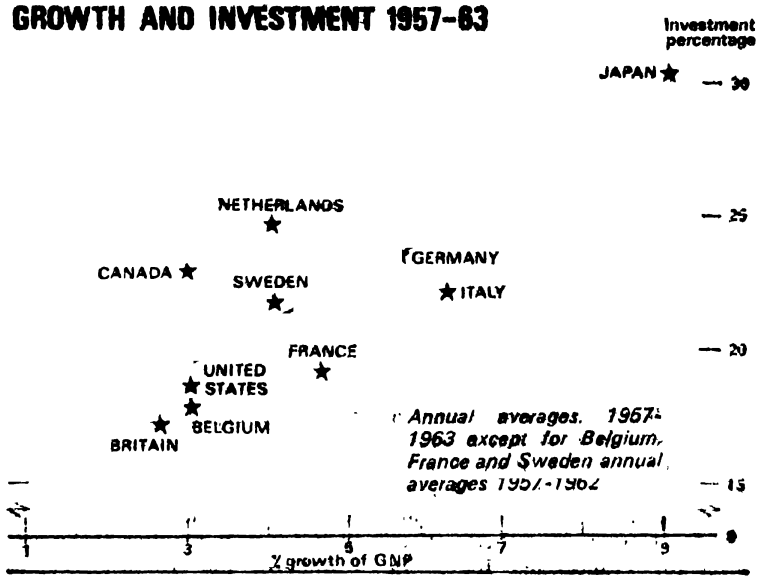
Here, the lower the ratio any nation has the higher the payoff it has been getting on its national capital investment. Britain and the United States, by this count, have been getting a notably low return on their investment (of which they were doing proportionately less, moreover, than other countries). Only Canada, during 1957-63, a period in part of which it suffered a deep recession, did worse.

Is the Payoff Declining?

At the other end of the scale Japan, Germany and Italy, with high proportions of investment were also managing to get a high rate of payoff on what they ploughed back. But this table shows something else. Almost without exception, these ratios suggest a lower payoff on fixed investment for the period 1957-63 than for the period 1950-56. Germany, for example, was having to put in nearly twice as high a proportion of investment for each unit of growth in national product in the second period as it had in the first (Sweden, alone, was getting a slightly better return on its money). And if it is any comfort to the low teams in the investment league, such as Britain, these capital-output ratios, in the second period, were coming much closer together. Not even the champions were finding it that much easier.

Studies such as these suggest, first, that other elements — perhaps better management, better training of labour, improved education— may need as much emphasis as higher [illegible] accelerators, [illegible]. Secondly, they suggest that selectivity in the investment pattern—as between industries, perhaps as between private and public sectors too—is also significant. The quality of investment may count nearly as much as the quantity of it.

GROWTH AND INVESTMENT 1957-63



GETTING VALUE FOR INVESTMENT

Investment refers to gross fixed capital formation and, as with gross national product (GNP), all comparisons are in "real" terms, i.e. at constant prices. Productivity here is measured by national output per person employed.

		Investment as % of GNP (1)	Annual % growth of GNP (2)	Ratio of column (1) to column (2) (3)	Annual % increase in productivity (4)
United States	1950–56	20·6	4·0	5·2	2·2
	1957–63	18·6	3·0	6·2	2·2
Canada	1950–56	22·5	5·4	4·2	3·2
	1957–63	22·9	2·9	7·9	1·7
Japan	1950–56	19·8	8·7	2·3	3·0
	1957–63	30·3	9·0	3·4	5·7
Britain	1950–56	14·2	2·6	5·5	2·4
	1957–63	17·2	2·7	6·4	2·8
Germany	1950–56	20·3	9·0	2·3	5·1
	1957–63	23·4	5·6	4·2	3·5
France	1950–56	16·4	4·2	3·9	4·1
	1957–62	19·2	4·7	4·1	3·5
Italy	1950–56	18·5	5·7	3·2	n.a.
	1957–63	22·2	6·3	3·5	5·6
Belgium	1950–56	16·3	3·4	4·8	2·8
	1957–62	17·8	3·0	5·9	2·8
Netherlands	1950–56	21·7	4·2	5·2	3·7
	1957–63	24·7	4·0	6·2	2·5
Sweden	1950–56	19·5	3·3	5·9	3·2
	1957–62	21·7	4·1	5·3	4·1

Decision on Liquidity

Our itinerant correspondent reports a critical turn in attitudes towards international monetary reform among central bankers on the continent

A VERY important shift of attitude crystallised in Basle last week-end among Europe's central bankers. Over the past two months they have come around to the view that a fundamental change in the international payments system is necessary. There is still no agreement on what form it should take, but they are agreed to agree quickly. Some are hoping for the decision in principle even before the Ossola committee reports at the end of May. And one point is already clear: whatever solution is found, it will at the very least put a ceiling on the present system of international reserves accruing by countries piling up dollar and sterling balances. "It had to stop some day" is what even the mildest and most internationalist of central bankers are now saying. The day, it seems, is here.

This being said, it must be added at once that nothing dramatic is likely to happen to disturb the foreign exchanges further. At the bankers' regular meeting in Basle last week-end, general opinion was that the short-term support organised for sterling was adequate. It will certainly be renewed or consolidated as necessary—although the form this takes is under discussion. Some officials favour a consolidation into long term loans, up to fifteen years in the American tranche. Others prefer to keep the term short. But the continental bankers are far from satisfied that the British government has done enough to bring the British economy under control. The current prices scare has done nothing to reassure them, and as Mr Jay, the President of the Board of Trade, was told in Brussels this week, they dislike the 15 per cent import surcharge as much as ever. The situation will be under review again in the Organisation for Economic Co-operation and Development next month, but the bankers are ready to wait until the budget in April before considering putting any really drastic pressure on London. In exchange, they expect London and Washington to recognise realities and to talk turkey.

Several things have pointed up the position in the past few days. The common market's central bankers met secretly in their new committee in Basle on Monday. They are obliged by their rules to have prior consultation before any of them can take major decisions affecting the international payments situation. However, it was recognised that the French decision on converting dollars, reports of which started the gold scare last week, was a "normal" operation not requiring consultation. Far from appearing as the bad boys of the team, the French expressed their eagerness to help Britain. In whatever further arrangements are made for sterling, the help of the Six will be agreed in advance, as their rules require. For them, one of the particularly disagreeable aspects of the $3,000 million support operation in November was that it was put through too fast for their consultation to be possible. It is estimated on the continent that perhaps $1,000 million of the credit has been used or pledged.

It has also become clear that France is not the only country that is reluctant to go on holding "inconvertible" dollars. For France, the position is made particularly galling by domestic factors, with a credit squeeze in progress diminishing profit margins. French firms are short of money for their own investment plans and the narrowness of the Paris capital market does nothing to help. American investors, in the French view, have profited from this capital shortage, and from low prices on the Bourse, which seems to many Frenchmen to be hitting them while they are down. Appearance of a large dollar surplus on their capital account is no consolation. But the same thought was frequently expressed in Italy last year after leading companies like Montecatini and Olivetti had to lean on outside support in exchange for the sacrifice of some of their autonomy. There is no likelihood that the Italians, any more than the Germans, will try to convert their large official dollar holdings now, but underneath a potential pressure is there, at least in Germany. The Germans are always highly sensitive to the danger of inflation and their large current surplus is beginning to bother them again. Bonn was quick this week to reject the suggestion of a committee of experts that the mark must be put on a floating rate (and thereby revalued) and to disclaim any intention of going for gold; but the problem remains. The Japanese too are giving signs that they will not be happy for ever about their holdings of dollars.

If this is the long-term problem, there appears to be no intention, in Paris or elsewhere, of doing anything to disturb the foreign exchanges further while new international arrangements are worked out. Thinking about what the solution should be is extremely fluid and there is no question of Washington and London being met by a common front or being forced to eat humble pie. Their diplomatic position is strong. It must not be wasted. In a way, the worst thing that could happen would be for the sterling crisis to be overcome with short-term measures before anything fundamental is decided. Attitudes might crystallize later; but the reserve currency countries' hand is not likely to get any stronger. Just now, the French have become more flexible in their plan for a composite reserve unit, and there are interesting ideas on the table for providing Britain with in effect a long-term monetary loan from a more supple use of the International Monetary Fund. One possibility is for sterling balances and possibly dollar balances, too, to be transferred into the IMF, giving the holders of the balances a super gold tranche position and a gold-guarantee to boot. This scheme, which has been advocated in our own columns, now seems to be under official consideration. But any scheme for using the Fund depends basically on Washington, but more particularly London, agreeing to some form of insurance against their returning to ask for another massive dose of help in a couple of years' time. Otherwise, the French preference for organising help in a more limited—and preponderantly European—setting, will carry increasing weight, especially with the common market beginning to feel its true strength just now. The prize could be the biggest step forward in international monetary co-operation since Bretton Woods.

Where the Shoe Pinches

Selling shoes is not the simple business some chain stores think it is

THE first take-over defeat that Mr Charles Clore ever suffered on his own home ground, the boot and shoe business, occurred last autumn when in the middle of much noise and fuss he lost W. Barrett to Stylo Shoe. Nevertheless, Stylo has since been giving W. Barrett what might be described as the Clore treatment. Shops will be re-vamped (if Stylo can find the money), and re-stocked with an eye on a totally different type of business. The trad family that formed the backbone of Barrett's trade, buying its sensible shoes once a year, is not the new Barrett's favourite customer. The target now is the teenage miss, smart, fashion-conscious, affluent, and buying a new pair of shoes a month.

Shoes became fashion goods—as opposed to something that merely kept one's feet dry—some time in the mid-1950's. Then people were buying on average roughly one pair of shoes every four months; which was slightly less than they were buying before the war. Now they are buying a pair every three months and the rise has been most marked, not surprisingly, in leather shoes (and leather boots) for women. The main beneficiaries of this trend towards shorter-life fashion shoes have been the multiple chains. And they have collared more than their fair share of new consumer spending on shoes.

The multiples now own more than 6,000 shoe shops, out of a total of 14,500, and in value they do about two-thirds of the trade. Of these, Mr Clore's British Shoe Corporation has about 2,000 shops and 24 per cent of the trade. The footwear multiples dominate their suppliers to an even greater extent than Marks and Spencer dominates the clothing makers. The manufacturing side of shoes is ham-strung by over-capacity and is widely fragmented. No manufacturer has more than 10 per cent of the market. The commercial policy of the multiples—pursued most vigorously by the Clore chains—has many analogies with Marks and Spencer's. They have forced down buying prices and passed the benefit on to shoppers. This, together with first-class shop sites, has enabled them to enlarge their share of the market. The independent retailers with their smaller bargaining power cannot get supplies on the same favourable terms—so either their selling prices become less competitive or their margins become narrower, or even both.

Size gives the multiples another advantage. Stock control is the key to successful shoe selling. A customer whose size is out of stock will not stay and buy some other size. She will merely try the next shop, usually only a stone's throw away. Half a shoe shop's sales are made on Saturday; accordingly, the retailer who can re-stock his shops fully by the next Saturday (which is not nearly as easy as it sounds) has a tremendous advantage. This exercise is easier for the multiples, with their own vans, distribution depots and data processing equipment, than it is for the small retailer. He probably depends upon several separate manufacturers and a wholesaler for his supplies: his stocktaking is done the hard way and shortage of either working capital or storage space may prevent him from carrying adequate stocks.

Not surprisingly, the number of independent shoe shops has tended gently to decline. Some have been bought up by larger manufacturers with popular brand names like K Shoes, Norvic and Clarks, who all have a vested interest in the survival of the independent retailer. Most shoes sold by the multiples carry their own brand name, which means that manufacturers selling branded shoes have to look for other outlets, which include department stores as well as the independent shops. Brand advertising has been increased, thus helping the small shop by creating demand and making the branded shoes more attractive to the department store and harder for the multiples to do without.

There are over 400 manufacturers of footwear in Britain, most of them small, and they squabble desperately for orders from the multiples. Only where a manufacturer has established a reputation for a speciality product, such as women's evening shoes, has he any significant bargaining strength. Overcapacity in the boot and shoe industry is not new; nor it is confined to Britain—the United States has a similar problem, and for much the same reason. Up to the 1920s, factories in this trade were little more than large workshops. Then the development of shoe making machinery—available on lease—led to a sharp increase in shoe making capacity. Boot and shoe manufacture became an industry in which little capital outlay was required, but where the small businessman could retain the distant mirage of becoming a shoe king some day.

THE median boot and shoe manufacturer now has some 125 employees and makes about 3,000 pairs of shoes a week. The surprising feature is that the decline of the small manufacturer, beset with overcapacity and squeezed by his big customers, has not taken place more quickly. Roughly one-sixth of those with less than a hundred employees dropped out between 1956 and 1963. But there is little incentive for, say any half-dozen manufacturers to combine, when there are still over 400 in the field. Rationalisation in an industry so fragmented tends to occur on classical lines where the weakest go straight to the wall, rather than by mergers and carefully planned reductions of capacity. The true parallel is with the textile industry in its pre-Courtaulds era, with the important difference that the smaller shoe manufacturer has managed to keep abreast and take advantage of technological advance rather better than a large part of Lancashire did. Indeed, the nature of the manufacturing process is such that size of itself has until recently produced little in the way of cost advantage. Important technical changes over the past thirty years from the introduction of adhesives to the recent breakthrough in moulded footwear can all be used as easily by the small manufacturer as by the large.

But bigness has made it worth while for the larger 200 or so manufacturers to install conveyor belts to reduce unit handling costs as the shoes are moved on from operation to operation and to combine and dispense with some of them. (Making a pair of shoes involves between 40 and 125 operations, depending upon whether a conveyor is used and the type of shoe; 70 to 80 is a rough average.) Should the use of synthetic uppers, of which Du Pont's Corfam is the front runner, become more widespread, then still more advantages might

accrue to the large manufacturer; synthetic fibres can not only be made to breathe like leather, but they have a consistency leather lacks, and thereby lend themselves more readily to mass production techniques. But this advantage will remain hypothetical rather than real until Corfam becomes available in significant quantities. Long production runs, in footwear as elsewhere, tend to reduce costs but, and this is an important but that counteracts most of the normal advantages of bigness—a normal order still contains a massive permutation of different shapes, sizes, fittings and colours all of which tend to whittle away the advantage of volume operation. And so it is that the biggest buyers, the multiples, are still supplied by the smallest manufacturers.

Yet even if there is no immediate threat to his existence, the small manufacturer's days are probably numbered. As the larger manufacturers expand steadily, smaller manufacturers are dropping out of the race, and not being replaced. As overcapacity is reduced (and this is not likely to happen quickly, especially while imports go on growing) and the number of manufacturers falls, it may eventually suit the multiples to tie up their British sources of supply. Small manufacturers have a clear chance to survive if they have established brands, if they make specialist types of shoe, or if they have their own outlets; but otherwise?

It is too soon to write off the independent retailer in the same way. Just because the tendency continues to switch shoe shops over to selling fashion shoes at high volume rather than worthy shoes in small volume, this does not mean that the multiples' philosophy is the whole answer to footwear retailing. The concept of shoes as an expendable accessory, which has benefited the multiples, may not have much further to go. It could be that the next stage of the expansion of consumer spending on shoes will be associated with a growing insistence on quality—currently so conspicuously absent—and comfort and wide choice of products, perhaps including a number of nationally advertised brands. If this takes place the independent retailers ought to score some points at least off the multiples. Although multiples came to shoe shops before almost any other section of retail trade, the fact is that shoes are by no means the most suitable product for distribution by high-powered retailing methods, which usually involve standardisation of products, rapid turnover, not too much personal service and a minimum of selling space.

British footwear manufacturers feel they have little to learn from their overseas competitors in terms of techniques and manufacturing efficiency. Nor do they now feel as deficient in design and styling as they did for an uncomfortable period in the middle fifties. Nevertheless, between 1958 and 1963 the share of the British market falling to imports increased from 12.7 to 18.1 per cent; while the proportion of home production exported fell from 7.8 to 6.2 per cent.

The uncomfortable truth is that labour costs render British shoes vulnerable to competition from the developing countries. Already Hongkong is the second largest overseas supplier to the British market (after Italy) and Japanese footwear "of unmistakeably sound workmanship which would retail in this country at an abysmally low price," has suddenly appeared. Moreover, progress in the Far East in leather shoes, as opposed to sports shoes, slippers, etc, has been restricted by limited supplies of leather, which cannot be produced anywhere economically except as an agricultural by-product. The eventual take-off of Corfam could change all that. Is it significant that the Japanese have swallowed their habitual dislike of subsidiaries controlled from overseas to allow the British United Shoe Machinery Company to set up a wholly-owned Japanese subsidiary?

BUSINESS □ BRITAIN

COAL

Robens Roars

In a press conference this week of almost Gaullist intensity, Lord Robens, chairman of the National Coal Board, warned off anybody who thought that cutting back the industry could provide an answer to its problems. The message was a familiar one: an output target of 200 million tons a year must be maintained, time is needed to mechanise, pressure must be exerted on large coal-users to stay that way. . . . But to it was added a new note, of last-fling desperation, and a new theme, capital reconstruction. One almost expected the grey-faced men from the ministry to file in towards the end of his hour-and-a-quarter address and carry him off. They did not, but they might well have. Neither Lord Robens's arguments nor his vigour could bridge the gaps in his statement—nor prevent one from speculating on the developments that could provoke such apparent desperation.

The coal board is certainly not having a good year. It lost £18.5 million in the first half of the financial year (April to September) and Lord Robens hopes now barely to cover interest charges in the year of £52 million, without providing the recommended £10 million towards capital expenditure. Sales in the calendar year were down by 8 million tons, to 193 million—the weather was warm, special exports were not repeated and a shortage of 16,000 men meant that 4 million tons (worth £8 million) were not mined. Every business has good and bad years and a bad year, particularly occurring in the middle of the substantial improvements Lord Robens has brought about, provides no reason either for remedial action by the government or for Lord Robens's spirited defence.

The government is instead considering, as it must, a fuel policy that looks beyond a year's bad results, to a time when, perhaps, the coal industry should be mining less coal than now. It is this possibility that Lord Robens is, publicly, most fiercely fighting. About half the pits in Britain are profitable, winning 117 million tons of coal; of the rest, the board loses ten shillings or more a ton on 66 million tons, mined by 212,000 men. Lord Robens will not accept the seemingly obvious conclusion, that losing pits should either be made profitable or closed down. Instead, he maintains that 200 million tons a year of production is the minimum economic size for the industry, poised somewhat precariously on an irreducible minimum of demand from electricity and steel of 80 million tons. In support, he argues that to reduce volume of production would incur losses that could only be retrieved by increasing prices. Indeed, the board estimates, on grounds that may seem naïve, that if production is re-

duced to 180 million tons a year, £40 million would have to be found by an increase in coal prices of 4s. 6d. a ton. But does this include the gain from not mining a loss-making pit? Lord Robens told how he recently closed a pit where the men's wages were being subsidised by more than £11 a week. One hopes that the closure has meant a net gain to the board; on his own admission, there are plenty of others. And what of gains from not selling expensively mined coal? Not all costs are fixed.

What is Good for the Country?

To answer this paradox, Lord Robens says, needs time; give the industry more time and he will (or someone will; strictly speaking he is near the end of his term as chairman) turn it into an industry able efficiently to produce coal at prices that can compete without protection against any other fuels. As well as time, Lord Robens needs money. The board has held its prices stable for 4½ years and a price increase cannot be far away. Unless, of course, the government were to ease the crippling burden of interest (presently £50 million a year) by reducing the industry's capital obligations. Amounts between £400 million and £250 million off the £927 million capital have been suggested—but even that could provide only a temporary respite. However, Lord Robens is convinced that the transformation could be achieved with such help and, more to the point, by the new automatic cutting machinery now being introduced and techniques now being developed. Moreover, the situation could already be considerably improved by fuller use of the existing machinery—there being already £172 million a year of potential "marginal production" in the 86 minutes a shift not being worked at present with the machines. But to cut back the losing pits would still, he feels, be disastrous; one cannot resist the impression that the most disastrous aspect for him would be the men out of work and the mining villages killed.

This is certainly an intractable problem, but would it be helped by such dodges as a capital reconstruction? The country would be saved nothing: the obligations have been incurred and interest will have to be paid, by the taxpayer. If there is a case for capital reconstruction it should surely be carried out when the industry has reached its pared-down, efficient shape—and not as an *ad hoc* measure to get past an awkward spot. Moreover, in whose interests is it to go on employing much-needed labour in pits that were started to supply markets that have now vanished, and to produce coal that is not wanted even when sold at a loss?

In order to maintain the present precarious balance in the fuel market the coal industry must be heavily protected by taxes on oil and restrictions on imported coal, adding to manufacturing costs of other British industries that must compete in world markets. The government, particularly one so stuck with the need to increase exports, cannot be happy at the extra burden on the economy that coal has become. But it knows, as does Lord Robens, that the social disruption caused by precipitate and massive closures would be unacceptable. It most wants, therefore, what Lord Robens says he can provide, an efficient, competitive industry—although it may be excused if it ignores the arbitrary target of 200 million tons a year.

It is too much to ask Lord Robens to achieve this reshaping by himself. If the government accepts the need for the industry's existence it must accept the responsibility. It should know how many pits should be closed and how many could economically be kept in readiness for a change in conditions. It ought to know how much it will cost to give the redundant miners generous compensation and to retrain them, move them, and re-house them. It can no longer, as all governments have in the past, shirk these responsibilities, simply protecting coal interests and expecting the industry to get on with its own affairs. If it really wants a coal industry that can play an efficient and valuable part in its fuel plans, the government must count the cost and expect to pay it.

ECONOMIC POLICY

Go Slow

In the January issue of *Lloyds Bank Review* Mr Frank Brechling and Mr J. N. Wolfe argue that in deciding when to apply restraint to a boom the authorities have tended to ask whether the economy had actually *reached* full capacity when they should have been asking, much earlier on, whether the rate at which it was *approaching* full employment was too fast. As demand rises during a business upswing, companies try to meet it by increasing the number of hours worked, by hiring additional labour, by putting into operation stand-by equipment and, finally, by installing new machinery. These steps take time. And the more quickly the adjustments have to be pushed through, the larger the consequent delays in deliveries and increases in manufacturers' costs—more serious still, the larger the impact of the upswing on the foreign trade balance.

Messrs Brechling and Wolfe point out that if a customer is forced to go abroad because he cannot for the moment meet his requirements at home, he will not necessarily return to buying British once domestic supplies do become available. The effect of rapid cyclical upswings on the import bill tends to be cumulative. This is why over each of the past three expansions in Britain this country has been faced with successively larger trade deficits, each at an earlier stage in the cycle. They recall that while the 1955 expansion proceeded at a fairly gentle pace, the upswing in 1960 was steeper and in 1963-64 very swift indeed. Over the three booms, the trade gap rose from £213 to £226 and £278 million (when averaged out over the three peak quarters). Each time a halt had to be called to growth.

The implication of all this is that in 1963, for example, less stimulus should have been given to the economy. But this argument presupposes first that the authorities' analytical sophistication and statistical information enabled them to judge exactly what business trends were at the time.

KEY INDICATORS

THE BRITISH ECONOMY

RETAIL TRADE

Slight drop largely accounted for by slacker business in clothing shops.

STEEL OUTPUT

High level maintained in December bringing total for year above forecast.

	Month	Index 1958 = 100	Percentage change from: Previous month	Three months ago	Twelve months ago
Industrial production *	October	129	+2	+2	+5
employment *	November	104·1	Nil	Nil	+1·1
productivity *	October	124	+2	+2	+3½
Export trade *	November	123	+3	−3	+3
Retail trade *	November	123	−1	+2	+4
Unemployment *	December	81·0	Nil	−6·4	−25·2
Wage rates (weekly)	November	124·7	+0·4	+0·6	+4·7
Retail prices	November	117·3	+0·8	+0·9	+4·6
Export prices	November	108	Nil	Nil	+2

** Seasonally adjusted. Indicators of export and retail trade reflect movements in volume terms, i.e., in value at constant prices. Unemployment indicator refers to numbers wholly unemployed, excluding school-leavers. Total unemployment level in December running at an annual rate of 1.5 per cent.*

Secondly, it assumes that had far less stimulus in fact been given, re-expansion would nevertheless have proceeded at a satisfactory pace. It could well be that it would not have got under way at all. This was Mr F. Blackaby's point in an earlier article in the *District Bank Review* when he stressed the importance of buoying businessmen's expectations in order to touch off an upswing in investment.

STEEL

Peech and Pode

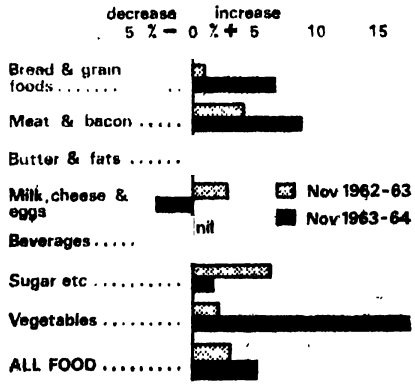
EMERGING from a year in which production at 26.2 million tons exceeded even the revised and record estimate, the steel industry thundered into the new year, boosted by the import surcharge. Exports too were tops, at 4.7 million tons (which includes hire-rolled material). However, with the axe of nationalisation poised over their distinguished heads, the directors of the major steel companies may be excused for their preoccupied air. None of them can be expected to like it and they strike somewhat different attitudes of resistance, depending on their own record.

Sir Julian Pode, chairman of the Steel Company of Wales, is rather muted in his opposition when compared with his opposite number at United Steel, Mr A. J. Peech. After the prolonged and disastrous strike at the beginning of the year, Steel Wales made a loss of £1.2 million—a drop of £5.5 million on the year before—which, as Sir Julian Pode points out, should serve to remind just how vulnerable capital-intensive industries are when working below full capacity. For the losses were due to a drop of £11.8 million in sales, to £126.9 million. This bitter harvest, reaped in part from too relaxed a policy toward numbers employed while the main concern was to get out sheet at any cost, goes with persistent murmurs about the quality of the Steel Wales sheet. And both go ill with ritual statements of disapproval about nationalisation, however muted.

But Mr Peech is on altogether different ground and, based on a year in which sales increased 20 per cent, to £148.9 million, and pretax profits by two-thirds, to £15.5 million, his defence of the industry's record in exports, technology and productivity seems more convincing. Sadly, though, the industry is not composed of United Steel. Mr Peech also includes the first shot in the war likely to be fought over the issue of compensation. Pointing out that compensation at stock exchange values (the basis for the previous exercise) is hardly equitable—share values being arbitrarily determined and in any case affected by the threat of nationalisation itself—he looks at several different bases—dividend yield, balance sheet value, replacement cost, and capitalisation of profits—and comes up with answers for United Steel between 45s. (balance sheet) and 74s. (replacement) per share. But any single answer will produce a different distribution of unfairness for the companies to be nationalised: if capitalisation of profits, the basis Mr Peech favours, were chosen, would Steel Wales have to compensate the government that took it over?

Grocery Prices

Changes in retail food prices



One outcome of Mr Brown's campaign against rising prices could be a deliberate attempt to avoid increases in the prices of those goods included in the official retail price index. Birds Eye Foods has just raised prices of fifteen of its frozen foods, but excluded one of the two such products featured in the index—fish fingers—and put up the price of the other—frozen peas—only in the largest packs.

Ending of resale price maintenance should force the Ministry of Labour to look again at the construction of its index and, in particular, of the food component. At present, information about non-proprietary foods is obtained from some 200 local areas but for most proprietary foods a smaller sample is used. For a few of the latter, such as chocolates, sweets, ice-cream, cakes and biscuits, manufacturers supply the prices—a procedure which is fast becoming unrepresentative.

LOCAL AUTHORITY BORROWING

PWLB Tap Drying Up?

IN the financial animal kingdom the municipal treasurer is noted for his prodigious appetite. He demands nourishment in doses of ever-increasing size as the biggest and hungriest of the breed *Concilia Civitatis Londinium* has demonstrated once again this week. The animal is also noted for a highly developed sense of smell, which enables him rapidly to detect the cheapest sources of nourishment. These characteristics, moreover, are to be found just as frequently in the red-headed variety as in the blue-headed.

Accordingly it will come as no surprise to zoologists in the City of London to discover that central government lending to local authorities in the December quarter amounted to £95.1 million (with £75.7 million coming after the Bank rate increase), or rather more than the total of £90.9 million recorded in the previous two quarters together. The reason, of course, is that although all other interest rates rose sharply in November the lending rates of the Public Works Loans Board have remained unchanged at 6-6¼ per cent and lending by the PWLB bears a rough (but not exact) correspondence to total lending by the Exchequer through the local authorities loans fund.

Some local authorities had evidently been hoping that the return of Labour to power would mean, if not cheap money for all, at least cheap money for favoured borrowers like themselves. In November the hope died and these authorities scuttled off to the PWLB to take up their quota of 20 per cent of the current year's borrowings at ruling PWLB rates, which by that time looked more likely to go up than down. This movement is now probably more or less complete and in the first nine days of January, Exchequer advances had slowed to £8.8 million. Whether the Government will persist with its partial two-tier interest rate policy remains to be seen. Failure either to raise the PWLB rate or to increase the PWLB quota could be not so much an act of deliberate policy; it could be that the Government simply has not had time to formulate its interest rate policy. But a definite decision has become more urgent. In 1965-66 the local authorities' PWLB borrowing quota is due to rise to 30 per cent. A statement is to come "shortly."

For the remainder of their current borrowing local authorities face the question of how much to fund, if at all. This week's LCC issue will yield 6¾ per cent, while rates in the 7-day market are now back to 7 per cent, helped by the partial return of foreign funds. The third alternative, the one-year bond, seems less attractive than it did. For the authorities, who not only control the flow of issues, but who have never shown much enthusiasm for yearling bonds anyway, perhaps this was the object of the exercise.

DRUGS

Some Explaining to Do

THE drug industry is going to come under heavy fire because for the first time in its history, money spent on selling has exceeded the amount spent on research, which is a fairly shattering admission for an industry that allegedly lives by research. Four years ago, it was spending £6.5 million on selling and advertising, and the Public Accounts Committee had some harsh things to say about this. But apparently worse was to come; in 1963 the industry spent £8.9 million on promotion against £8.3 million on research and the tentative estimate for research spending in 1964 is for only £8.5

million, or virtually no change on 1963, while selling costs are hardly likely to have stood still. What are the reasons for this levelling-off of expenditure in research? Coupled with the sharp rise in marketing costs, it is going to give the industry some awkward moments when it comes to renegotiate its price agreements with the Ministry of Health. One of the industry's explanations is the eagle eye with which the Ministry of Health has been watching its profit margins. Less profits, less research (but not less sales). The other can be attributed to the mortal panic into which the industry has been thrown by the wide-awake young companies that have sprung up over the last five years or so, taking advantage of two now notorious sections of the Patents Act. Under one section the Ministry of Health has sanctioned the import of what the industry calls "pirate" drugs made in countries like Italy that do not recognise drug patents. Under the other, any pharmaceutical company can apply for a compulsory licence to manufacture a drug.

There have been twenty such applications since 1959, and at least seven since last July. Some have already been granted and three widely used drugs are now being manufactured and sold by Biorex; Intercontinental Pharmaceuticals has applied for at least four over the past year. What has sent the big manufacturers, who spend approximately £1 million a year each on research, protesting to the Ministry is the fact that they have always relied on profits derived from the temporary monopoly a patent brings to cover research costs and they now see the ground—and the market—being cut away from beneath them by these "beginners" who do not bear any research costs themselves and can therefore sell at lower prices. Admittedly, they pay royalties, and quite big ones, but the industry does not consider these anything like large enough to compensate for the lost monopoly profits a new drug might otherwise earn. The industry is about to ask the government formally to amend the Patents Act in order to end compulsory licensing because it is reducing the incentive for research: there remains, however, the awkward subject of rising selling costs—maybe these are, as the industry says, due to the need to meet increasing pressure from American competition, but the industry is going to find it extraordinarily hard to convince its numerous and vocal parliamentary critics.

INDEPENDENT AIRLINES

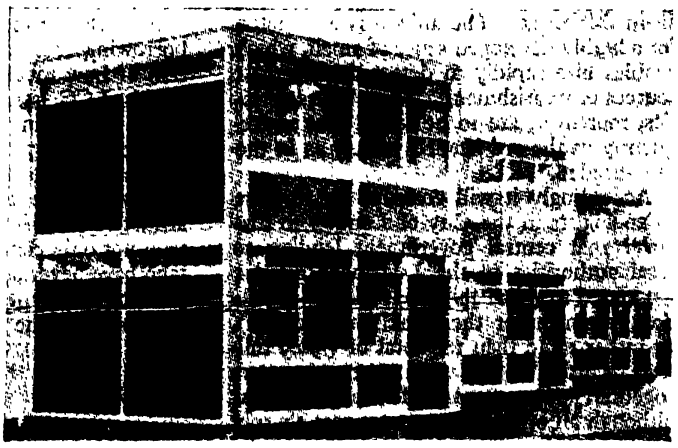
Mr Bamberg's Profit

CONTRARY to what all the pessimists expected, the independent airline, British Eagle, succeeded in breaking even in its first year with a net profit of just over £100,000. This compares with the profit made by the parent company of British United Airways, the biggest of the independents, of £1,000,000 in 1963 (before bringing forward a balance from the previous year). British Eagle is competing directly with British European Airways on a good many of the domestic routes; it has had to write off about £300,000 in initial development costs on these, and is having difficulty in taking up its licences to fly into Europe (Europe appears to be almost a closed book to it); under these circumstances, a profit is not only creditable, it is downright astonishing.

HOUSES FOR EXPORT

Systems Moving

HEXAGONAL houses made in Britain by a Warwick builder are going to be put up in Gibraltar by a local property developer. The initial order is far fewer than ten houses; but ultimately 200 or more will go down to the Mediterranean. Another company that manufactures timber houses, has set up an office in Hamburg to cope with demand from the continent. So far it has sold five houses there; and it reckons that it can manufacture, pack and transport its houses and still undercut local competition (even allowing for import duties) in France, Germany and Switzerland. Since 1959 about 100 "Colt" houses of the cheaper kind have been exported for holiday accommodation; now orders are coming in for the more expensive "Colt" houses.



Hexagons for Gibraltar

Prefabricated buildings have been exported for many years from Britain; the latest and rather old estimate is £4½ million a year. But most of these have been either frames for industrial buildings, somewhat basic accommodation for underdeveloped countries, or housing for personnel working for British (or international) companies overseas. It is only recently, with the growth of system building, that British companies have started to think of competing directly with local builders for a share of the housing programme of foreign countries. The houses that are now being exported are the type that local authorities, or private developers (or both) have been buying in Britain—at a cost of upwards of £2,000.

FREEZE DRYING

An Omelette Anytime

EGGS have posed one of the biggest problems for preservers; dried (as in the war) they look and taste horrible; frozen they are expensive to transport and store and as a pasteurised liquid they deteriorate rapidly. A recently developed fourth method, accelerated freeze drying, now looks as if it might provide a solution; Ranks Hovis McDougall is setting up a plant that will process about 4,000 tons a year (or roughly 10 per cent) of the Egg Marketing Board's surplus eggs that are now liquefied.

Accelerated freeze drying, as its name suggests, is a process of rapid freezing, followed by slow heating under vacuum to dry the product. The egg ends up as a crystalline orange powder, a quarter of the original weight, which can be reconstituted and cooked into a tolerable omelette. The principle is being used to dry chicken, prawns and similar foods by Batchelor—a Unilever subsidiary—and Erin Foods—an offshoot of the Irish Sugar Corporation. Neither had applied it on a commercial scale to eggs and even the Americans found it impossible to produce an AFD egg of satisfactory quality cheaply. The best they managed used six times as much fuel as the machine developed by the Dutch company, Sefinga, for Ranks.

The Sefinga AFD equipment is said to be far larger than any so far in use in Britain—Ranks' total outlay on machinery amounts to near £500,000. Its virtue lies in combining the freezing and the drying cabinets into one, eliminating handling, and feeding the waste heat from the freezing process back into the drying circuit.

For the Egg Marketing Board, this is a rather more expensive way of preserving eggs than it is accustomed to. But, when sales start in three months' time, the cost to the trade will be the same—which it has to be to get sales of AFD eggs off the ground. In any case, the volume of sales and improved efficiency should soon bring down costs. The Board is also optimistic about exports—Gatt regulations forbid exports of shell eggs in member countries, but there are no restrictions on egg products.

Q how much do you know about ICFC?

A

1 It is geared to help lively, successful businesses to expand

2 It gives advice, without commitment, on company financial problems

3 It provides finance in all forms, not only loans

4 It does not interfere with management

5 Its Shareholders are the Banks and it is independently managed

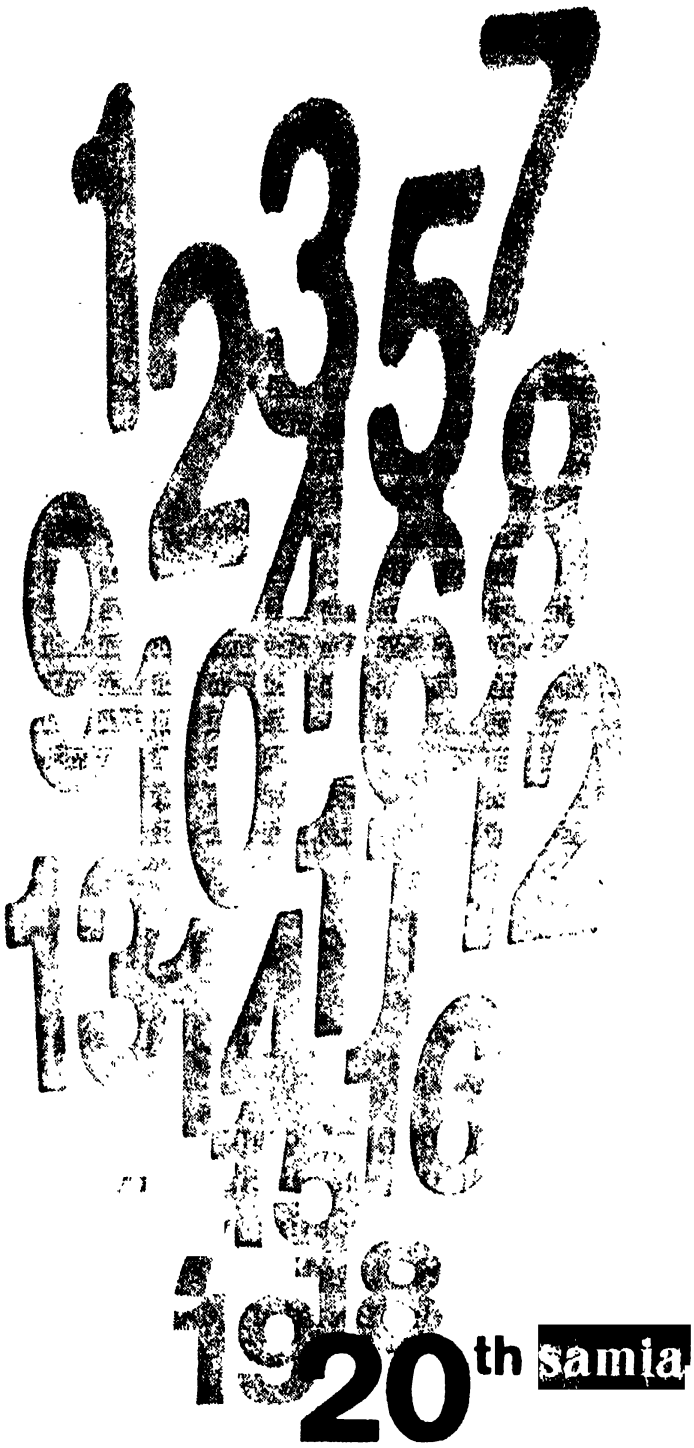
6 It has advanced over £100 million to industry

Even if you scored 6 points you should probably write for 'Capital for Business' to:

Industrial and Commercial Finance Corporation Limited

Piercy House, 7 Copthall Avenue, London, EC2. National 4010

and branches in industrial centres



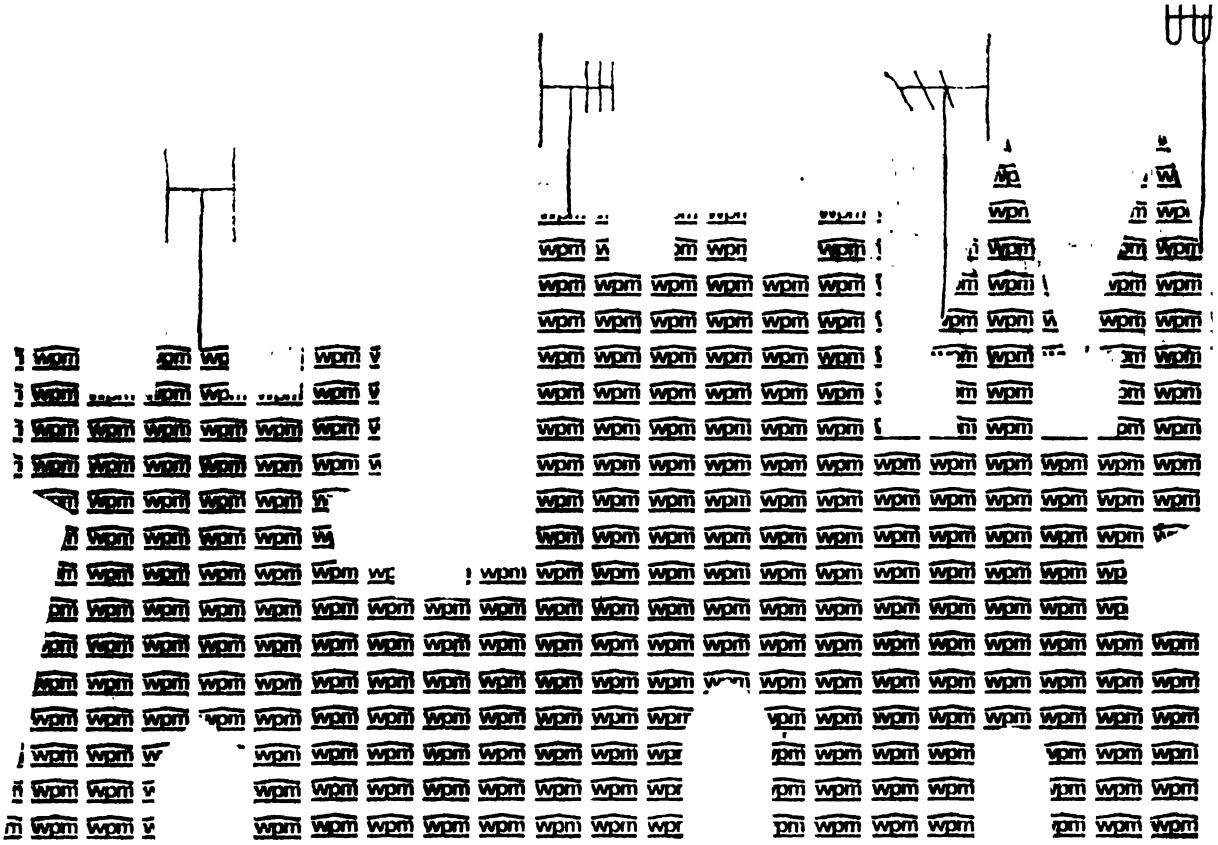
international fashion trade fair

turin - from 19th to 22nd february 1965

ready-to-wear for men, ladies and children • knitwear • hosiery & personal linen •

in 10 years - 20 exhibitions
3 197 exhibitors • 91 412 italian buyers • 13 734 foreign buyers

information "samia" c so m d'azeglio, 74 - turin - tel 683 432 - 683 442
London office mrs. ruth stewart - 12 montagu mansions - york street - London w. 1
tel. hunter 4100



The Englishman's Castle is right up our street

WPM is a group of companies concerned with the Englishman's home, from cottage to castle, all over the country. (Our street is pretty well every street in Britain.) Our names are household—Sanderson, Crown and Walpamur are just three of them. Our aim is quality, in wallpaper, paint, fabrics—and in research, design and distribution. And quality in service, too. WPM is a complex of companies united by a single purpose. To give the very best in house-decorating materials.

wpm

THE HOUSEMARK OF GOOD DECORATION

CROWN WALLPAPERS · **WALPAMUR** PAINTS · **SANDERSON** WALLPAPERS AND FABRICS · **HADRIAN** PAINTS
SHAND KYDD WALLPAPERS · **NINE ELMS** PAINTS · **JOHN LINE** WALLPAPERS AND PAINTS · **HOLLINS** BRUSHES

THE WALL PAPER MANUFACTURERS LIMITED

BUSINESS INTERNATIONAL

GOLD AND EXCHANGES

All's Well . . . ?

THE strong American statement that the value of the dollar is "immutable"—coupled as it was with concrete moves to see to it that more of the country's gold is actually made available for the defence—seems to have served its purpose remarkably well. Yet few people would be surprised if new adjectives and new official statements were needed again soon. Demand for gold reached panic proportions on Friday a week ago both in Paris and in the far larger London market; here demand may have reached the record level of October 20, 1960, with a turnover of perhaps $30 million or so. But this week, gold buying has fallen back to relatively modest levels, though it has not disappeared. On Thursday there was a big demand at the fixing in London but activity subsequently slackened off. The price at the close was $35.13½, up slightly on Wednesday, but a good 5 cents below last Friday's post-Cuban high.

Sterling too had bounced back from the French knock by the time *The Economist* went to press Thursday. From a low of $2.78 15/16 on Friday, the spot rate had inched up, apparently unaided, to a quite comfortable $2.79 7/32 by Wednesday's close. This was indeed the best rate since early December. And here again the gains were largely held on Thursday; the spot rate did lose some ground, closing at $2.79 1/16, but the drop was not exceptional for a Thursday and good business was done both ways. Even so it was painfully clear that confidence was far from fully restored. Spot purchases of sterling over recent days reflected shortages of pounds on the continent and covering of weekend commitments, as much as the Americans' squelching of immediate fears about exchange rates. The Bank of England has continued to support the forward market.

Let Off Lightly

Paris

IN Paris the gold rush also proved short-lived. The French gold market had been very quiet since 1962. It was suddenly awakened by reports that the government was converting dollars into gold coupled with all sorts of rumours about an international financial crisis. Small buyers rushed in as well as big speculators. The gold turnover at the bourse throughout last week reached about 70 million francs (£5 million) or nearly treble the usual weekly volume—half of it on Friday alone when the ingot at one stage jumped to 6000 francs—over $38 an ounce. Intervention by the Bank of France—fairly substantial by the standards of the small Paris market—however, brought it down to Frs. 5,640 ($35.80) by the close, a price more in line with London's. The firm and timely announcement by the American Treasury came to the bank's rescue over the weekend. By Monday the trend was broken. By Tuesday, both turnover and prices were back to their usual levels of $35.35 7/16, and the bank had withdrawn completely from the market. Frenchmen had shown that they have not lost their thirst for gold. But the Bank of France was clearly well pleased with how easily the unwelcome domestic backwash of its own shift in reserve holdings had been brought under control.

French ministers went out of their way to describe the conversion of dollars into gold as hardly more than routine. M. Pompidou himself described the move as "neither capital nor revolutionary," but simply the application of a two years old policy. His minister of finance labelled the measure purely technical, though inevitably bringing about political consequences. Were it not for the political context, he argued, France would have converted more dollars into gold.

All this does not mean that France is now satisfied with the existing international system. On Tuesday, M. Giscard d'Estaing pleaded for a "co-ordinated and concerted reform" which must be carried out within the next few months by the "countries directly concerned." The French minister of finance is expected to make an important statement on the subject at the beginning of next month.

How to hedge: earnings or gold

Because dollar and sterling assets earn interest and gold does not, a central bank which puts all its eggs in the gold basket is sacrificing a good deal. And it is not at all clear whether it is in the end better cushioned against devaluation than its less cautious colleagues.

A hypothetical case: This is what a country's reserves, initially equivalent to $1,000 million, would have been worth by the end of 1964 had the funds been invested 5 or 10 years earlier entirely in either gold, US Treasury bills or UK Treasury bills.

Value of Reserves (in millions) held in:

	Gold	Dollars	Pounds
from end-1954	$1,000	$1,314	$1,533
from end-1959	$1,000	$1,157	$1,243

In effect a country which had held its reserves in foreign exchange over many years would have built up a hedge against devaluation in the form of accumulated earnings of interest. If, for example, the price of gold were to be raised by 50 per cent overnight a country which had held its reserves in sterling for the past ten years would still have done better than a "gold-only" country.

Six actual cases: This also comes out in the table below which shows estimates of how much interest various countries have earned on their foreign exchange holdings over the past 5 years, expressed as a percentage of the value of their *total* reserves in November 1964.

Japan	12·2%	France	2·8%
Australia	9.4%	Britain	2·4%
Germany	6·4%	Switzerland	1·1%

If one calculated earnings over a longer period still, the percentages would obviously be higher. Germany's interest on its dollar assets over the 12 years from 1952 totalled $730 million, 10 per cent of its total gold and exchange reserves last November.

WORLD STEEL

Overcapacity?

WHILE production in the major steel-producing countries has shown a healthy recovery from the depressed days of 1963, such sharp rises carry with them more than a small threat of over-production. Japan's industry, in particular, has shown

WORLD STEEL—League Table

	1964 output Million metric tons	% change over 1963
United States	116·2	+14·8
USSR	84·4	+ 5·2
Common Market	82·8	+13·1
Japan	39·8	+26·3
Germany	37·3	+18·2
Britain	26·1	+14·5
France	19·8	+12·7
Italy	9·8	+ 3·6
(India)	5·8	+ 2·1

a phenomenal rate of increase (taking it into third place in the world league) which, failing a matching surge in home consump-

tion, can only lead to further pressure on export markets—the sort of pressures that caused such unhappiness, in the Steel Community more than anywhere else, in 1963. This is intensified by the growing tendency of erstwhile importers to develop indigenous steel industries, as in India. The main producers in Japan are meeting next week to consider their investment plans in concert; as yet there is no sign of the international meeting, called for both by the ECSC and the OECD, to consider the related problems of over-production and world trade.

INDIAN STEEL

British in a Hurry

Calcutta

BARELY five years since the first blast furnace was blown in at the steel plant at Durgapur in India, a further expansion is planned. Built by a British consortium as a million ton unit, a balancing expansion is under way which, by adding 600,000 tons to its steel capacity, will bring it up to the built-in potential of its blooming mill. This phase of work will not be completed until early 1966 but negotiations have already started on doubling the plant's capacity. The British government has made known its willingness to help with credits for this third stage; some progress towards finalising terms should have been made this week in talks which Mrs Barbara Castle has been having in Durgapur and New Delhi.

The boot this time is on the other foot. In 1961 India was pressing for aid for current expansion but London was unwilling to move until it was satisfied that the original million ton plant had been got going satisfactorily. This time however it is the British who are in a hurry. Faced with lean order books, engineering firms interested in the project are keen to get started as early as possible; and they have evidently brought pressure to bear on the British Treasury to pledge support in advance.

While India is going ahead with part of the expansion—a blast furnace being set up ahead of other units to relieve a desperate pig iron shortage—the rest of the project is still to be worked out. Banking upon what finance minister Krishnamachari had said about the urgency of India's needs in private conversations in London, British firms have put forward a crash programme for taking capacity to 3.2 million tons by early 1968. They may also have been thinking that if they were to have any part in a privately-financed steel plant, now under discussion between New Delhi and an Anglo-American consortium, they must get Durgapur quickly out of the way. And to help the Durgapur expansion along, they are pressing for a "turnkey" package deal, unlike the current expansion for which much engineering and supervision is being done by Indians themselves. They also offered to set up a consortium at the British end to co-ordinate the job but to allay Indian fears of price rigging, helpfully added a proviso that open tenders would decide which firms came into it.

Disagreement with India persists on some details. In the first place Indians want to prepare their own project report although they are willing to submit it for a second opinion to any consultant nominated by the Treasury. Once a broad scheme is agreed the Indians insist that overall control should rest with them. The Indians are hoping that Mrs Castle will help to find a compromise that safeguards legitimate British interests but does not encourage "private aggrandisement." Firms are likely however to put Bokaro forward as a precedent; it seems that this new steel plant which the Russians have agreed to build may be contracted for on a turnkey basis, displacing Indian consulting engineers to whom New Delhi had already awarded the job.

NIARCHOS SELLING

Will He?

RUMOURS that Mr Stavros Niarchos intends to sell a substantial portion of his fleet to the American company, Marine Transport Lines have been circulating since last September. When they started, there was talk of Mr Niarchos selling all his 71 ships (47 tankers and 24 bulk cargo vessels) for $260 million; the latest rumour sparked off by a Greek fortnightly newspaper was that 50 ships had already been sold for about $200 million. But the story can be traced even further back. Last June, at the launching of the 86,500 deadweight ton tanker, the World Faith (which Shell Transport and Trading has on 20-year charter), Mr Niarchos reflected on the changing, and increasingly difficult, world of the tanker owner. Ships can be built so rapidly now that, he reckoned, any upturn in freight rates was bound to be cut short by the arrival of new tonnage on the market. He also warned shipbuilders that they would see less of him in the future.

That negotiations are in progress has been confirmed. But what the final outcome will be is still anyone's guess. Quite apart from the financial details, there are two other questions that are certainly causing concern in Greece. One is the fate of the Greek crews who man Mr Niarchos's ships. The second is the likely removal of a considerable chunk of regular business from Mr Niarchos's shipyard at Skaramanga, if these ships are to come under American ownership. On both these points there could be a conflict of patriotism that alone could continue to delay or hamper the negotiations. But it does seem likely that Mr Niarchos will eventually succeed in selling at least a part of his fleet, even if it is not as big a part as either party may have originally hoped.

GERMAN EXCHANGE POLICY

Quiet, Please!

Frankfurt

RIGHT in the middle of general nervousness in the gold and exchange markets, the case for flexible exchange rates has again been brought under discussion in Germany—this time not by an isolated statement from a private theorist, but instead by a considered suggestion from an official advisory committee. The bombshell came from the council of experts, three professors and two businessmen, set up by the government some months ago to examine the economy and to recommend any practical steps required to smooth its future development. In the committee's first report, now out, the "five wise men" chose to expound in great detail the advantages of flexible rates of exchange, particularly for stabilising domestic prices. They dismiss as preponderantly political the question of whether fixed exchange rates are essential to international financial co-operation and integration. The experts could hardly have demonstrated their independence more flagrantly. For this stand flies in the face of all past government and central bank statements on exchange rate policy.

An embarrassed government has tried to scotch this awkward suggestion by publishing alongside the committee's report an official communiqué once again clearly abjurring any transition to flexible rates. It not only points to Germany's legal ties but also states categorically that even without these commitments the government would not desert its defence of a fixed rate of exchange. Nor does it hesitate to remind doubters of the reception accorded abroad to one-sided action by individual countries, underlining the point by referring to

KEY INDICATORS

WORLD COMMODITY PRICES

The all-items indicator FELL by half a point this week (to January 13th). Declines in meat and wheat were offset by advances in sugar, maize and soya beans. Lead, zinc and tin have stopped falling, but copper has become sensitive, falling by £31 to £369 a ton.

	Index 1958 = 100		Percentage change from	
	Jan. 6	Jan. 13	Previous month	Twelve months ago
ALL ITEMS	106·1	105·6	−2·4	−9·1
Food	103·6	104·2	+1·0	−19·5
Fibres	100·4	100·4	−0·5	−8·1
Metals	191·8	181·8	−20·1	+47·3

The Economist Commodity Price Indicator includes nineteen commodities weighted according to their relative shares of world trade in 1958.

** Changes relate to this week's figures, but these, except for the metal group, are provisional because quotations for tea and wool are not yet available beyond last week.*

The Economist DIARY

For the better ordering of the working day, and for the comfort and delectation of secretaries, t' is to it.

A week's appointments at an opening; a book that lies open flat on the desk

Bound throughout in red leather; title blocked in gold. Size: 10" x 8"

A memorandum book, an appointments register and a complete reference book

A diary lay-out specially designed for use at Board level

All information easily found by means of handy thumb-indexes

72 pages of facts and figures covering the world; 32 pages of maps

Price for U.K. only, including postage and purchase tax **47/6**

Price overseas by surface mail. Air rates on request **45/-**

ILLUSTRATED PAMPHLET
From Diary Dept.,
The Economist,
25 St. James's Street, London, S.W.1.
Whitehall 5155

An American Edition, price $12.50, is available from Brooks Brothers, 346 Madison Avenue, New York 10017

"Have you tried Mitsubishi Bank? If anyone knows Japan they do."

Why do businessmen coming to Japan call on Mitsubishi? **Because 84 years' banking service** has indeed made it the bank that *knows* Japan. A complete range of financial and business services is available to assist the international businessman. *Our* business is to help you further *your* business in Japan. May we serve you soon?

MITSUBISHI BANK
Head Office: Tokyo, Japan Cable Address: BANKMITSUBISHI

New York Agency: 120 Broadway, New York 5, N.Y. ☐ Los Angeles Agency: 626 South Spring St., Los Angeles 14, Cal. ☐ London Branch: 7 Birchin Lane, London, E.C.3 ☐ Correspondent banks located around the world.

FRIENDS' PROVIDENT & CENTURY LIFE OFFICE

DECLARED FOR 5 YEARS TO 31st DECEMBER 1964 (U.K. and Eire series)

BONUS

60/-

PER CENT PER ANNUM

COMPOUND

PLUS

A SPECIAL BONUS

15%

OF EXISTING BONUSES FOR POLICIES MORE THAN 5 YEARS IN FORCE

Interim bonus until further notice 55/-% FUTURE DECLARATIONS TRIENNIALLY

NEW LIFE SUMS ASSURED 1964 EXCEED £100,000,000

FUNDS £160,000,000

Friends' for Life

7 Leadenhall Street, London EC3

County Durham

NE

BRITAINS fastest-growing industrial area

an area with great industrial traditions ... an area offering great opportunities to modern industry

County Durham provides the widest range of [illegible]

County Durham has a wide range of [illegible]

County Durham astride all the main east coast routes, has excellent communications with, [illegible] is strategically situated [illegible] all the major centres of [illegible] and the Continent [illegible] airports, three major ports, fast main line [illegible] and a motorway now under construction.

County Durham has a growing population; large adaptable labour force with considerable experience of shift work, a plentiful supply of boys and girls leaving school and good training facilities of all levels. Housing for keyworkers and staff is readily available in all areas, including the New Towns.

County Durham has space for uncongested living, space for recreation and facilities for a wide range of cultural activities. Beautiful upland scenery, quiet agricultural villages, historic buildings and with three National Parks within easy travelling distance Durham is a good place in which to live and work.

Britain's difficulties over its 15 per cent import surcharge.

It is impossible to judge to what extent the surge of demand for D-Marks last week, the counterpart of renewed uncertainties about the pound and the dollar following France's challenge in the gold markets, was further freightened by this extraordinary discussion of German exchange rate policy. Certainly at least some of the buying could be chalked up to the experts' report.

FRENCH ECONOMY

Stagnation: Official

Paris

SIGNS of a slackening in French industrial activity are multiplying. Industrial production declined for the second consecutive month in November, dropping back to its January level, and only 3 per cent up on the year. Partial unemployment is increasing, gradually reaching metallurgy, the household equipment industries and numerous sub-contracting firms: it is estimated that with the auto and textile industries, nearly a million French wage earners have already seen their working hours reduced.

The Statistics Institute, in its latest enquiry, has just revealed that stocks are now above their usual level, that half the industrialists questioned consider their order books not very well filled for the season and that 68 per cent of firms stated that they could produce more if they received more orders. Private investment, on the other hand dropped in volume—a rare occurrence in France—by 3 to 4 per cent in 1964; it is expected that it will stagnate during the next few months.

All these factors finally undermined government optimism and Mr Pompidou himself has just recognised that French expansion is at present undergoing "some slowing down." Employers recognised the situation with less reticence a few weeks ago, the trade unions, were alerted as much as three months ago by renewed outbreaks of unemployment. The diagnosis is therefore unanimous: France has run into economic stagnation.

Opinions on the future differ. Although the trade unions are very worried and employers are giving out more and more cries of alarm, the government is hesitating to end its "stabilisation plan." Mr Pompidou, who blames the small industrialists and their lack of enterprising spirit for the stagnation of investment, and who thinks that the growth of French incomes will revive consumption, is practising the "wait and see" technique: the future will show, he thinks, whether business will recover on its own or if intervention is needed. The government is considering for example, a reduction of taxes on companies and eventual measures to stimulate investment.

In an attempt to mitigate alarm the finance minister, M. Giscard d'Estaing, has decided to reduce the publication of some official figures and industrial enquiries, which were adding to the worrying diagnoses. At his request, the Statistics Institute has cancelled the publication of weekly food product prices which rose more often than they fell. Also at the request of the minister, the institute has considerably "reduced" its comments on the economic situation. Finally, diagnoses of future development are published with growing delay, so as not to cause undue worry.

It is not the first time in Western and French history that psychological considerations have disturbed statistics. As Doctor Coué used to say: "Tell yourself you are better and you will be."

SWEDEN

Sales Tax Leaps

Stockholm

THE new Swedish budget presented this week by the Minister of Finance contains far-reaching changes in the taxation system. Only six months ago, an official, all-party committee unanimously recommended increasing indirect taxes and lowering direct taxes. Although the Minister of Finance has not yet decided what to do about the report, it is obvious that he is not prepared to endorse at least one of its suggestions, namely changing over to a value-added tax of 13 per cent. The latter was by far the most sensational of the committee's proposals. The value-added tax had been specifically written into its terms of reference. But the Confederation of Trade Unions is known to oppose the idea because of the wage claims that would inevitably follow on its introduction and it can be safely assumed that this argument has had its influence on the government.

The new budget proposes to retain the old sales tax but to raise it from 6 to no less than 9 per cent. This must be regarded as a very far-reaching step—it is only five years since the general tax on turnover was first introduced. There is, however, one more novelty: hitherto fixed investment has been hit by the tax—which would not be the case with a value-added tax—but it will now be excluded from the increase. In this way an oft-repeated appeal by businessmen to the government is at least partly answered. The tax on petrol, which is not subject to the sales tax, will go up by 3d. a gallon. This will increase the costs of transport, no small matter in a vast and sparsely populated country like Sweden. The tax on cigarettes will also be raised, the price for 20 will become about 5s. 6d.

Direct taxes will be slightly reduced, but for the average married wage earner the difference will not exceed £30 or rather more than 10 per cent. However, whereas the sales tax is to go up on July 1st this year the reduction in personal income tax will not take place until 1966. This will therefore be a tough year for the consumer, the more so because wages are fixed under a two-year agreement not expiring until end-1965. Some compensation is given to families by a rise in children's allowances by £14 a year to £62 for each child.

SYNTHETIC FOODS

After Broilers, This

THE news from America that "a close approximation" of some meats has been made with a twin-screw extruder instead of the more conventional, but cumbersome and time-wasting, farmyard, can only deepen the gloom of food-lovers already faced by broiler chicken, factory pork and stall-fed veal. At least, they might have comforted themselves, a semblance of the old ways remains: the factory farmers are using animals. But the Ralston-Purina company of St Louis takes soya protein and extrudes it through tiny holes to make a bundle of fibres. The Worthington Food company flavours, colours and moulds them into something resembling chicken, beef, sausage, ham—and doubtless others can be added to the range. From the endless boiled egg (which at least starts with eggs) to the endless bit of white off the breast.

The connoisseur shudders but the Indian peasant might say that it is better than no breast at all. And it is to find more efficient ways of making food that most of this sort of research is aimed, with an eye on the underdeveloped countries. In any terms, an animal is an inefficient converter of its food and since its meat is an important part of the human diet ways are being found to speed the conversion step. Factory animals are a move in this direction; feeding them with protein supplements is a step further—and the supplements can now be made in a factory. SFBP, the French subsidiary of British Petroleum, is developing a method of making straight protein from oil and Dutch State Mines has adopted a more basic approach, making lysine, one of the constituents of proteins; both are for feeding to animals. Other protein supplements are available for direct human consumption, like fishmeal, which although nutritionally valuable have yet to be accepted by the people who most need them.

In this one can hardly blame even a very hungry man, irrationally obstructive as he must seem to the people offering him dollops of a nourishing something that looks and smells like white sawdust. Extruding soya chickens is a step up, although still short of the meat target, and chicken factories may yet become a feature of the rural landscape in countries too poor to afford the—in industrial terms—waste involved in turning out the real thing.

GERMAN TRADE UNIONS

Shopkeepers, Builders, Bankers

Frankfurt

WEST Germany's trade unions have been making a big splash in their second capacity as employers. Recently the wholesale purchasing association of German Consumer Co-operatives (GEG) took over Herbert Ekloh, a foodstuffs subsidiary (previously owned by a large department store), active principally in the North and West of West Germany with 53 ultra-modern self-service businesses and a DM 140 million turnover in 1964.

The consumer co-operatives, with the GEG at the apex, are one of the three parts of the unions' economic empire. They operate retail businesses in the smallest village. Their share of the retail food market is calculated at 10 per cent; and their aggressive price policy has obliged the rest of the retail trade to retaliate. When the GEG raised its capital from DM 25 million to DM 33.5 million last summer, there was more than a hint that its mind was on expansion, and the subsequent acquisition of Ekloh has confirmed this.

The unions exercise influence on the consumer co-operatives in a whole range of other concerns. They own the total share capital (about DM 5 million at present) of two insurance companies, the "Alte Volksfuersorge" and the "Deutsche Sachversicherung Eigenhilfe." The GEG also holds a large investment in an ocean fishery. The second main sphere of the unions' business activity is a group of important house building firms, with a combined capital of about DM 160 million. They thus rank among the leading German housing groups.

If these types of activity can still essentially be regarded as within the unions' natural province, a third field is altogether in the classic capitalist domain. The head of this is the "Bank für Gemeinwirtschaft" (Bank for Social Economy) whose share capital is completely in the hands of the unions and the GEG. This dynamic bank has caused quite a stir and is already seen as a kind of fourth big bank of the future, if still being quite far behind the three giant banks. The BfG acquired a chain of firms from the Stinnes breakdown and also co-operated in the liquidation of financier Munemann's banking interests. In the largely successful reselling of these interests carried out subsequently, the BfG had to deal with such names as Rothschild and Krupp. However, the BfG still holds investments in banks (among them two instalment credit institutions) and industrial firms.

This massive build-up in the unions' economic interests has been made possible —and was probably first stimulated—by their large reserves of cash. It is true that union membership has been stagnating for some time, but the unions have participated in members' higher incomes, while spending on strikes and the like has kept within modest limits. It was a short step to invest the collected "workers' threepences" as profitably as possible, and this eventually led the unions into new pastures, which in Germany had previously not been regarded as quite the typical union field of activity. This does not mean that action here will in future be more limited. "Capitalists" in Germany should reckon with meeting more and more union competition in the future.

EGYPT

Retrenchment Ahead

Cairo

EGYPT'S recent sales of gold on the Swiss market have given it no more than a breathing space in its payments crisis. Sales amounted to about £15 million Egyptian pounds ($35 million), equivalent to one quarter of the gold backing to the Egyptian currency which has stood at £60.6 million for several years. Earlier this winter the United Arab Republic had fallen several weeks behind in repayment of short-term loans from western European and American banks and gold sales have enabled it to repay these and obtain new facilities. The Government now accepts that there must be severe retrenchment and although it will make every effort to avoid slowing down investment under the second five year plan which begins in July this year it is difficult to see how this can be avoided. Already it has economised by closing some of its multitude of tourist and commercial offices abroad which in many cases were duplicating the work of embassies. Private foreign travel has been negligible for some time but large numbers of Egyptians have lately been visiting Europe for "medical treatment," which the government believes they could obtain in the UAR. But all such economies together cannot solve the UAR's problem which is characteristic of an over-populated, under-developed country trying to industrialise rapidly. Exports for 1964 are expected to show a satisfactory increase of about 10 per cent. Outlook for the cotton crop is excellent, although because this is also true in other producing countries, demand is unlikely to be as steady as last season. The UAR's two other chief foreign currency earners, rice and oil products, are also doing well and Suez Canal receipts for 1964 have risen to an all time record of nearly 80 million Egyptian pounds. The trouble is that imports have soared far beyond the wholly unrealistic five year plan estimate, reaching an unprecedented 398 million in 1963, while exports were only 226 million Egyptian pounds.

President Nasser's promise to give priority to imports of necessities and not to allow the export drive to be at the expense of local supplies increases the difficulties. The axe must fall somewhere and presumably it must be on industrial investment. There is one former rash policy which can and indeed must be avoided in future: use of short-term loans from western banks for capital investment as well as for purchase of raw materials. 1961 figures, which are the most recent published, showed that the UAR had still used less than a quarter of the loans available from Eastern block countries for industrialisation. The UAR may still prefer to buy industrial machinery in the west: but it cannot afford it.

SULPHUR

Square One

IT seems only yesterday that sulphur was coming out of everyone's ears. America's traditional hold on the world sulphur trade had been loosened by the development of a Frasch sulphur industry in Mexico by Pan-American Sulphur and by the emergence of a completely new source, the "sour" gases that must be scrapped out of natural gas before it can be used. These last were perhaps the most important: the sulphur is a by-product of the natural gas for which there is only a notional floor price—the bare cost of running the scrubbers. However, the period of over-supply that these new sources initiated is now at an end, as a result of the considered policy of the American producers (that for this purpose unite in an export cartel, Sulexco).

For last year consumption of sulphur (of all forms, including anhydrite and pyrites) outside the communist world rose sharply, by 9 per cent instead of the more expected 3 or 4 per cent, to 21.7 million tons while total production only increased to 21 million tons. Partly this was caused by the slower rate of development of the Canadian natural gas deposits; expected by now to be producing 2 million tons of elemental sulphur, they are only producing half that much. Mexican production also fell behind schedule. More to the point, the American producers simply refused to export at the prices then prevailing in the world markets. It would have been very easy for them to make more; even, on the face of it, desirable, since for some time now they have only been operating at about 60 per cent of full capacity. But with prices at less than $20 a ton fob Gulf, they preferred to hold their hands.

The effects on the world price have been all that Sulexco must have desired. From $18.50 at the beginning of last year it came up steadily until it is now nearly $10 more—and there is knowledgeable talk of its going to $30 a ton and even higher. Which is a blow to such major customers as the British buying consortium organised by the National Sulphuric Acid Association, perhaps the largest single buyer in the world and responsible for 700,000 tons a year. Part is covered by the long-term contract that the NSAA signed last year, for a half of its annual requirements, with Pasco.

AUCTION SALE

at the London Auction Mart, 155 Queen Victoria Street, EC4
on Tuesday 9 February at 3 pm

Freehold investments

To be sold in separate lots

Finsbury Park N4 / Hanwell W7 / Harlesden NW10
Horsham / Holloway N7 / Islington N1
Leigh-on-Sea / Luton / Walthamstow E17
Westcliff-on-Sea / Worcester Park

tenants include: **British Insulated Callender's Cables Ltd. Tip Top Cleaners, Norvic, HM Postmaster-General**

Present net income per £9,650 per annum. Many early reversions

Long leasehold investment

with vacant possession of 1500 sq. ft. of office space

32 Eccleston Square, London SW1

Freehold shops

with vacant possession

52 London Road North, Lowestoft
15 Market Hill, Barnsley

Freehold bakery, mill and residence

Great Bentley (near Colchester)

(in conjunction with Fenn, Wright and Co. 146 High St., Colchester. Tel. 73171)

Freehold shop and residential site

Hullbridge (near Rayleigh) Essex

AUCTIONEERS *EDWARD ERDMAN & CO*
6 Grosvenor Street, W1. MAYfair 8191

BUSINESS □ INVESTMENT

MERCHANT BANKING

The Big League

By the traditional criteria, each partner in this week's merger between M. Samuel and Philip Hill was big enough to carry on all the functions of a merchant bank. Clearly both sides have decided that these criteria are not adequate, and that a modern merchant bank needs to be strong in all departments, all over the financial world, and it would be absurdly Anglo-centric to disagree.

As if to emphasise the professionalism of the combined unit, the Samuel family has given up control of the family bank, and merged the family name with another. Philip Hill Investment Trust is selling its bank to M. Samuel in return for shares, on a basis of equality between the banks. In order not then to control the bank it will distribute half the new shares to its own shareholders, ending up with 25% of the equity of the new Hill-Samuel bank, the same as the Samuel family. Mr Charles Clore and the First National City Bank of New York as a result of their recently-acquired stakes in M. Samuel will each have 7%. The new unit will have two outstandingly able directors, of different ages and complementary personalities in Mr Kenneth Keith of Philip Hill and Lord Melchett of M. Samuel. Functionally the banks are also complementary and Hill-Samuel will be well placed to achieve its major aim, to provide a world-wide service for the financing of international trade.

Philip Hill has an outstanding list of industrial clients, and a fully-computerised registrar's department: to this M. Samuel will bring among others the companies it acquired as clients with Mr Charles Clore's Investment Registry. The combined bank will undoubtedly expand its provincial business: Philip Hill already has an office in Manchester. But there may still be provincial businessmen who will prefer to deal with a partner or director from a smaller merchant bank, who will bring the magic personal touch rather than an employee, however expert, from a larger organisation. Other larger clients will, however, undoubtedly appreciate the separate professional services which such a size of unit can provide.

This merger is in some ways a tribute to the enterprise of stockbrokers, who have usurped some of the merchant banks' functions in guiding smaller companies to the market, and to the new-found energy of older and until recently sleepy merchant banks, which have recently used the weight of their names and the international services they can provide to good effect.

M. Samuel already has a number of historically strong links with Europe, where its name and titles are still of use. Philip Hill is important in South and West Africa, and, more importantly, in Australia, now a country of enormous interest to the City. Both partners have American links, but these are largely complementary: Philip Hill's are with the investment bank of Harriman Ripley, while the connection with First National City has been proving of increasing benefit to M. Samuel. Within the United States, the First National City cannot operate outside New York, but it can help its British colleagues in many indirect ways in the rest of America, and appreciates the industrial clients the bank will have.

On the more orthodox banking side, M. Samuel is the stronger. Here again the link with First National is helping by enabling the bank to take on very large credit propositions without hawking them around the City—and allows it to share in some of First National's own business. But in return the competition for deposits between the two partners is unlikely to abate. The combined merchant bank ranks with Hambros & Schroder Wagg in the top league in terms of resources although Samuel Montagu has larger deposits. The reasons which led these powerful units to merge should lead smaller banks to wonder about their professional adequacy in this competitive international business—and as their clients grow more sophisticated they may wonder too.

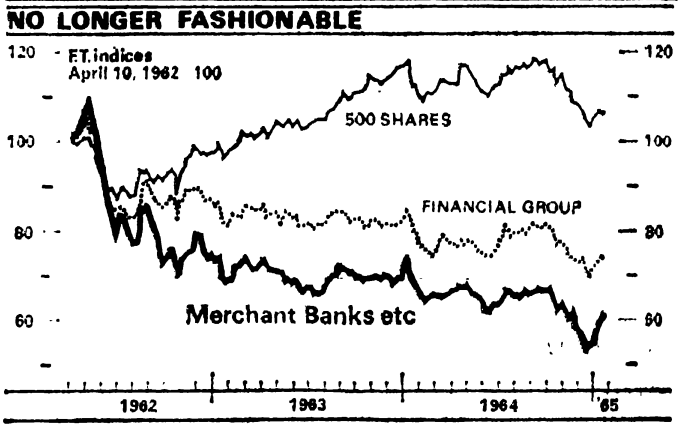
WALL STREET

Investors for the Great Society

New York

Wall Street's evanescent mood has changed considerably this far in the new year, with powerful help from the government. The doubt and hesitation investors had displayed in December began changing to cheer with the holiday, and the cheer grew last week to extend a share-price rally in active trading. The Dow-Jones industrial average on Wednesday tacked a 0.96 gain on to a string of advances to close at 886.85, up a solid 7.79 on the week and not far from the historic high of 891.71 in mid-November. And this rather understates the case: for a change, many of the largest gains have come in so-called "secondary" issues, rather than the 30 blue chips that make up the average. No great change in business conditions, or even business prophecies, has occurred to spark this rally.

NO LONGER FASHIONABLE



Merchant Banks compared	Total deposits £mn.	Market capitalisation £'000s	Current price	Dividend yield
M. Samuel	52·7	12,285(1)	58/-	3·3
Philip Hill	50·5	42,188(1)	18/9	4·1
TOTAL	103·2			
Baring	59·2	...	..	...
Brown, Shipley	51·8	3,950	42/-	4·8
Hambros	232·5	64,725	27/9(1)	4·2
Japhet	28·6	...	21/-(1)	5·1
Kleinwort, Benson	66·0	24,910	23/6	4·1
Arbuthnot Latham	4·7	1,365	38/-	5·3
Guinness, Mahon	18·5	5,750	11/6	3·5
S. Montagu	117·3	15,930	29/6	3·5
Schroder, Wagg	146·6	14,035	54/-	3·2
Warburg	30·6	21,000(2)	52/6(2)	3·3

(1) Includes non banking subsidiaries. (2) Mercury Securities. (3) 5s. shares. (4) Charterhouse Investment. Figures are not available for Antony Gibbs, Wm. Brandt's, Morgan-Grenfell, Lazard Brothers and N. M. Rothschild.

Rather, "the street" credits it to two things: a forceful government statement that the dollar would not be devalued, and that speculators against it will lose: and President Johnson's State of the Union speech and subsequent barrage of messages detailing parts of his legislative programme. These contain many proposals of the type Wall Street's Republicans often oppose in principle but find momentarily attractive in practice.

Movements in different groups of stocks leave little doubt that they are right: Shares of gold-mining companies had been bid up to lofty heights in December and the first few days of January: these fell sharply last week, after the Treasury blast. On the other hand, the advance in the main body of stocks has been led largely by drug and publishing issues. Drug companies stand to increase sales because of the president's proposals for federal payment of some medical expenses of the aged (and perhaps, on a speculative bet, from his concern about the population explosion), and publishers can scarcely help but profit from his plan for greatly expanded federal aid to education, with its emphasis on federal money to buy textbooks for needy students.

Why these things should have such a pronounced effect now is much harder to fathom. The Treasury statement on gold was only a bit more strongly worded than a long list of past statements that have had far less effect, and it has never been a secret that Mr Johnson wants "Medicare" and much more aid for education—nor, since the Democratic sweep in November, has it been any secret that he is almost certain to get them. So far as there is an explanation, it apparently is only that Wall Street was getting ready for one of its mercurial shifts of mood, which almost anything can set off: investors had simply tired of doubt and pessimism and were looking for something to be happy about. At any rate, for the moment, at least, the switch has been complete, and bullishness is reigning supreme.

GILT-EDGED MARKET

Shock Treatment

THE London County Council's last visit ever to the London capital market, paradoxically caused spirits, if not prices, to rise, even though the total of £50 million is the largest local authority issue ever. The 6¼ per cent coupon seems too good to miss. The authorities neatly sidestepped the uncertainty over whether redemption profits will or will not be subjected to the gains tax by pricing the twin issues, £25 million 1974 and £25 million 1988-90, at par. Fine adjustments to the redemption yield of the stock were not possible with the issue price thus pre-determined; the yields were pitched clearly above the market.

The immediate effect of the news was a sharp fall in corporation stocks of from 1 to 2 points, accompanied by smaller echoes in the market for British government stocks. But this was enough to awake the whole market out of its trauma, induced by capital gains tax uncertainties. Although substantial selling occurred from investors preparing to subscribe for the new stocks, the accompanying activity came as a sharp reminder to big liquid institutional investors of the relative attractions of some gilt-edged stocks, now at three-year lows. And it coincided with a steady improvement of sterling in the spot market and a further weakening of short term money rates. At the same time the differential between yields in the corporation stock market and the gilt-edged has been widened. This is likely to stimulate more institutional interest in the local corporation stocks. The higher returns reflect, in essence, the better local marketability of central government issues.

But switching in the gilt-edged market remains abnormally low, even if investment interest is potentially sizeable. (Despite the unusually publicised intervention of the government broker last Christmas, the authorities have not had to absorb any large quantity of stock; and support operations are now again undertaken subject to the usual slight penalty, i.e. below the ruling market price.) Once the budget, or the finance bill, makes liability to capital gains tax clear, more active switching is likely to be resumed. And if the life assurance funds are exempted—which now seems a quite likely compromise—it is arguable that switching could be still larger than before, since the range of differing tax liabilities would then widen still further; and it is on such differences that switching partly thrives.

RANKS HOVIS McDOUGALL

Still in the 70's

IN last week's review of take-overs during 1964, Ranks Hovis McDougall secured no mention for the £4½ million spent on its acquisitions of last year which were spread over seventy-eight businesses. This compares with the total of seventy-one and seventy-two for the two previous years. As before, most of them were very small and consisted mainly of bakeries and agricultural merchants. In both fields the acquisitions represent the continuation of the group's policy of coming closer to the consumer whether the housewife buying bread and cakes (and here the group is rapidly expanding its house-to-house delivery service) or the farmer buying animal food stuffs. But apart from acquisitions, the group continued to spend heavily on modernising and expanding its flour mills and bakeries and in the current year this is likely to be on a still bigger scale for at the end of August commitments for capital expenditure amounted to almost £7 million against £4.4 million a year earlier.

But when will the benefits materialise? There was little enough evidence of them in the year to end August for while trading profits were £1 million higher at £20.7 million, pre-tax profits were only just over 3% higher at £14.2 million against £13.8 million. This means that earnings rose (after a proportionately higher tax charge) from 33.1% to 33.8% to cover just over twice the dividend raised by a further one point to 16%. The current year will include a first and full year's interest on the £13 million convertible issue, which has brought about a substantial improvement in liquidity, but this means the profits will have to rise a good deal more sharply than in the past year if earnings for the current year are not to fall.

There is a good chance that they may. The group has strong hopes of a greater stability in cereal prices as a result of various government measures, particularly the new act dealing with minimum prices for imported cereals. On the bakery side, higher bread prices should offset the effect of a substantial wage award late in the financial year. The acquisition of a large number of agricultural merchant companies should also pay off for with less reliance on imported grains and ever steepening transport charges, the smaller compounding plants for animal foods situated throughout the country are gaining on the port compounders faced with high distribution costs.

KEY INDICATORS

MOVEMENTS ON THE WORLD BOURSES

LONDON
Bonds shaken to life by L.C.C. loans.

NEW YORK
Last week's rally well maintained.

ITALY
Another unhappy week.

	INDICES *		Percentage change from:		
	Jan. 6 †	Jan. 13 †	A week ago	A month ago	Twelve months ago
London	387·8	385·7	−0·5	−0·1	− 3·5
New York	879·7	886·9	+0·8	+3·0	+14·7
France	98·6	99·3	+0·7	+0·1	−11·7
Germany	103·9	103·2	−0·7	+0·7	− 0·1
Holland	362·6	358·6	−1·1	+6·7	+ 2·5
Italy	379·1	362·9	−4·3	−6·4	−33·8
Belgium	139·4	134·7	−3·4	+2·1	− 1·0
Sweden	241·4	248·0	+2·7	+8·2	+18·9

* For Bases and Stock Prices and Yields, see pages 284 and 285.
† London, January 7th and 14th.

A number of the group's acquisitions have compounding plants and Ranks seems well placed to take advantage of this trend.

At least in future years shareholders will know if the group's sales are producing a better return. For the first time, and taking note of the new Stock Exchange recommendations, Ranks has published a turnover figure (and is to issue half yearly profits statements). External sales last year (excluding £39 million within the group) were £254 million, on which the pre-tax return is a modest 5.6%, and lacking a comparative figure for 1963-64 it seems fair to assume that margins generally were under pressure. The results so far for the current year are "not unfavourable" but they will have to be decidedly better for the shares to move far from the current level of 31s. 3d., almost the 1964-65 low, where they yield a no more than adequate 5.1%.

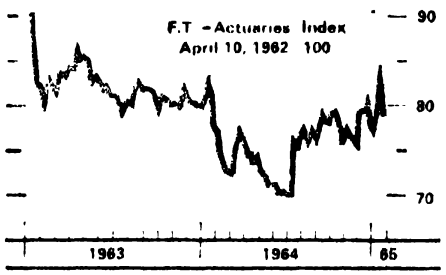
BANKS

Bumper Profits

THE key to this year's results from the banks has been the upward movement in money rates. This is made clear by the accompanying table of profits and dividends, which shows that only four of the seven banks achieved a bigger increase in their level of advances in 1964 as compared with 1963. But in 1963 when there was a 14% rise in the average level of advances, the average level of Bank rate was 4% (against 4.87% in 1962), while in 1964, although the rise in average advances was a slightly more modest 11½%, Bank rate averaged 1.06% more at 5.06% and with moreover the rate at the end of the year firmly fixed at 7%.

None of the banks that reported at the end of last week was able to take away the laurels for the best performance in 1964 from the Westminster Bank, whose profits, announced earlier in the week, rose by 30% on an increase of 13% in its average level of advances. This incidentally has hoisted Westminster from the bottom place among the "Big Five" in terms of the size of published profits and leaves in its place the National Provincial whose average advances went completely against the trend and showed a small fall. And its profits, excluding the dividend from its District subsidiary, showed a disappointing rise of only 8% (although this did not prevent its raising its dividend by two points). The District did rather better, while Barclays, Lloyds and the Midland all showed roughly the same increases in advances. But Barclays achieved a far better growth in profits than the other two, coming within a point of the Westminster, although gains of 20% for Lloyds and 23% for Midland are, to say the least, satisfactory.

BANK SHARES



Deposits climbed much less rapidly in 1964 by just over 5% to a monthly average of £2,922 million in 1964. And the additional cost of interest on deposits was far outweighed by the fact that advances not only showed a sharper rise, but were much more remunerative than in 1963. For the moment, at least, the possibility of direct competition for deposits among the clearing banks has been shelved but, as was suggested in these columns last week, most of them are finding indirect ways of bidding for money at market rates. Indeed, in the first of the statements from the bank chairmen this week, Sir Cuthbert Clegg tells shareholders that Martins through its wholly-owned subsidiary, Lewis's Bank, has for the greater part of the year been accepting large deposits for fixed periods at special rates of interest. This trend will undoubtedly continue.

The current year's prospects are by no means unfavourable. There will be a continuing benefit from the present high level of interest rates. The banks' computers are now over their teething problems and will help to keep costs down, and it would be a brave man (or, among bank shareholders a pessimistic one) who forecast that the average level of Bank rate throughout 1965 would be below the 5.06% of 1964. And, while liquidity pressures may check the expansion in advances, it still seems likely that the average level should work out above that for the past year. As the table shows, bank dividends are adequately covered by disclosed earnings and must be amply covered by real earnings. Thus there should be no worries on the grounds of a corporation tax. It is therefore hardly surprising that bank shares are one section of the market in which investors are showing an interest. But for the moment the rise in bank share prices has been short lived and as the chart shows all of last week's gains have been lost. For some investors the attraction of realising a useful profit before next Budget day has been a key factor; for others there could be favourable buying opportunities in this field not far away.

PROFITS AND DIVIDENDS

	Disclosed profits 1963 (£'000s)	Disclosed profits 1964 (£'000s)	Change in average level of advances 1963	Change in average level of advances 1964	Dividends 1963	Dividends 1964	Dividend rates % 1963	Dividend rates % 1964	Price Jan 9 1964	Price Jan 14 1965	Current yield
Barclays	6,395	8,258	+18·3	+13·7	3,970	4,994	9·1	11½	52/6	53/9	4·3
	+6%	+29%									
Lloyds	4,788	5,758	+12·0	+13·6	3,283	3,541	8½	9·4	43/9	41/1	4·6
	1%	+20%									
Midland	5,287	6,490	+12·7	+13·4	3,701	4,545	10	12	52/9	53/–	4·5
	+6%	+23%									
National Provincial	4,323†	4,690†	+ 8·5	– 1·2	[illegible]	3,794	14	16	72/9	67/10	4·8
	+1%	+ 8%									
Westminster	3,820	4,978	+16·7	+13·0	2,493	2,888	9	11·9	50/[illegible]	53/3	4·4
	[illegible]	+30%									
District	1,[illegible]	1,417	+ 8·6	+14·4	772	937	14	14½	.		.
	– 1%	+21%									
Martins	1,425	1,671	+ 7·9	+16·3	1,131	1,212	14	15	19/4	17/1½	4·3
	– 1%	+17%									

* Adjusting to present capitals † Excluding dividends from the District Bank

AMERICAN BANKS

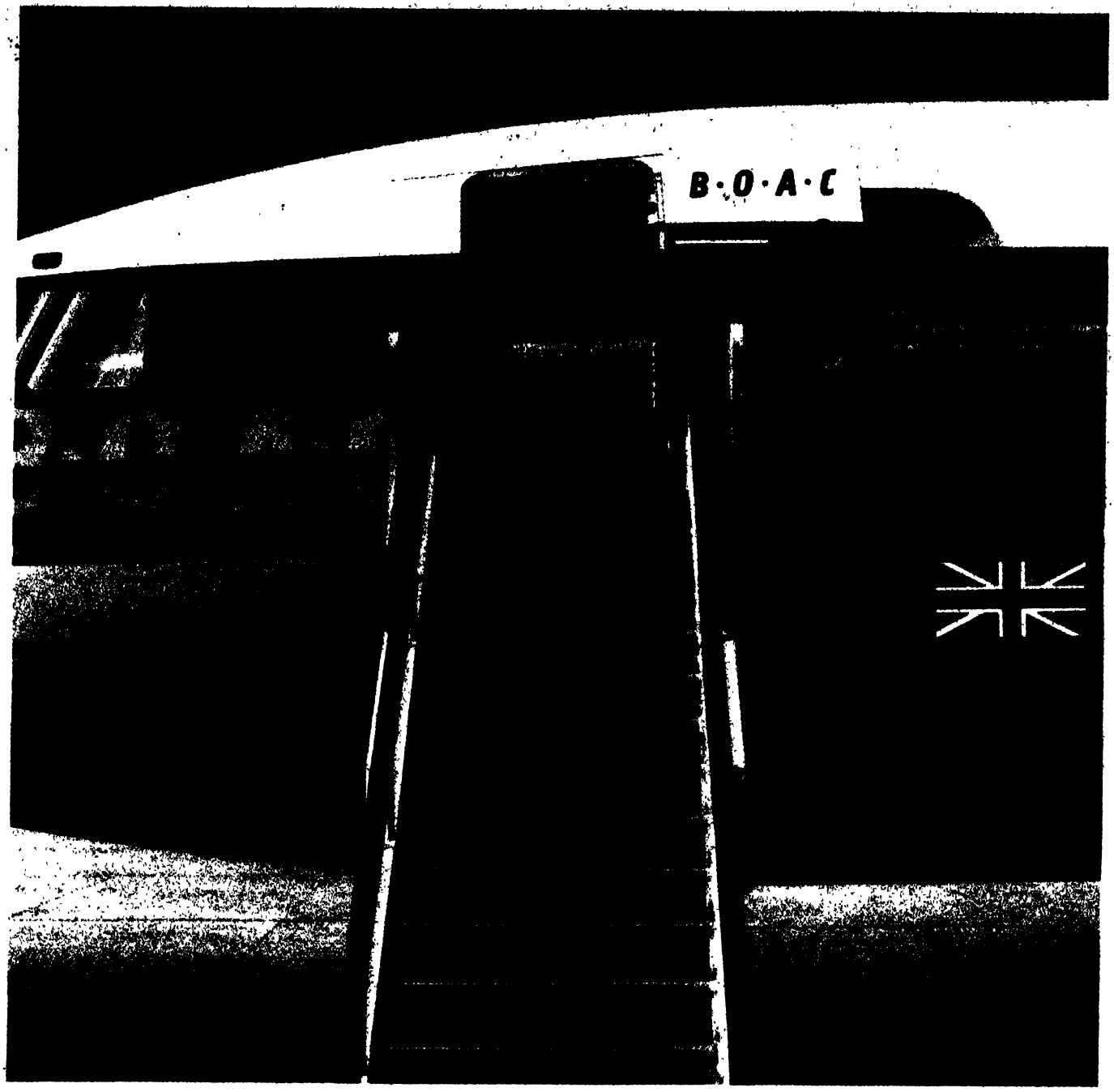
Good for 1964—but not 1965

New York

COMMERCIAL banks in America too have just come through a handsomely profitable year. But they are unlikely to do as well in 1965. The average operating profits of 25 of the country's major banks rose by 9.9% in 1964. This was the sharpest gain since the same banks chalked up a gain of 11.05% in 1960. But in the year which has just begun, the banks' net operating earnings may rise by only about 6%, in the view of M. A. Schapiro and Co., a leading New York bank stock dealer firm which compiles the tabulation. The strong showing of the big banks has been matched to an extent by medium-sized and smaller ones as well. They have benefited from a happy combination of circumstances: continued economic expansion, reflected in strong demand for bank loans: the federal reserve system's moderately easy credit policy which ensured that the banks have had adequate funds to meet loan demands: generally stable interest rates. The principal exception has been sagging mortgage yields, resulting in a marked rise in income from an expanded volume of loans and investments: and more aggressive bank policies in employing funds, as witnessed by a higher percentage of deposits loaned out as investments (roughly 60%).

Savings deposits in commercial banks last year rose less sharply than in 1963, so that the banks' total 1964 savings interest costs, while considerable, benefited from comparison with the steeper proportionate rise in those outlays the year before. Last year also saw banks increasingly bring their operating expenses under more effective control, thereby reaping rewards from automated systems for deposit accounting and other functions installed at substantial cost in the past few years. And like other American businesses, banks benefited from the drop in the federal corporate income tax to 50% from 52%.

Although banking in America continues to be a highly regulated industry, many banks have become noticeably more flexible, especially in balancing supply of and demand for funds—a development adding frosting to the profits cake. This new free-wheeling aura stems partly from the more liberal policies of the regulatory authorities, notably the comptroller of currency, James J. Saxon. But, in part, it is due also to an

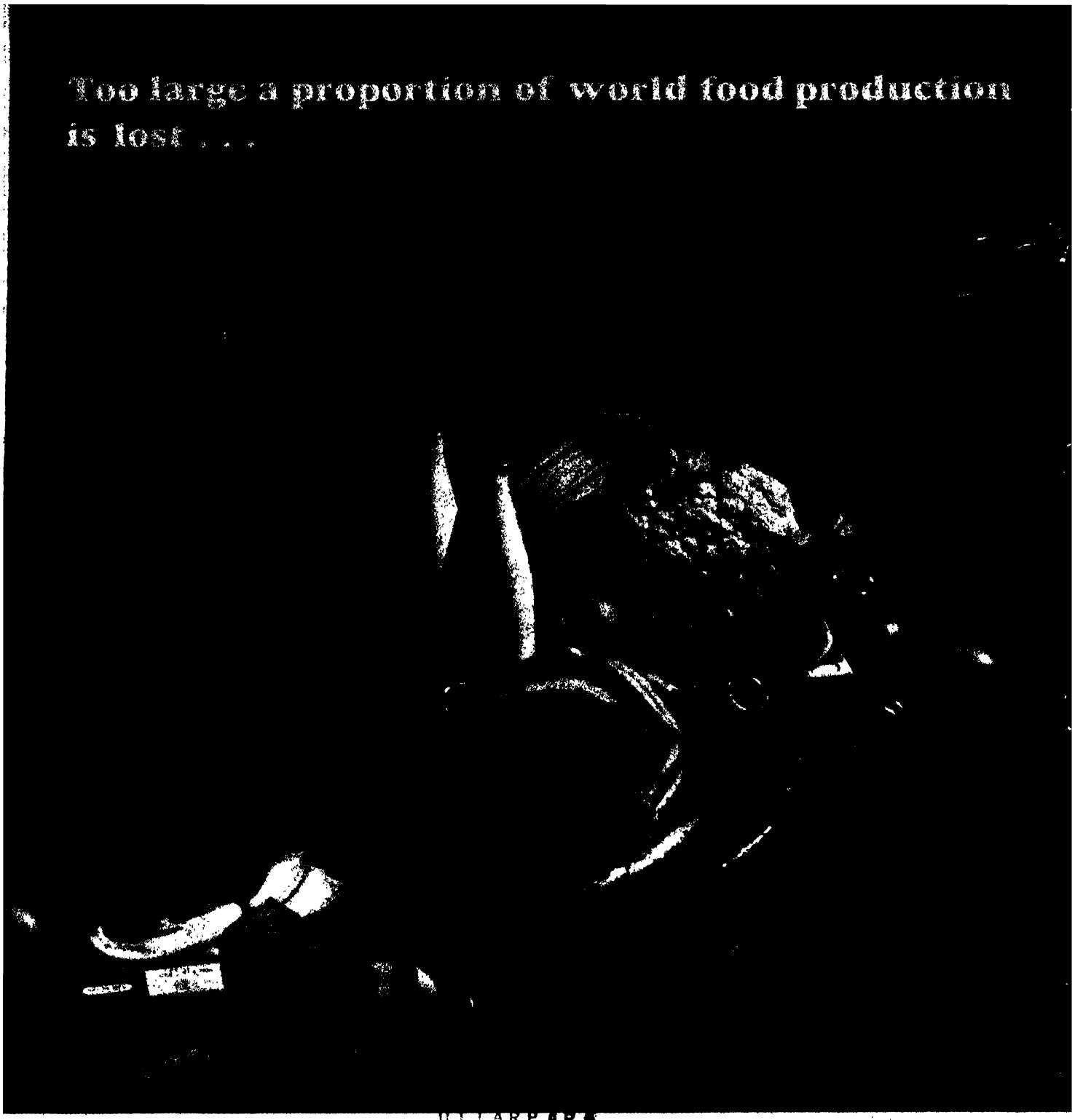


What's missing in the BOAC VC10

Annoying things like noise. Exasperating things like cramped seats and wayward air-conditioning. In the BOAC VC10 these have been replaced by quietness and spaciousness and sheer luxurious comfort. Everything you have always wanted an airliner to have the BOAC VC10 has. Already the brilliantly successful Standard BOAC VC10 flies throughout Africa and the East. From April 1st the Super BOAC VC10 will start regular flights to the USA.

TRIUMPHANTLY SWIFT, SILENT, SERENE THE B·O·A·C VC10

Too large a proportion of world food production is lost . . .



Photograph by Michael Walters and Associates, Mexborou

U T T A R P A R A
JAIKRISHNA PUBLIC LIBRARY

INDUSTRIAL HEAT EXCHANGERS LIMITED, SHEFFIELD:
heat transfer and industrial refrigeration plant.

The following are also members of the Heavy Engineering Division of the Edgar Allen Group offering a comprehensive range of processing plant and equipment.

EDGAR ALLEN & CO. LTD., SHEFFIELD:
size reduction; raw grinding and processing of minerals and other materials.

BRITISH 'REMA' MANUFACTURING CO. LTD., SHEFFIELD:
pulverized fuel plant; fine grinding and separating plant.

BUELL LIMITED, LONDON:
materials drying; dust collection; calcining, roasting and cooling plant.

AEREX LIMITED, SHEFFIELD:

Modern techniques of industrial refrigeration take the gamble out of food transportation — eliminating wastage and nutritional loss between producer and consumer.

Industrial Heat Exchangers, a member of the Edgar Allen Group, offer all types of refrigeration systems, many of which are easily transported and installed, inexpensive to operate and ideally suited to tropical climates. I.H.E. offer to private and public organisations a comprehensive design and development service for the manufacture of 'turn-key' refrigeration plants, multiple cold stores, abattoir and cold storage systems.

Technical literature describing industrial refrigeration design and equipment as well as the book "Materials Processing" outline the widespread activities undertaken by the Edgar Allen Group, P.O. Box

EDGAR ALLEN GROUP

innovative surge by bankers themselves. Thus banks last year introduced several measures to enhance their supplies of usable funds, including the sale of short-term commercial paper and the offering of premium interest rates for overnight borrowing (in the "federal funds" market) of excess reserve balances of other banks. The banks in 1964 also made more intensive use of existing relatively new devices such as the issue of certificates of deposit—receipts for deposits normally for six months or a year—aimed particularly at attracting funds of larger corporate customers, and the public sale of capital notes, debentures and similar debt issues calculated to boost earnings leverage.

While these techniques will continue to be available to banks in 1965, a basic change in banking environment has taken place that portends slimmer bank profits this year: the move late last November by federal regulatory agencies lifting the ceiling on interest rates that banks can pay on savings deposits. The new limit permits banks to pay as much as 4% regardless of the length of time on deposit, a maximum that formerly applied only to savings left undisturbed for a year or more; the rate on savings under a year formerly was restricted to 3½%. Many leading US banks have already announced higher savings interest rates not only on regular accounts but, in many cases, on "time" deposits as well. The move, bankers concede, will cost them dearly. California's Bank of America, the nation's largest commercial bank with more than $7 billion in savings deposits alone, for example, expects its recent rate increase from 3½% to a flat 4% to cost it an additional $25 million annually in interest outlays.

Share prices, which had risen steadily all year, have naturally come back. Bank of America, for example, reached a high of 72 bid last November from a low of 66 in January of that year, but was quoted at 62½ bid at the close on January 13th. Chase Manhattan reached a high of 80 last September from a January low of 64 but closed January 13th at 73 bid. First National City Bank of New York similarly went from 107 last January to 127 in September and 115½ at last report.

If predictions materialise that the US economy will falter in the last half of 1965, banks doubtless also stand to suffer declines in loan demand and gross income, thus contributing to a narrowing of after-tax earnings for the year, despite a scheduled further cut in the federal corporate tax rate to 48%. And many of the special money-procurement tools honed to a fine edge last year may fall into comparative disuse.

EIU Quarterly Economic Review

This Review discusses the economic aims of the Labour government and attempts a balanced assessment of what has been achieved so far, in spite of the early mistakes and exceptional difficulties. There is a close look at the payments problem, and an estimate of what could happen to the economy in 1965.

Further details from:

THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St. James's Place London SW1
Telephone HYDe Park 6711 ext 27
60 East 42nd Street New York 17 NY
Telephone Murray Hill 7-6850

TURNER AND NEWALL

Breaking the Cycle?

For the past decade the results of Turner and Newall, the integrated asbestos mining and manufacturing giant, have followed a definite pattern. Two fat years have been succeeded by three lean ones and, true to form, the year to end-September, 1964, proved to be a fat one. From sales which rose by just under 12% trading profits were up by almost 18½%, at £18 million and pre-tax profits by 22%, to £15.5 million. There was the usual quota of exceptional profits on sales of securities and also of fixed assets, but ignoring these, earnings were 18%, against an adjusted 15.8%. And the forecast dividend of 10¾%, against an effective 9% for the previous year, is covered just under 1¾ times.

	1960 £ mil.	1961 £ mil.	1962 £ mil.	1963 £ mil.	1964 £ mil.
Trading profit	17 0	18·8	15·4	15 2	18 0
Gross profit	14·8	16 1	12 7	12 7	15 5
Net equity earnings	7·6	7 7	6 4	6 7	7 7
Retained cash flow	7 4	7 9	7 0	6 8	7 3
Net fixed assets	35·4	44 9	49 5	49 3	50 3
Net current assets	48·9	43·4	40·4	42 8	46·5
Net liquid assets	33·8	24·6	18·6	20·3	23·2
Net equity assets	78·3	82·2	84·8	87 2	90 7
Ord. earnings (per cent)†	*20 9*	*19·1*	*15 0*	*15 7*	*18 1*
Ord. dividend (per cent)†	*9 0*	*9 0*	*9·0*	*9 0*	*10 75*
Gross profit/net equity assets	*18 9*	*19 6*	*15·0*	*14 6*	*17 1*
Net earnings/net equity assets	*9 7*	*9 4*	*7 5*	*7 7*	*8 5*
Price (£1 shares): 40s.			Earnings yield: 9 9%,		
Dividend yield 5 4%.			equal to 10·1 years' earnings.		

† Adjusted for scrip issue.

Its two main customers, the building industry to which it supplies cement and insulating materials and the motor industry, were both booming. But it was not only at home where demand was strong; and direct exports rose in value by almost 10% with those of asbestos cement products rising by 30%. The surpluses in the chrysotile asbestos fibre industry were disappearing; they have had a depressing influence on the earnings from Turner and Newall's mining interest, but now "a closer balance is being achieved between demand and supply" and there is the prospect that selling prices will soon be able to reflect rising costs.

The chairman, Mr R. G. Soothill, confines his specific comments on the current year's trading to the overseas manufacturing companies "which continue to have good prospects" and to the mining companies with their more favourable world markets. At least shareholders are promised that the next half-yearly statement will include "financial details." But in the longer term the management's confidence can probably be best judged by the build-up of the group's expansion plans; last year it spent £5 million and a further £10 million is likely to be spent in the next two years; this could prove a conservative estimate, for plans involving capital investment of a further £7½ million are already under consideration. But with investments and near cash of over £23 million, and a cash flow running at over £7 million the group should not be daunted by financing problems. Given no sharp recession among the major customers at home and overseas the group could well alter its present profits pattern in the mid-sixties. At 40s. 3d. yielding 5.3% on dividend and 9% on earnings the shares are ones to hold and if they came back to around 37s. 6d. they would be worth buying.

THEO GARVIN

Into Liquidation

It must be particularly galling to the Industrial Bankers Association, which includes many of the medium-sized hire-purchase firms, to find another of its members in difficulties. Last year it was G and C Finance against which a compulsory winding-up order was made and now it is the southern-based Theo Garvin. Steps are being taken to put the company into members' voluntary liquidation. Three of the directors have resigned but the four remaining directors have said that they "are confident that the depositors' money is secure." Garvin is a publicly quoted company and shareholders along with depositors should have quickly a full and informative statement from the company.

A Stock Exchange quotation was obtained for the shares less than a year ago and the 5s. Ordinary shares, introduced at 7s. 6d., had moved as high as 11s. 4½d. at one stage last year. But immediately before the suspension the shares slumped from 6s. 6d., to which they had been helped by an announcement that the company was having negotiations with Mr Leonard Matchan and his group of companies, to 1s. 6d. on the news that these negotiations had been broken off. Looking back it seems wrong that a quotation was ever granted since profits, before tax, had moved (albeit steadily upwards) from £215 in 1957 to only £17,000 in 1962-63. And even before the introduction of the shares the company had embarked on a significant shift of policy to offset the impact of increased competition

in hire purchase by switching funds to short term commercial mortgage advances. Surely, the company should have been told to seek a quotation only when this and other new ventures had fulfilled their promise. In any event, for such a relatively small company the shares could only be speculative.

So not for the first time investors have had to learn this lesson the hard way and those with deposits can be excused for wondering what value there is in knowing that a company is a member of the Industrial Bankers Association. Garvin has clearly complied with all the provisions of the Protection of Depositors Act; it has got into these difficulties because the trend of interest rates moved against it and it was not possible to get its money cheap enough.

PROFITS AND FINANCES

Frost-free

MOST of the companies reporting in October-December ended their financial year on June 30, 1964. So this is the first group of reports to reflect fully the upsurge in business after the great frost which lasted until March, 1963. Trading profits are up 22.2% on average, well above the 17% we suggested three months ago as a target for the quarter.

But three points stand out. Building is naturally booming with an average of 41% increase spread over 21 companies. But the rises (of between 20 and 30%) in manufacturing industries are not entirely explained by the results of giants like Tube Investments or British Motor Corporation. More interesting is the gradual shift over the year between property and stores' profits. At the beginning of the year stores were beating the general average and properties were below. Now the reverse is roughly true, and the trend may well continue.

The table on page 286 shows that another trend visible last quarter has continued. The boom (if one can call it that) of 1963-64 imposed much less of a strain on company liquidity than previous ones. With the help of £87.5 million of new capital the increase in overdrafts was kept down to £22 million, and net liquid assets were 80% up.

APPOINTMENTS (continued) for further announcements see pages 274, 275, 276, 277 and 278

DALHOUSIE UNIVERSITY
DEPARTMENT OF ECONOMICS
HALIFAX, NOVA SCOTIA

Applications are invited for four posts in established and rapidly expanding department. Especially want good theorists with specialised interest in one or more applied fields, who are concerned with understanding society in the round in a historical and contemporary social context, rather than economists having only narrow technical interest.

Salary and rank will depend on qualifications. Prefer Ph.D. or equivalent.

Send full *curriculum* and names of referees, to J. I. Graham

STATISTICIAN
ZAMBIA

Professional Officer, Grade IV II (Statistician) required by the Ministry of Labour and Mines, Zambia (formerly Northern Rhodesia). Duties consist of recording, analysis and interpretation of the medical statistics of the Pneumoconiosis Medical and Research Bureau under the Hollerith system, and the organisation of statistical investigations in relation to pneumoconiosis research.

Candidates must possess: B.A.(Mathematics) or B.A.(Econ) with Statistics as a main subject in either. Practical experience in Statistical work, preferably medical statistics, is also desired.

Appointment on contract for one tour of three years in the first instance. Salary in scale £1,180 to £2,425 according to age and experience plus terminal gratuity. Free passages for officer, wife and dependent children. Government quarters available at low rental.

For further details and application form please write, stating full name and quoting RC 224/32/02 to:

The Appointments Officer, Room 404
MINISTRY OF OVERSEAS
DEVELOPMENT,
Eland House, Stag Place,
London, S.W.1

P. D. LEAKE RESEARCH FELLOWSHIP

Applications are invited from qualified members of the accounting profession for appointment to a Research Fellowship financed by the P. D. Leake Trust.

The object of the fellowship is to enable an experienced accountant to join the staff of a university and to enjoy university life. During his tenure he will carry out research in subjects with which the accountancy profession is directly concerned and within the charitable object of the P. D. Leake Trust, namely "to benefit and advance the sciences of accounting and of political economy including the subject of public finance and taxation." Only accountants who are members of the United Kingdom accountancy bodies which are recognised for the purpose of United Kingdom Company Law are eligible.

The term of the fellowship, whose value is £2,000 will be for the year commencing October 1, 1965 and it will be tenable either at the University of Birmingham, the University of London, or the University of Oxford, as determined by the three Universities in consultation after consideration of candidates' preferences and research interests.

Applications by April 30, 1965, to the Assistant Registrar, Faculty of Commerce and Social Science, The University of Birmingham, Birmingham 15, from whom further particulars may be obtained.

THE UNIVERSITY OF MANCHESTER
ECONOMETRICS

Applications are invited for the posts of SENIOR LECTURER and LECTURER in the Department of ECONOMETRICS from specialists in one or more of the following fields: Econometric Theory, Applied Econometrics, Mathematical Programming, Input-Output Analysis, Sources of Economic Statistics. Salary scales per annum: Senior Lecturer, £2,400 to £3,150; Lecturer, £1,400 to £2,505. Initial salary and status according to qualifications and experience. Membership of F.S.S.U. Applications should be sent not later than February 17, 1965, to the Registrar, the University of Manchester 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF SOUTHAMPTON
DEPARTMENT OF HISTORY

Applications are invited for the post of Lecturer or Assistant Lecturer in Eastern or Central European History. Candidates should have a research interest in Russian (or other Slavonic), Turkish, or German history since the 17th century. Salary Scales: Lecturer, £1,400 x £85 — £2,505, with a merit bar at £2,165; Assistant Lecturer, £1,050 x £75 — £1,275. The initial salary will depend on qualifications and experience. Further particulars from the Deputy Secretary, The University, Southampton, to whom applications (seven copies from United Kingdom applicants) should be sent not later than January 31, 1965.

DEPARTMENT OF EDUCATION AND SCIENCE
STATISTICIANS

Applications are invited for at least two posts of Statistician in the Department's Headquarters in London. Applicants must be at least 28 years of age. They should have had wide statistical experience and preferably a first or second class honours degree in statistics, or in mathematics, economics or other appropriate main subject combined with statistics. Other graduates with specially suitable statistical experience will be considered.

The Department's Statistics Branch at present comprises six professional staff and an executive and clerical staff of about 58, and is being expanded. The Branch is responsible for the collection, analysis, publication and interpretation of the statistics of all sectors of the education service and statistics relating to science. It participates in forecasting and planning work concerned with such subjects as the growth of the student population and the demand for, and supply of, teachers and scientists. The Department has its own electronic computer which is being used to handle an increasing proportion of the Department's statistical processing and projection work. The computer is used to maintain a central record of teachers in service and consideration is being given to extending this record to cover a sample of students.

The vacancies now being advertised are
(i) a post concerned with the development of sample surveys on various aspects of schools including a survey of school leavers and a survey of school curriculum and the deployment of teachers in schools;
(ii) a post concerned with statistics on the supply and deployment of qualified manpower, including scientific manpower, and with other statistics in the science field.

London Salary scale £2,259 to £3,087. The appointment will be on an unestablished basis initially with prospects of establishment to a permanent and pensionable post.

Write to or telephone the Department for an application form, which must be returned to the Establishment Officer before January 31, 1965, at Curzon Street, London, W.1. (HYDe Park 7070, Extension 340.)

BOURNEMOUTH
EDUCATION COMMITTEE
BOURNEMOUTH MUNICIPAL COLLEGE OF TECHNOLOGY & COMMERCE
DEPARTMENT OF COMMERCE AND LANGUAGES

Required for April 1, 1965:
ASSISTANT LECTURER GRADE B in LAW AND ECONOMIC SUBJECTS, to lecture to B.A. General, H.N.D., H.N.C., O.N.D., O.N.C. students.

Salary in accordance with the Burnham Technical Scale, 1963, viz.: £830 to £1,450 per annum, with additions for degree or equivalent qualification and training. Starting salary will be determined on approved industrial and teaching experience.

Further particulars and application form may be obtained from the PRINCIPAL, College of Technology and Commerce, Lansdowne, Bournemouth.

W. R. SMIDLEY,
Chief Education Officer

UNIVERSITY OF EDINBURGH
DEPARTMENT OF ECONOMIC HISTORY
LECTURESHIPS OR ASSISTANT LECTURESHIPS

Applications are invited for Two Lectureships or Assistant Lectureships in Economic History. Salary Scales: Lecturer, £1,400 x £85 — £1,740; Bar £1,825 x £85 — £2,505 per annum; Assistant Lecturer, £1,050 x £75 — £1,275 per annum, with placement according to qualifications and experience, and with superannuation benefit.

The successful candidates will be expected to take up duty on October 1, 1965.

Further particulars may be obtained from the undersigned, with whom applications (six copies), giving the names of two referees, should be lodged not later than February 13, 1965.

CHARLES H. STEWART,
Secretary to the University.
January 1965.

UNIVERSITY OF SYDNEY
STAFF TUTOR,
DEPARTMENT OF ADULT EDUCATION,
NEWCASTLE, NEW SOUTH WALES

Applications are invited for the abovementioned position.

Candidates should possess an honours degree, preferably in Arts or Economics, and have had teaching experience. The appointee would be required to assist in the provision of a wide range of liberal studies courses for undergraduates and apprentices from industry, graduate and professional groups, and members of the general public in Newcastle and the Hunter Valley.

The present salary range for a Staff Tutor is £A1,895 x £A100 — £A2,610 per annum plus cost of living adjustments (at present £A42 per annum). Commencing salary is determined according to qualifications and experience. Academic salaries are at present under review and it is expected that the new salary range for a Staff Tutor in 1965 will be £A2,400 x £A110 — £A3,170, per annum (incorporating cost of living adjustments).

Further information including particulars of superannuation, Housing Scheme, sabbatical leave and other benefits and method of application may be obtained from the Association of Commonwealth Universities (Branch C), Marlborough House, Pall Mall, London.

Applications close, in Australia and London, on *February 19, 1965.*

UNIVERSITY OF OXFORD
MAGDALEN COLLEGE
OFFICIAL FELLOWSHIP AND TUTORSHIP IN ECONOMICS

The College proposes to elect an Official Fellow and Tutor in Economics, who will be required to teach economics for the Honour School of Philosophy, Politics and Economics. He will be expected to take up his duties at Michaelmas, 1965. The choice of the College will not necessarily be limited to those who apply.

Applications should be made to the President, Magdalen College, not later than March 14, 1965.

UNIVERSITY OF BRISTOL
CHAIR IN ECONOMIC THEORY

The University proposes as soon as possible to make an appointment to a Chair of Economic Theory within the Department of Economics and tenable from August 1, 1965.

Suitably qualified candidates are invited to submit applications to the undersigned, from whom further particulars of the appointment may be obtained, by January 30, 1965.

H. C. BUTTERFIELD,
Registrar and Secretary

Senate House, Bristol 2.

UNIVERSITY OF ADELAIDE AT BEDFORD PARK
SCHOOL OF SOCIAL SCIENCES
SENIOR LECTURER OR LECTURER IN ECONOMICS (TWO POSITIONS)

Applications are invited for the first sub-professorial appointments in Economics in the School of Social Sciences. Initially at least two appointments will be made at Senior Lecturer/Lecturer level, and it is anticipated that these sub-professorial positions will be filled before teaching begins in March, 1966. Applications will be welcomed from candidates interested in any branch of Economics, but it is hoped that one of these appointments will be a candidate able to teach Economic Statistics and to assist in research projects of a quantitative nature.

The degrees of B.A. and B.Ec. will both be available within the School of Social Sciences. Courses will be designed to facilitate integrated studies within the School.

The salary ranges at present are:
Senior Lecturer: £A3,350 — £A110 — £A3,800
Lecturer: £A2,400 — £A110 — £A3,170
Superannuation is on the F.S.S.U. pattern.

The University is developing a second campus at Bedford Park seven miles south of Adelaide where teaching will begin in March, 1966. The academic work at Bedford Park will be organised in Schools of Language and Literature, Social Sciences, Physical Sciences and Biological Sciences; and will be under the control of the Bedford Park academic staff. Construction of new buildings to house the four academic Schools, the Library and the Union has begun.

The date at which the successful applicants will take up duty may be arranged with them after their appointment.

A statement giving information about the development of Bedford Park and the School of Social Sciences, and setting out conditions of appointment, may be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications, in duplicate, should be lodged not later than *March 15, 1965*, with H. J. Buchan, Secretary for Bedford Park, University of Adelaide, Adelaide, South Australia.

Stewarts and Lloyds Limited

Record Earnings During A Year Of Sustained Demand

The seventy-fifth Annual General Meeting of Stewarts and Lloyds Limited will be held in the Merchants' Hall, 30 George Square, Glasgow, on Wednesday, February 10, 1965, at 12.15 p.m.

The accounts for the 53 weeks ended October 3, 1964, have been circulated with a statement by **Mr N. C. Macdiarmid**, the Chairman, which reads as follows:

CHAIRMAN AND DEPUTY CHAIRMAN

Your Company has suffered grievous loss by the deaths of Mr A. G. Stewart and Mr J. N. B. Alexander. It is our most unhappy experience thus to have had taken from us in the space of six months both our Chairman and General Managing Director and our Deputy Chairman.

Mr A. G. Stewart

Mr A. G. Stewart, who died on May 7, 1964, was a grandson of Andrew Stewart who founded the Scottish side of the business in 1860. He joined the Company in 1924, was appointed a Director in 1931 and became Chairman and General Managing Director in 1945. He contributed outstandingly to Stewarts and Lloyds' massive war effort as Assistant General Managing Director in charge of tube and shell production from 1941. He met the challenge of the Company's postwar development with equal determination and courage.

Those of us who new him well, and who worked with him, can best appreciate what he did for Stewarts and Lloyds—and, further, what he did for the Iron and Steel Industry in general. His uncanny capacity for getting to the heart of any matter is sadly missed and well remembered. His uncompromising opposition in principle to state ownership of the Industry is well known.

The good name of Stewarts and Lloyds has been enhanced by his leadership. He earned the respect and affection of far more people than he could ever know. We are indeed indebted to him not only for his long and successful guidance of the Company but also for the friendship, the help and the encouragement which he gave to so many of us individually.

Mr J. N. B. Alexander

Mr J. N. B. Alexander, who died on November 12, 1964, joined the Company in 1929 and became Manager of the then Indian Branch in 1931. Throughout his service he retained a special interest in India.

Recalled to London in 1935 he was thereafter continuously associated with the commercial side of the business, being appointed a Director in 1954 and Assistant General Managing Director, Sales, in 1963. He was appointed Acting Chairman during Mr A. G. Stewart's illness.

When your Board of Directors, on the proposal of Mr Alexander, honoured me by electing me their Chairman in succession to Mr A. G. Stewart, I was particularly happy that Mr Alexander accepted appointment at the same time as Deputy Chairman, knowing that his breadth of vision and his standing in the Iron and Steel Industry both at home and abroad would contribute much to your Company's affairs.

By his death Stewarts and Lloyds has lost an able and experienced administrator. His colleagues on the Board and his many associates throughout the Company and the Industry remember him as a wise counsellor and a good friend.

To follow as Chairman and General Managing Director is an honour which I deeply appreciate. I realise to the full the great examples which have been set by my predecessors and the responsibility which devolves upon me. I can only assure you that I will do my best to prove myself worthy of the confidence placed in me. I am strengthened by the knowledge that your Company is served by a loyal and devoted team who can rise above the situation created by the needs of untimely succession.

GENERAL REVIEW

Trading Results

Shareholders will already be aware from the statement accompanying the final dividend recommendation published in the Press last month that the trading profit of the Group for the year under review was £18,721,000. This is an increase of £4,749,000 (34 per cent) over that of the previous year and a record profit for the Group. It was earned on a total turnover of £181,259,000 which was also a record. Turnover of the UK Companies was £149,813,000 of which £28,500,000 represented exports.

This profit has been achieved during a period of sustained demand for the Group's products which has resulted in most of our plants working at near capacity. Our previous record profit was in 1957. In the intervening years we have invested £84,000,000 in new businesses and major capital projects in the UK. Accordingly, whilst the year's results are not unsatisfactory, it must be observed that they could have been better if we had not had to absorb steadily rising costs, which are a source of continuing concern to us.

Since 1957 the UK Companies have incurred additional costs calculated on the 1957 outputs which now amount to more than £12,000,000 per annum, of which increases in wages and salaries account for £8,500,000. During the same period we have been able to compensate through increases in the selling prices of our products only to the extent of £4,000,000 per annum Wage claims in the current year, including claims for a shorter working week, will inevitably result in a further substantial increase in costs from which it seems unlikely that we shall be able to secure any appreciable relief through price increases.

Our efforts to achieve greater efficiency in operations have been successful in mitigating to a considerable extent the effect of these cost increases: and further cost reduction programmes are being continuously developed. Nonetheless, it is supremely important for profitable operation to keep our plants working at near capacity and in consequence it should be appreciated how vulnerable the Group is to any significant falling-off in demand for its products.

The present results include for the first time the profit of Wolverhampton and Birchley Rolling Mills Limited which was acquired towards the end of the previous financial year. They also include the full profit of Lancashire and Corby Steel Manufacturing Company Limited which became a subsidiary during the course of the year.

Organisation

The late Chairman referred in his statement last year to the formation of Executive Divisions. Organisation is a driving force of the Company's economy which needs regularly to be re-examined in the light of changing circumstances. We are continuing to strengthen the Divisional pattern and to develop more positive management planning as a means to progressive efficiency.

Research and Technical Development

Expenditure during the year by the UK Companies on research and development projects amounted to £1,250,000. The number of qualified scientists and engineers engaged in this field increased by approximately 10 per cent. I am satisfied that we are reaping substantial benefit from this effort, particularly in the direction of developing metallurgical processes and new tube-making techniques.

The Company now has in operation one Leo and two I.B.M. computers. In addition our staff have themselves made notable progress in designing and producing electronic and other highly specialised devices required in the automatic control of manufacturing processes and in the inspection of our products. There is in hand a rapidly growing programme of work in this particular field of physics and engineering, which is required to support the drive towards the application of the most modern control systems throughout our plants. This requires yet further effort and expenditure, but the reward should be commensurate.

The Balance Sheet

During the year capital expenditure on plant and equipment by the Group at home and overseas amounted to £11,282,000. It will be noted that there has been a substantial reduction in the balance of expenditure on schemes sanctioned by the Board at the end of the financial year which now amounts to £20,998,000. This has resulted mainly from a decision to cancel the provision for a new blast furnace and its ancillary equipment at Corby, which was held in suspense. Further reference to this decision is made under the heading of the Iron and Steel Division. The balance of schemes outstanding contains provisions for certain major items of expenditure on new plant which are referred to in the Review of Divisions and Subsidiaries later on in this statement.

The £10,000,000 4½ per cent Unsecured Loan Stock fell due for repayment to the Iron and Steel Holding and Realisation Agency on November 30, 1964, two months after the end of the financial year. Arrangements were well in hand before the General Election to replace this stock by the flotation of a debenture issue. After

the return of the Socialist Government it proved impossible to proceed with this issue. However, we had already taken counsel with our Bankers against this contingency and we are grateful to them for their support in agreeing to lend us the £10,000,000 necessary to repay the Loan Stock. The Agency was repaid on the due date.

In addition to this loan of £10,000,000 our Bankers have undertaken to make available borrowing facilities which, together with our expected cash flow, will in the opinion of your Board enable us without restriction to fulfil the outstanding capital plans and other requirements for the time being.

Profit and Loss Account

The profit in the second half of the year under review was better than had been expected at the time when the interim dividend was announced. At that time the Directors declared an interim payment of 1s. per share, less income tax, on the increased capital of 49,500,000 Ordinary Shares, and forecast a final payment of 2s. per share, making a total forecast dividend for the year of 3s. per share. In view of the improvement over the then expected level of profits, the Directors now feel able to recommend a final dividend of 2s. 6d. per share, making a total dividend for the year of 3s. 6d. per share. If this is approved at the Annual General Meeting, the dividend will be covered 1.9 times if tax savings due to investment allowances are taken into account, and 1.5 times if these tax savings are disregarded.

Prospects for the current year

Since the end of the year under review, order books have remained full and it appears likely that near capacity working will continue at most of our plants throughout the Group well into the current financial year. Any forecast must of course be heavily qualified at the present time. Our prospects at home are subject to the general state of the economy including the effect upon it of the 7 per cent. Bank Rate and further deflationary measures which the Government has announced or may yet be forced to take. There are, however, three known adverse factors: first, wages cost increases to which I have already referred and further increases in the cost of raw materials and services; second, commissioning and running-in expenses of the LD/AC steelmaking plant at Corby and the Kaldo iron refining plant at Stanton, both of which will begin operations in 1965; third, direct increases in the cost of National Insurance contributions and in transport and freight charges which will follow the measures announced in the autumn Budget. The benefit to the Company from the Chancellor's rebate on exports will be slight, despite our substantial export trade.

Taking all these factors into account, I consider that we shall do well to maintain in the current year the profits achieved in the year under review.

Nationalisation

Her Majesty's Government may claim sympathy for the need to take deflationary measures. It can expect none for the loss of confidence caused by the manner in which these measures have been taken. In another and quite gratuitous way it has not made the task of your Board any easier, by pressing on with its intention "to re-establish the necessary public ownership and control of the Iron and Steel Industry."

In normal circumstances we might properly be considering a financing operation in addition to replacement of the Loan Stock, which we cannot now contemplate on terms which your Board would regard as reasonable. The borrowing arrangements to which I have referred provide adequately for our full plans, but it should be understood that these have been made possible by reason of your Company's strong financial position.

At the time of writing I have no information in detail about the Government's intention. However, in answer to questions that have reached me from time to time from individual shareholders as to the reasons why we have not taken action to preserve some part of the Group from nationalisation, I do not think that I can do better than to reproduce the words of the late Chairman in his address at the Annual General Meeting in February, 1964:—

> "It is the duty of your Board to preserve and expand the assets and the entity of Stewarts and Lloyds in the interests of the shareholders, the employees and customers. Each must be constantly considered and receive his due rewards. This indeed is our duty but there is also an over-riding responsibility which is to administer affairs in such a way that this very important section of the UK Tube Industry with its closely integrated steel works is preserved and expanded as a competitive force in the interests of the whole country.
>
> We have given much consideration to the practicability and propriety of splitting the present Group structure of the organisation by hiving off those assets at home and overseas which might conceivably not be involved in the event of nationalisation but we have decided against recommending to you any such action for the plain reason that it would be detrimental to the long-term development and success of the Company and harmful to the nation."

This considered statement by the late Chairman reflects the continuing policy of your Board. The growth of the Stewarts and Lloyds Group has been achieved over a long period of years, not by accident but by considered planning. There is a logical and practical relationship between its constituent parts. Nonetheless, when the Government's proposals become known, if it should be its intention to exclude from state ownership engineering and other secondary activities of the Industry, your Board will be watchful in the situation as it develops to foster the interests of the shareholders while bearing in mind its responsibility to preserve the efficiency of this section of the UK Tube Industry.

REVIEW OF DIVISIONS OF STEWARTS AND LLOYDS, LIMITED AND OF SUBSIDIARY AND ASSOCIATED COMPANIES

The Iron and Steel Division

Outputs of iron, ingot steel and hot rolled products were the highest so far achieved. Steel production was 2,010,000 ingot tons. The requirements of the Tube Division took up 71 per cent of steel production. Despatches to customers were also higher than in any previous year and amounted to 22 per cent of steel production. Despatches to Subsidiary Companies accounted for the remaining 7 per cent.

Reference has been made in the General Review earlier in this statement to the decision to cancel the provision for a new blast furnace and its ancillary equipment at Corby. We have been able to provide a very large part of the iron planned to be produced from this furnace by other developments including the maximum use of sinter in existing blast furnaces and by other means within the Company's resources. As a result, production capacity is available to cover the iron and steel demand foreseen for the near future. Nevertheless it is still your Board's view that a new blast furnace at Corby will be required in the longer term. Plans will need to be re-examined in the light of future conditions and will undoubtedly be different from those originally envisaged.

The principal constructional project during the year has been the installation of the three-converter LD/AC plant at Corby which will replace the existing Bessemer plant. It had been hoped that this new plant would be ready for initial operations in December, 1964; but, owing to unforeseen delays in the course of construction, it will not now be ready until the spring of 1965.

At Bilston, a vacuum treatment plant for the degassing of steel is being installed.

The Tube Division

The table at the end of this statement shows the tonnages of steel tubes despatched in home and export markets during the year. The demand for general purpose and scaffolding tubes was strongly maintained. In particular there was a satisfactory increase in orders for rectangular hollow sections made from welded tube.

As a result of improved demand for large seamless pipe it was decided to re-open the Clydesdale No. 2 mill in September. The mill had been closed since July, 1961. During the closure, opportunity had been taken to carry out major plant alterations and the improved performance since the mill has been recommissioned is encouraging

In the field of small seamless boiler and pressure tubes, the Division was successful in expanding sales of high quality alloy steel tubes to a record level.

The capacity of the stainless tube finishing plant is being extended by a second stage development which will be completed by the end of next summer.

Installation of the Spiral Electric Weld plant in Scotland was completed and production runs started in April. An additional plant, using very high frequency welding, is undergoing trials at Corby.

The current financial year has started with a high level of demand for all the Division's products. Overseas demand for general purpose steel tube and pipe continues strong. Although competition is likely to continue to be severe, it is hoped to increase the value of export sales in the current year.

The future for sales of large seamless pipe to the oil and natural gas industries shows interesting prospects, particularly if oil and natural gas are discovered in commercial quantities in the UK area of the North Sea.

To ensure long-term growth of sales of structural hollow sections, the Company is taking a leading part in sponsoring research and development into new structural techniques, both at home and abroad.

The Pipework Engineering Division

This Division increased its bookings from £6,970,000 in the previous year to a record £7,350,000. Financially the Division improved its position but the results were seriously affected by labour troubles at one of its Works.

UK SUBSIDIARY AND ASSOCIATED COMPANIES

Stanton and Staveley, Limited

This Company had a successful year. The table at the end of this statement shows the tonnages of spun iron pipes and castings despatched in home and export markets during the year. Demand for these products was strong. Despatches of general iron castings were doubled, principally due to tunnel segments supplied for the new Victoria Underground Railway line.

The major development scheme at Stanton Works to provide increased capacity for the manufacture of ductile iron pipes and fittings should be completed on schedule in mid-1965.

Good progress has been made with installation of the Kaldo converter in the new iron refining plant which should also be commissioned in 1965.

Despatches of all concrete products increased by 16 per cent. The new concrete pipe plant at Addiewell, Midlothian, began production in October.

Pig iron production was 798,000 tons; this took up 84 per cent of ironmaking capacity. Supplies of basic iron to the steel industry increased appreciably and consumption of foundry pig iron in the Company's foundries was also greater. Sales of foundry pig iron were, however, seriously depressed by imports of low priced iron.

The construction of the new electrolytic chlorine and caustic soda plant and the new sulphuric acid plant at Staveley Works is now well in hand and it is planned to begin production in the autumn of 1965.

Stewarts and Lloyds Minerals Limited

Production of ironstone rose to 5,812,000 tons an increase of 13 per cent over the previous year. Demands for ironstone from customers outside the Group accounted for 20 per cent of total production.

Last year, reference was made to the increasing competition from foreign ore and to the effect that this had on future prospects for home ore. During the year, the Company reluctantly decided on economic grounds that it was necessary to close down the underground ironstone mine at Thistleton in Rutland.

The Group's reserves of ironstone which can be worked by opencast methods are now sufficient, owing to the introduction of improved techniques, to meet all likely future needs, not only of the Group's own furnaces but also of outside customers.

Tubewrights Limited

This Company, largely engaged in the structural industry, had, like some other companies of a similar nature, a difficult year. The pioneering efforts of Tubewrights have been largely responsible for the considerable increase in sales of tubes for structural purposes.

The Victaulic Company Limited

Bookings, despatches and profits were the best on record.

The main increase in bookings was in the home market but export bookings were 13 per cent higher than in the previous year. Some of the greatest improvements took place in the European markets.

Stewarts and Lloyds Plastics Limited

Bookings of plastic pipes were 52 per cent higher than in the previous year, but results were adversely affected by commissioning and running-in costs of new plant.

The demand for PVC pipe rose rapidly, particularly during the last three months of the financial year, following the issue of a new British Standard, but prices continue to be very keen.

The new extensions to the Huntingdon Works referred to last year are virtually complete, and production capacity is being built up quickly.

The Unit Superheater and Pipe Company Limited

This Company and The Unit Inspection Company Limited had a record year.

Wolverhampton and Birchley Rolling Mills Limited

The demand for re-rolled products remained at a high level throughout the year, and although competition was intense all the mills were fully employed.

The capacity of the new rolling mill, referred to this time last year, is at least twice that of the mill which it has replaced and the quality of production shows considerable improvement.

The policy of this Company is one of specialisation in high-grade products.

Ernest N. Wright Limited

The year saw a swing back to full order books and capacity working in all departments.

Extended Surface Tube Company Limited

This Company, which is now a wholly-owned subsidiary, again had a disappointing year owing to lack of orders. However, it now has enough work on hand to keep the plant busy throughout the current financial year.

Lancashire and Corby Steel Manufacturing Company Limited

Despatches of cold rolled strip were over 64,000 tons. This is the highest tonnage yet achieved by the Company. Exports were slightly higher in very competitive markets.

The new 24" mill installed early in the year has widened the Company's range of products and this strengthened its position in markets where it is necessary to meet specialist and individual requirements.

Welding Fittings and Flanges Limited

This Company had a disappointing year owing substantially to a bad set-back in Canada.

There was a considerable improvement both in sales and manufacturing efficiency at its Works in Scotland.

OVERSEAS SUBSIDIARY AND ASSOCIATED COMPANIES

South African Group of Companies

Trading conditions were brisk throughout the year and turnover increased by 22 per cent. This resulted in a satisfactory increase of 40 per cent in profits after tax. All sections of the Vereeniging Works have been working at or near full capacity, although the shortage of skilled labour is now even more acute than at this time last year. Several large capital schemes were completed during the year and will begin to make a considerable difference to costs of production during the current financial year.

Tubemakers of Australia Group

The year ended June 30, 1964, was a good year and both production and sales exceeded previous peaks. Profits also showed a satisfactory increase. The new financial year opened in promising fashion and certain major units of plant are working regular overtime in order to try to satisfy demand which continues to be heavy. Several expansion schemes are under consideration.

The discovery of further oil, and of what are understood to be commercially marketable quantities of natural gas, is expected to stimulate further the demand for tubular goods.

New Zealand

The Steel and Tube Company of New Zealand Limited

Sales were the highest that have been recorded.

Pacific Steel Limited

Operations and output continued to improve but the Company is still not free of problems both in the melting shop and rolling mill.

India

The Indian Tube Company (1953) Limited

The Company has again had a record year both for production and despatches and, as a result, it has been possible to increase the dividend.

Demand for the Company's products remains high and, although competition from other Indian mills continues to increase, the Company is confident of its ability to meet it.

The second continuous weld mill is expected to begin production by the last quarter of 1965. Orders are being placed for the second pilger stand in the seamless mill.

Stewarts and Lloyds of India, Private Limited

The Company's despatches continued at the

TONNAGES DESPATCHED

	53 weeks ended 3rd October, 1964			52 weeks ended 28th September, 1963	
	Tons	Per cent of Total	Per cent variation on 1962/63	Tons	Per cent of Total
Steel Tubes:					
Home, excluding Oil	673 000	68	+16	580.000	63
Oil Industry—Home	21,000	2	−22	27,000	3
Export, excluding Oil	192,000	19	− 1	193.000	21
Oil Industry—Export	111,000	11	− 3	115.000	13
	997,000	100	+ 9	915,000	100
Spun Iron Pipes and Castings					
Home	480,000	85	+ 22	393,000	83
Export	83,000	15	+ 4	80,000	17
	563,000	100	+19	473,000	100

same satisfactory level as in the previous year. Reductions in despatches of manipulated pipework and scaffolding were more than offset by increases in despatches of structurals, largely for defence orders. Future prospects are satisfactory.

Construction work has started on the new structural works in Calcutta, but developments in Bombay are still only in the planning stage pending final approval by the Government.

Iisco Stanton Pipe and Foundry Company Limited

This Company, which was incorporated in July, 1964, is a joint venture between Stanton and Staveley, Limited and The Indian Iron & Steel Company Limited for the manufacture of spun iron pipes in India.

Canada

Stewarts and Lloyds of Canada, Limited

Although prices were generally unstable and aggresive competition continued throughout the year, profits improved.

Stanton Pipes Limited (formerly Stanton Pipes (Canada) Limited)

This is now a wholly-owned subsidiary of Stanton and Staveley, Limited.

Production of spun iron pipes was 26 per cent greater than in the previous year. The Company obtained a reasonable share of the business available in Canada in cast iron pipes but the total demand for such pipes has not expanded as quickly as was hoped.

The first year's operation of the spiral weld steel pipe plant has been satisfactory and a progressive improvement was shown throughout the year.

Ireland

Stewarts and Lloyds of Ireland, Limited

Demand in the Republic of Ireland remained high and, despite continuing competition from European tube manufacturers, despatches of steel tubes were 10 per cent higher than in the previous year.

The plastic tube manufacturing plant in Dublin continues to make progress.

THE BOARD

Messrs C. G. Mackie, W. N. Menzies-Wilson, J. A. Wood and P. A. Matthews were appointed to the Board during the year.

Mr Mackie is Chairman and Managing Director of Stanton and Staveley, Limited. Mr W. N. Menzies-Wilson is Chairman and Managing Director of the Iron and Steel Division and Chairman of Stewarts and Lloyds of South Africa Limited. Mr Wood is Assistant Managing Director, Home Sales, of the Tube Division and Mr Matthews is the Company's Director of Research and Technical Development. I am sure that the enterprise and ability of these gentlemen will add strength to your Board.

EMPLOYEES

It gives me great pleasure to acknowledge on your behalf the continuing good service of the employees of the Group, both at home and abroad. Shareholders have cause to be grateful for their successful endeavours in a year which has shown a significant improvement in trading.

I wish especially to place on record for the UK Companies your Board's appreciation of the co-operation given by all grades of employees in our programmes to reduce operating costs. These are designed to strengthen the competitive efficiency of the Group. It is in the interests of all who work with Stewarts and Lloyds that these efforts shall succeed.

BOWMAKER LIMITED

Year of All-Round Prosperity

Satisfactory Start to Current Year

The thirty-seventh Annual General Meeting of Bowmaker Limited will be held on February 1st, in London.

The following is an extract from the circulated statement of the Chairman, **Sir John Cowley, KBE, CB, AM:**

Last year I predicted a significant enlargement of our business resulting in increased profits. During the year all our activities have prospered. The profit of the group is £1,645,000 compared with £1,100,000 last year and £181,000 the year before. The net profit (after deducting income tax at 8s. 3d.) is £929,000, compared with last year's figure (after deducting income tax at 7s. 9d.) of £486,000. Your Directors recommend a final dividend of 11 per cent, less tax, which makes a total of 15 per cent for the year, compared with 11 per cent last year.

A figure which is worth noting in the accounts is the increase of instalment debtors from £47,000,000 to £56,000,000 which has brought with it an increase of over £1,000,000 in unearned charges to be taken into profit in future from business already on the books.

During the year we have employed professional valuers to revalue our main freehold and leasehold premises. The result has been to increase their value by £355,000.

BOWMAKER (COMMERCIAL) LIMITED

The policy of dealing in the heavier end of the business has continued. With few exceptions the smallest unit is the motor car and the company does not normally deal direct with the customer in furniture and household goods. The motor trade still provides a large proportion of the hire purchase business and, in spite of increased competition, our percentage of the national business in motor vehicles has been maintained. As I forecast last year, however, the main expansion has been by the provision of finance to progressive firms for the acquisition of plant and machinery and for general development. Although it does not provide the highest rate of profit it is free from many of the risks and uncertainties attaching to business paying higher rates.

The quality of the business generally continues to improve; adequate provision has been made in the accounts for the small percentage of debtors who are in arrears.

The type and quality of our business is such that I do not fear the new Hire Purchase Act which comes into operation on January 1, 1965. Nevertheless, I consider that the time has arrived for a complete change in consumer legislation and the removal of outdated laws. Under the new act repossession from a defaulting hirer will be even slower and more costly than in the past due to the fact that protection, essential in some transactions, has been extended to many thousands in no need of it. It is surely time for some system of chattel mortgage to be introduced into this country to permit the lending of money against the security of larger units such as vehicles, plant and machinery which will be in the legal ownership of the people who use and look after them, leaving the Hire Purchase system with its protective legislation for use where domestic goods are involved and where the need for protection exists.

Bowmaker (Plant) Limited: This has been the Plant Company's most successful trading year and the sales of Caterpillar equipment have been a record. All the functions of the dealership, the sales of new equipment, used equipment, spare parts and service are well above those of any previous year and good progress is being made in the sales of equipment overseas. Although the new year has begun well the uncertainty caused by the imposition of the 15 per cent Import Duty must affect the immediate prospects as many of the large machines are imported from the United States.

Tractorvision Limited: We have acquired a controlling interest in Tractorvision Limited, which makes cabs for industrial tractors. Order books are full and future prospects are good.

Bowmaker (Ireland) Limited: After two lean years business in Ireland has made a sharp recovery and is showing a satisfactory profit. During the year Bowmaker Limited acquired the minority shareholding held by the National Bank Limited so that this company is once again a wholly owned subsidiary.

Bowmaker (C.A.) (Pvt.) Limited: Our associated Rhodesian Company continues to produce excellent results, with increased business of the highest quality.

FUTURE PROSPECTS

Governments come and go. The economic chariot pursues an erratic course, first to the right and then to the left, with frequent use of the accelerator and the brake. No wonder most of the passengers feel sick, many are alarmed and some offer advice to the driver.

As far as the future business of the Bowmaker Group is concerned we are taking every opportunity to expand without decreasing our standard. The first few weeks of this financial year show a satisfactory increase in turnover compared with the similar period of last year. A considerable part of the extra £1 m. of unearned charges will come into revenue during the next twelve months.

On the debit side we are directly affected by the rise in the cost of money, but against this we have our equalisation reserve, of £350,000. The sales of the Plant company continue at a satisfactory level. While it is difficult to forecast the short term future, in the long term I am confident that we will enlarge our share of what is bound to be a growing business.

BARCLAYS BANK

Mr. John Thomson's Address

The Annual General Meeting for the year 1965 will be held at the Head Office, 54 Lombard Street, London E.C.3 on the 10th February 1965

	1964	1963
Capital issued	**£70,254,313**	£63,947,102
Reserve Fund	**£37,500,000**	£31,000,000
Current, Deposit and other Accounts	**£2,158,138,317**	£2,063,123,655
Investments	**£255,035,166**	£285,703,733
Advances	**£1,105,258,211**	£1,020,134,053
Net Profit	**£8,258,243**	£6,349,491

The following is the Address by the Chairman, **Mr John Thomson,** which has been circulated to the Stockholders.

When I write this Address, I try to remember all the time that the Bank's Stockholders must represent every corner of the country, every way of life and nearly every shade of opinion and temperament. I have to remember, too, that many of them are not "real" people at all, but corporate bodies, or limited companies ranging in size from striplings to giants. But, I suppose, even these corporations are not in a sense impersonal at all, since they in their turn represent all the tens of thousands of people—stockholders perhaps, policy-holders or pensioners—to whom they are responsible.

When I think on these lines it seems an impertinence to imagine that I can write something which will interest such a diverse audience, but I comfort myself with the thought that every member of it has one thing in common with his neighbour, an interest in the well-being of this Bank.

CONSIDERATIONS AFFECTING BANK SHARES

There are some 90,000 separate Stockholdings in our Register. It goes without saying that the answer to the question "How have the Stockholders done?" depends on when the Stock was bought and for what purpose. It is true that for a long period bank shares were regarded as fixed-interest investments rather than equities, but over the last dozen years a purchaser of Barclays Ordinary Stock could have increased the value of his stake from £100 in 1952 to £388 in December, 1964, and would now be receiving 16.2 per cent on his original outlay. This calculation assumes that a Stockholder has taken up rights shares only to the extent by which he or she (and it must not be forgotten that about half of our Stockholders are women) has financed such purchases by sale of remaining rights, without dipping into the pocket to put up more cash.

The fly in the ointment has been the diminution in the value of the pounds involved; the prospect of a further capital gains tax adds to the frustrating sensation of running harder to stay in the same place. Such a tax should in fairness taper down as the duration of ownership lengthens or else be adjusted to take account of inflation. Most taxation is complicated but a just and workable table could easily be prepared. The fact that so much planning is now based on the assumption that tomorrow's pound will buy less than today's scarcely encourages thrift, which used to be regarded as a virtue.

The last few months have seen no shortage of advice to managements as to the best methods of anticipating fiscal action, often along the familiar lines of a military appreciation "courses open to the enemy and courses open to us." In the end the factors most likely to govern the price of a bank share are the current yield and the growth prospects, and it seems wise to stick to the dull but more respectable task of taking a hard look at the future and assessing how much of the Stockholders' cash should be retained to underpin the growth of business in conjunction with any new money that may be raised.

We have in 1964 increased the issued Ordinary capital of the Bank by a free scrip issue from £63,072,102 to £69,379,313 and with the final dividend recommended there will have been a distribution to Ordinary Stockholders of £12 13s. for every £10 distributed in 1963.

Our Profit for the year ended December 31, 1964, at £8,258,243 shows a rise of £1,908,752 compared with the previous year. The main factors enabling us to achieve this result are the increase in our resources and more favourable interest rates. Efficiency has also played its part, but there have been substantial increases in our costs. Current and deposit accounts have been running approximately £150,000,000 higher than in 1963 while in our assets a small fall in investments has been mainly offset by higher balances in our liquid assets. The major improvement has been a rise of £130,000,000 in the average total of advances.

VALUATION OF PREMISES

Quite apart from any duty a Board of Directors may have to protect Stockholders from the possible consequences of unknown future legislation, there always remains the question of the right of the owners of a business to know the value of each of the component parts of their property. It seems, however, a fair assumption that the majority would prefer not to know everything just for the sake of such knowledge, regardless of whether it would be financially advantageous for them to be told. The desirability of unveiling inner reserves, and disclosing movements in those accounts, remains a matter of opinion, and the pros and cons have been fully rehearsed. The method of valuation of fixed assets is also a subject which lends itself to constant argument. A current professional valuation of premises might well increase the asset value of our Company on paper, but there is no inherent probability that it would enhance its market value. If a surplus were thrown up, we could obviously by capitalisation distribute the same amount of cash at a lower rate of dividend but such surplus would not of itself earn any more money for the Stockholder, who would have had to foot the bill for the valuation of some 2,100 premises. This expenditure would, moreover to some extent, be recurrent. Following our policy of trying to base our premises' valuation on fact, that is to say on cost less obsolescence, the rate of which admittedly is based on opinion, we have tried to translate the resultant sum into the present-day value

of the pound. Adjusting the expenditure over the years on buildings and sites to the value of the £ in 1964, and after making allowances for obsolescence, we estimate that the current value of our premises on this basis amounts to approximately £66,000,000.

There is in some quarters a scramble to obtain professional valuations of individual properties to be used as evidence of value for assessment of capital gain in the event of any of such properties being subsequently sold. In our case it would seem too much like paying a large premium on an insurance policy of very uncertain value. For one thing we cannot at present see the likelihood of selling many of our premises, and one would guess that any marginal tax on extra gains would be heavily outweighed by valuation costs. Furthermore, if legislation points that way, we could obtain a retrospective valuation.

The future requirements of the Stock Exchange for granting quotations and the "Ritchie letter" have been deservedly welcomed, and we have a genuine desire to co-operate. The case of the banks has been legally recognised as a special one, and we do not consider it in your interests to deny ourselves the protection given by our statutory exemptions. For all that, an examination of our accounts will show that this year we have given rather more detail than before, and not all criticism gives credit for the fact that in every month each Clearing Bank publishes the totals of its main balance sheet items.

THE BANK AND EXPORTS

Much effort, personal and financial, has been made by the Bank to promote exports. Sir Thomas Bland, Deputy Chairman, has become a member of the recently-formed British National Export Council, and Mr R. G. Thornton, a Vice-Chairman, has just completed four strenuous years of service with the Export Council for Europe. The knighthood conferred on Mr Thornton in the New Year Honours pays just tribute to his efforts to sell more for Britain. He has superimposed these national duties upon a thorough involvement in the daily affairs of professional banking. This honour will encourage those who view banking from bottom to top as a challenging career providing ample opportunity for serving the community.

Members of the Bank have taken part in ten international trade exhibitions, either at home or abroad, and travelled many lands. Ever seeking means of making exporting easier, we have recently founded Barclays Export Finance Company, in which Barclays Bank D.C.O., The British Linen Bank and Barclays Bank (France) are also participating. Apart from helping with documentation, market finding and credit provision, our aim is to quote a price to an overseas buyer in his own currency for goods delivered to the place he desires, when our home manufacturer can tell us how much sterling he requires for goods as they leave his own premises. In many cases we can put this exporter, whether or not he requires the ancillary services, in the position of a seller for cash by buying his bills without recourse. Meanwhile in 1964 we have opened five more Foreign Branches, making fourteen spread over the country from Southampton to Newcastle-upon-Tyne. It is nothing new, however, for us to be financing exports, and it may be worthy of mention that over the last ten years, in addition to the normal short-term financing of exports of all types of goods, we have advanced through medium-term credits well over £100,000,000 for exports of capital goods.

EXPANSION OF BRANCH NETWORK

Decentralisation continues to be an important part of our policy, and we are also concerned to take practical action to reduce the congestion in London. A yet further step was completed in November when our Stationery Department was opened in new "tailor-made" premises at Bletchley, representing a substantial move of staff and stock from Tottenham Court Road. When hunting for reasons for disappointing productivity figures, one cannot overlook the time consumed in transport delays and in the attempted avoidance of the discomfort of peak hour traffic. This particular dart could well be thrown back at banks for allowing frustrating waits at counters. The cost of complete cure is prohibitive, but we are making great efforts to improve performance by reorganisation, by development of cash-handling machinery, and by the opening of further branches and sub-branches. During the past year we have extended our counter space by opening 56 offices, and Stockholders may wonder what policy the Bank is adopting in this matter of new branches. All territory in England and Wales falls within the purview of one of our Local Head Offices, which have all mapped out their own expansion charts, and each of their recommendations is reviewed on its own merits. Every properly competitive banker hates the thought of losing potential business. There is thus always a temptation to fill in empty spaces, making the map of branches look like a perfect shotgun pattern; more business is obtained by anticipating industrial and commercial development with its accompanying population growth, but it is in these areas that expansion can, however, be most expensive. Even if the shell of a building could be rented, it might well cost £1,500 per head of staff to equip and furnish a new branch, and, as robbers gain in scientific knowledge, so it is increasingly expensive to "frustrate their knavish tricks" and secure the safety of our staff.

NEW METHODS AND EXPANDING BUSINESS

Size of business at existing branches also demands new offices even where physical enlargement of existing premises is possible. There is a danger of loss of effective management and personal touch when branches grow too large, although it is not in practice found easy to persuade customers to move their accounts to a new uncongested office, specially sited though it may be to relieve pressure. Perhaps one day we shall find a suitably mixed diet which we can feed into one of our computers to find out where and when to open new branches. Our computers now process some 187,800 current accounts, and this is only a small start on a big programme we have in hand. The less sophisticated of us tend to look upon them, like cars, as individuals and our regard for them is enhanced by tales of their difficulties and idiosyncrasies. A programmer instructed a computer that, if a customer's statement was asked for twice in one day, it was to do nothing—it might involve a mistake and human enquiry would be made. Of course, the inevitable happened and there were three requests for a statement in one day. The computer, having gone through all its instructions and finding no answer, stopped dead, and it took the engineers two hours to find out why. We have campanologists in our team who contrived Christmas Carols by arranging the sequence of bleeps. Computers are also altering English usage; for instance, the phrase "in italics" is now taking the place of "in the red."

In Barclays in the last twelve months we have increased the number of our current accounts by 174,231 to 2,775,821. I will bid for the prize for the most obvious remark in this year's crop of statements by saying that the banks do not want a Post Office Giro System. In Great Britain at a rough guess one in three of the adult population has a banking account, which must be a substantially higher proportion than for most other industrially developed countries. The cheque system is well developed here and in the past year, apart from the internal clearings of each bank, 537 million items passed through the main clearing systems of London and the provinces. The credit transfer method of making payments is also progressing, and payments between banks increased by 13 per cent in amount (16 per cent in volume) in the past year with further increases in the transfers made within each bank. The credit transfer method has never been claimed to be the best way of settling every type of transaction and it needs the co-operation of creditors as well as of debtors, but many people and concerns are already finding that it saves time, money and labour once they have adapted themselves to its use. Apart, however, from self-interest, we would regard a Post Office Giro as wasteful and unnecessary in a country where the clearing banks maintain a comprehensive network of branches and have special staff trained to convert developments in automation to our own uses. We claim no monopoly rights but have no fears of rival systems on the grounds of cost and efficiency, while to set up a duplicate machinery would add unnecessarily to the number of people employed in this line of business, a matter of vital concern at this time when there are now probably some 140,000 people employed in the clearing banks alone. A large proportion of transactions can be originated through a bank letter-box or the post and our hours of opening and closing are, therefore, only partially relevant to this issue.

STAFF ORGANISATION

This problem of banking hours has been topical for some time and perhaps can never be solved to the entire satisfaction of the three parties concerned, the proprietors of the business, the customers and the staff. Each sympathises, I believe, with the desires and difficulties of the others; I am not sure, however, that those who have proposed the retention of a five-and-a-half day week for the service of all customers with no staff working for more than a five-day week have always appreciated the factors involved, including cost, security and many human aspects. Active examination continues.

We never forget in the toils of administration how magnificently our staff have met the challenge of expansion, and the more senior staffs throughout the bank have been carrying a heavy load. Perhaps we could or should have foreseen the extent of our expansion of work, but the fact remains that we under-recruited after the 1939-45 war, just as we over-recruited after 1914-18 thereby creating a "hump" of disappointment in the 1950's. The present gap in an important age group involves us, as one of our Managers recently put it, in a great deal of delegation upwards, although the charge that the younger men and women of today shy at responsibility just does not lie. Much credit is also due to those who have recently retired, including no less than 131 Managers during 1964, because they have realised as never before that training their successors to take responsibility at all levels was an integral part of their job. This task cannot be passed on to the

Instructors at the Bank School, who are none the less efficiently teaching their pupils quickly to recognise the green, amber and red lights when they get back to the realities of branch life. Courses at our Wimbledon Schools during the past twelve months have been attended by no less than 6,081 members. No mention of staff matters would be complete this year without a tribute to the gallantry shown by Mr B. A. Cran in combating the armed raider who attacked a sub-branch at Darlington. We congratulate him on recovering from his severe wound and on the award of the George Medal. He made good use of his convalescent holiday by visiting no less than 22 countries.

BARCLAYS BANK D.C.O.

Sir Julian Crossley, whose knighthood has given much pleasure throughout the Barclays Group, has described in his own Statement some of his thoughts on his resignation from the Chairmanship of Barclays Bank D.C.O. I am glad of this opportunity to thank him for his personal help and guidance over many years. The relationship between parent and subsidiary bank has been very close. Despite all the brilliant new technical aids to inter-communication, there is nothing quite so effective as sitting down with a person and thrashing out a problem while it is still hot. Our Head Office building progress has brought the two Banks' managements geographically close together again and I, for one, hope that the two Chairmen's rooms will never again be more than 100 feet apart. In figures D.C.O. has grown two-and-a-half fold under Sir Julian's command, but its contribution to the prosperity of our Group cannot be measured by the figures alone. Mr Frederic Seebohm, since he joined D.C.O., has kept in very close touch with the affairs of the Parent Bank, in which he first enlisted in 1929. We wish him every success and we shall, of course, continue to enjoy his and Sir Julian's services on our Board.

BARCLAYS BANK (FRANCE)

On October 1st Mr L. E. D. Bevan, after nearly 15 years as Chairman of Barclays Bank (France) Limited, handed over that office to Mr F. W. A. Fairfax-Cholmeley, and Mr T. D. Barclay became Deputy Chairman. Despite his many commitments in this country, Mr Bevan has contrived not only to direct affairs at the centre but also to concern himself directly with the local problems of the widespread branches. The staff will share our satisfaction that he has been willing to remain a Director and a Member of the Paris Committee.

CHANGES IN APPOINTMENTS

With a staff in the Parent Bank alone of more than 30,000, one can only hope to mark a minute fraction of the many important changes. We are going to miss the wisdom and sure instinct for country banking of our senior Director, Mr Roger Parker, who will retire from the Board after 37 years' membership at the time of our Annual General Meeting. He will remain a Local Director at Cambridge, where in addition to his banking career he has given a lifetime of service to town and county, culminating in his appointment as Her Majesty's Lieutenant of Cambridgeshire in 1958. Mr John Cowen will lay down his office of senior General Manager on February 10th next when he will be succeeded by Mr Harold Darvill. I am very glad to be able to announce that the Directors have resolved to appoint Mr Cowen to membership of the Board on relinquishment of his General Managership. His contributions to our rapid mechanisation and increasing automation have been invaluable. In our inner councils he has made fine use of the experience he gained by graduating to top management via Local Directorship and Staff General Management. Archaeological scholarship will gain by his release from daily pressures but we shall draw on his banking skills in the direction of our affairs. Mr Woodward became a General Manager last February, an appointment welcomed by his many friends on both sides of the counter. He carries an immense load of work, and is living proof that rugged principles assimilated in youth in the country hold good through the intricacies of metropolitan finance. On Mr Cowen's retirement, Mr Cundy becomes an "all purpose" member of our General Managers' team, and will hand over his post of General Manager (Staff) to Mr C. R. Ling, who is at present a Norwich Local Director. Mr Cundy and Mr Ling have both filled with distinction a wide variety of posts and they really do know what goes on in a bank.

NATIONAL PROBLEMS

This statement is singularly light on pontifical views on the political and economic outlook, as they are not at the moment in short supply. I have rather endeavoured to ventilate some of the humdrum problems which confront us in our daily duties. None the less we cannot just sit in ivory towers when failure in any sector of the economy hits us where it hurts. We Bank executives perhaps tend to see our country's problems too simply, as though through the eyes of customers in similar circumstances, who also strike trouble just because more goes out of the ledger than comes in. They, like Britain, obtain loans to see them through their troubles only when they convince the lender that they will take the necessary measures to make both ends meet with enough to spare for repayment.

Most of these measures which come up for consideration are objectionable: slashing investment in new equipment is short-sighted, sackings are tolerable only when the employees can be found acceptable jobs elsewhere; something must be allowed for loans and gifts to friends and relations overseas; and care has to be taken not to offend customers by ceasing to buy goods from them. The main salvation must lie on the "in" side of the trading account in boosting sales turnover through energetic management, elimination of waste, modernisation and salesmanship, which thrive best in a spirit of competition measured by profitability. Much, of course, will depend on our standards not falling as output increases. Our Bank will press on with channelling money to those who will use it to design and produce at the right price goods which overseas customers want and not those which it is thought they ought to want. Just as we grieve when we ourselves fail to turn out good work for our own customers, so it is saddening to discover a resigned acceptance of the probability that something is almost sure to go wrong with any new manufactured article.

The restrictive side of what we are not supposed to call a squeeze is much less pleasant. The classification "Personal and Professional" is always in the line of fire but it is a mistake to think of it as composed mainly of speculators, spivs, surtax victims and overspenders. It also covers a large number of relatively small advances to customers who are perfectly justified in obtaining our help in meeting obligations or acquiring assets in the knowledge that they can effect repayment over a short period, as well as doctors and accountants, and advances for executor and trustee purposes. It is essential that our customers and ourselves should be permitted to make fair profits; retained profits are not necessarily more virtuous than distributed profits, which stockholders normally spend wisely or even reinvest. Some companies can finance growth from retentions but others rely on risk capital which needs bait. We have a capital market which is the envy of many other countries, and this advantage should be exploited if we are to encourage the mobility of capital, which is certainly less painful and no less important to our industrial progress than mobility of labour.

Having, as a country, experienced in November the sensations of a customer who has had a successful interview with his Bank Manager, we now face the aftermath of repayment and of living within our income, preferably by making that income larger.

All men of goodwill are searching for the magic key, and the objectives marked out in "The Joint Statement of Intent" are admirable with emphasis on faster growth of real incomes. There can be no sustained advance unless timely decisions are bravely taken at all levels regardless of their unpopularity. Such unwelcome decisions will be accepted only where there is good leadership, and the burden of driving us forward out of trouble still seems to lie inescapably on management, which cannot "contract out" by fastening all the blame for everything on the Government past or present.

A. J. MILLS & CO. LIMITED

Est.: 1896

Importers and Distributors of Basic Food Commodities

At the Annual General Meeting held on January 13th at the London Provision Exchange, No. 1 London Bridge, the Chairman, **Mr Frank Mills, OBE, MC**, said that group United Kingdom sales had risen to £28 million and that group profits in the year ended October 31, 1964, showed a satisfactory increase. The final dividend would be 11½ per cent on the ordinary capital as increased by the scrip issue last May.

The improved results of the Group this year were due both to an increase in turnover and more favourable market conditions, which together had led to an improvement in overall profit margins of the Parent Company. In the food trade net profit as a percentage on turnover was notoriously low and a fractional increase in profit margins was reflected at once in the Company's results.

Group Consolidated Accounts: Years ended October

	1964 (£)	1963
Group profit before tax	304,864	181,115
Taxation	164,888	96,736
Group profit after tax	139,976	84,379
Preference dividend (net)	5,053	5,053
Ordinary dividends (net)	75,796	62,016
Balance of profit for the year	51,490	5,329

TURNER & NEWALL LIMITED

A YEAR OF CONSIDERABLE ADVANCE

Extracts from the statement by the Chairman, Mr. R. G. Soothill for the year ended 30th September 1964

The forty-sixth Annual General Meeting of Turner & Newall Ltd. will be held on February 4, 1965, at the Chartered Accountants' Hall, Manchester, when it is expected that **Mr. R. G. Soothill,** the Chairman of the Company, will preside. The consolidated trading profit for the year ended September 30, 1964, was £13,736,725 compared with £11,178,087 for 1963. The final dividend recommended by the Board is 7 per cent on the present Issued Ordinary Stock making, with the interim dividend already paid, a total distribution of 10½ per cent for the year on such stock. Mr Soothill's Statement to the Stockholders has been circulated with the Report and Accounts.

The following are extracts from the Statement:

Review of Operations

Total Group turnover for the year, after excluding inter-company trading, was 11.9 per cent higher than in the previous year, and aggregate trading profit (after depreciation) was increased by 22.9 per cent. This considerable advance was achieved almost universally throughout the operating companies, both at home and overseas. Progress has been particularly significant on the manufacturing side, but towards the end of the year the mining side, which has had a difficult time recently, also began to show a more satisfactory trend.

Throughout the year the Company paid special attention to direct export trade, which reached a record level, being nearly 10 per cent higher in value than during the previous year. Moreover, a significant proportion of our home sales to manufacturers and merchants in the United Kingdom represents an addition to our export sales, as, for example, in component parts of completed motor vehicles.

Asbestos-Cement

In a very good year for **Turners Asbestos Cement Co. Ltd.** total turnover was approximately 15 per cent higher than last year. There has been a significant increase in material supplied to industrialised building firms, while demand for "Everite" pressure pipes and "Turnall" sewerage and drainage pipes has made it necessary to authorise additional manufacturing capacity, planned to become operational during 1966. Despite intense competition, exports of asbestos-cement products were increased substantially, to a level 30 per cent above that of 1963.

The central Building Development Department, formed to co-ordinate the development activities of our operating companies in the building materials field, is proving of substantial value.

The Indian Government continues to take more than two-thirds of the "Everest" asbestos-cement building materials produced by **Asbestos Cement Ltd.** This company is to set up a new sheeting factory in Assam.

In the Republic of South Africa, **Turners Asbestos Products (Pty.) Ltd.** has been able to take full advantage of the general increase in economic activity. The indications are that demand for asbestos-cement sheets and pipes will continue to grow. Despite the unsettled conditions **Turners Asbestos Products (Pvt.) Ltd.,** in Rhodesia, has been able to improve on last year's trading position. **Turners Asbestos Products Ltd.** was formed to take over our existing assets in Zambia, and last July the factory at Chilanga, after being shut down for five years, was re-opened by the Prime Minister of the country. The factory of **Turners Asbestos Cement (Nigeria) Ltd.** at Emene, in the Eastern Region of Nigeria, was commissioned in May, 1963. Demand for sheeting products shows a steady increase and the pipe machine is expected to start production early in 1965.

Atlas Asbestos Company in Canada, whose chief interests are in asbestos-cement building products and pipes, still operates at less than full potential, although during the year further useful steps were taken to secure an economically sound basis. Manufacture of "Filon" resinated glass fibre sheets, under licence from another Group company, British Industrial Plastics Ltd., has made a satisfactory start In the Republic of Ireland the factory of **Asbestos Cement Pipes Ltd.** at Drogheda—a company in which Turner & Newall Ltd. has a one-third interest—was opened by the Prime Minister of Eire last June. The output of pressure and sewerage pipes is marketed by Turners Asbestos Cement Co. Ltd. and the initial demand is encouraging.

Asbestos Textiles and Associated Products

Turner Brothers Asbestos Co. Ltd. achieved record turnover in both home and export markets, the combined increase being 18 per cent over the previous year, with greater home sales of asbestos textiles and jointings, and particularly good increases in conveyor and power transmission beltings. "Duraform" asbestos-reinforced thermoplastic moulding material in sheet form was introduced during the year; for this product a very substantial demand is anticipated in the building trade and the plastics industry. The record export turnover was achieved in a year when competition increased and prices came under severe pressure, particularly in Europe. New research and development laboratories and workshops have been built at Rochdale.

Insulation and Chemicals

Newalls Insulation Co. Ltd. increased its turnover both in direct product sales and in application contracts; in the latter sphere, the company benefited from renewed activity within the marine industry. Profit margins also showed a definite improvement. The vigorous sales campaign at present being directed at the domestic insulation market is now beginning to reflect itself in the buoyant sales of our recently developed glass fibre insulation. From

October 1, 1964, **The Washington Chemical Co. Ltd.**, which enjoyed a year of expansion in the production and sale of chemicals, ceased to operate as such, and its activities are now combined with those of Newalls Insulation Co. Ltd. under the new name of **Newalls Insulation & Chemical Co. Ltd.** This reorganisation is expected to produce economies resulting from simplification and more efficient operation. The mineral wool products of **Stillite Products Ltd.** met with a further development in demand, and production facilities are being expanded to meet the growing market. The established demand for mineral wool products in the building industry is increasing, and emphasis is now being directed towards further applications in other industrial fields. The insulation interests of **J. W. Roberts Ltd.** relate to their sprayed "Limper" asbestos, the sales of which increased during the year.

Friction Materials

The steady upward trend in the demand for the wide range of friction materials produced by **Ferodo Ltd.** was well maintained, and fresh turnover records were again established in both home and export sales. Great emphasis continues to be given to research and development, to keep pace with, and if possible to anticipate, technological advances in user industries, particularly the motor industry. Ferodo brake linings were fitted to all winning cars in the 1964 World Championship series and also to Donald Campbell's record-breaking Bluebird.

Construction of the new factory at Mondovi, near Turin, is now in progress, and the recently established Italian company, **Ferodo Italiana S.p.A.**, will in due course be fully engaged in the manufacture and marketing of friction materials. In Spain, the new company formed with Spanish and French associates, **Ferodo Española S.A.**, has taken over an existing factory in Madrid, which has now been reconstructed, equipped and brought into production. In Durban, the factory of the newly established **Ferodo (Pty.) Ltd.** will manufacture brake linings, disc brake pads, clutch facings and compressed asbestos fibre jointing, starting early in 1965. **Hardie-Ferodo Pty. Ltd.**—our joint venture in Australia with James Hardie & Co. Pty. Ltd.—is continuing to develop very satisfactorily.

In brake linings, textile materials and allied products, **Hindustan Ferodo Ltd.** has recently taken over the manufacturing and selling operations of Asbestos, Magnesia & Friction Materials Ltd. The formation of a company registered in India, as a first stage in a reorganisation of capital structure, was necessitated by the policy of the Government of India towards foreign investments. The pre-tax profits of Asbestos, Magnesia & Friction Materials Ltd. in the products mentioned had continued at a high level.

Plastics

The companies grouped under **British Industrial Plastics Ltd.** had a most successful trading year with turnover and profit both reaching new record figures. Exports were well maintained despite intense competition. Greatly increased sales of moulding powders and resins occupied to the full the enlarged capacity resulting from the rebuilding and modernising of the plant during the last two years. The buoyant state of the plastics industry led to increased orders for the products of the engineering companies. Sales of presses showed substantial gains over previous years. There were advances in sales of all finished moulded products, in particular "Gaydon" tableware. "Filon" resinated glass fibre sheeting continues to make progress and is finding new applications in commercial and other vehicles, and in road signs and posters; a second production line has recently been installed to meet the increased demand. During the year the plastics interests of **J. W. Roberts Ltd.** have been extensively reorganised with the intention of bringing this company more effectively into the field of technical plastics in the building, engineering and automotive industries.

Glass Textiles

There was a further and very substantial increase in sales of the Group's glass textile products, most of which are made at **Glass Fabrics Ltd.**, in Northern Ireland, the marketing being carried out by Turner Brothers Asbestos Co. Ltd. The productive capacity at Dungannon was enlarged during the year and will be increased threefold by 1968; during this period the programme of expansion and technical development of the glass fibre plants at Dungannon and Hindley Green will involve a capital investment of over £700,000, including the construction at Hindley Green of a glass-melting furnace for founding the special glass required.

Mining and Sale of Asbestos Fibres

The further enlargement in the staff of our marketing company, **Turners Asbestos Fibres Ltd.**, coupled with an alert but carefully selective policy in regard to selling prices, has resulted in a marked increase of turnover and there seems no reason to expect any reversal of this trend. Although profits have not fully marched in step, it now appears that, as regards chrysotile fibre, a closer balance is being achieved between demand and supply, and there is a good prospect of relating prices more logically to inevitable upward movements of wages and other elements in the cost of production. We still have to contend with political factors, but our general working relationships in Rhodesia and Swaziland, and at **Bell Asbestos Mines Ltd.** in Canada, are satisfactorily maintained, and our local managements continue to deal with their many problems in an experienced and wise manner. The national economies of both Rhodesia and Swaziland owe a great deal to the mining and marketing of asbestos, developed over so many years under the leadership of Turner & Newall Ltd., through its subsidiary mining companies, **Rhodesian and General Asbestos Corporation (Pvt.) Ltd.** and **New Amianthus Mines (Pty.) Ltd.**

Forward Expansion Programme

Future projects to which we are already committed or which are fully planned involve capital expenditure of about £10,000,000, which amount is likely to be spent over approximately the next two years. In the United Kingdom these projects include the provision of additional facilities for research and the further development of production of asbestos-cement pipes, building materials, glass fibre textiles, chemicals and insulation products (including mineral wool). Overseas the expenditures will cover extended development of asbestos mining and new facilities for manufacture of asbestos-cement products and friction materials. In addition, there are under consideration other projects at home and overseas which would involve, were they all to mature, capital investment of the order of £7,500,000.

Outlook for Current Financial Year

Any attempted projection of the favourable picture presented so far could not ignore the problems which have recently arisen in relation to the United Kingdom balance of payments and the steps which have been taken, or may still need to be taken, to deal with existing difficulties. At the time of writing, it is impossible to assess the extent to which these general economic and financial developments may adversely affect us, as an individual company, during the current financial year. In a limited context, we already face not inconsiderable additions to our costs as a result of increases in wages and National Insurance contributions.

Our manufacturing companies overseas continue to have good prospects and our mining companies are now operating in a more favourable world market for chrysotile asbestos fibre. Of course, so far as our Rhodesian interests are concerned we still await a satisfactory solution of the current political problems.

It would clearly be imprudent, at the present time, to attempt any specific forecast of results for the current financial year. Stockholders can nevertheless be assured that our operating companies, at home and abroad, have never been better equipped to cope with the problems lying ahead.

MONTAGUE BURTON LTD.

UPWARD TREND IN PROFITS

CURRENT TURNOVER AT PEAK LEVELS

MR L. JACOBSON'S STATEMENT

The thirty-fifth Ordinary General Meeting of Montague Burton Limited was held on January 11th at the Registered Office of the Company.

Mr L. Jacobson (the Chairman) presided.

The Secretary (Mr H. V. Evans, FCA, FCCS) read the notice convening the Meeting and the Report of the Auditors.

The following is the statement by the Chairman circulated with the Report and Accounts:

The improvement shown by the Group Accounts will be welcome to Shareholders, particularly in that more recent results confirm that the improvement is being maintained. All Companies within the Group reflect this upward trend in profit and current turnover is at peak levels. In November the men's shops trading under the Burton name alone, returned a trade figure of over £1,000,000 in one week.

I should mention that the results as shown have suffered from an expense of £125,000 representing loss of rentals in connection with a valuable property redevelopment.

NEW CONTINENTAL ACQUISITION

Last year I mentioned our new Continental acquisition. Modernisation, refitting and reorganisation of the main store were completed in September and His Excellency The British Ambassador graciously performed the Opening Ceremony on September 24th. The store has since traded at record figures and we are well satisfied that the Paris subsidiary has established a firm foothold capable of substantial expansion. We are proceeding confidently with the three remaining shops, one in Paris, one in Toulouse and one in Orleans, all of which will be operating under the Burton name in 1966. We have recently acquired another branch in the Rue de Passy, one of the most sought after shopping districts of Paris. Modernisation of the factory has continued and should be completed by the Spring of 1965. The team controlling this operation is of almost equal parts of French and British and is an excellent example of successful co-operation in the world of business.

The balance sheet shows that the cost of acquisition exceeded the book value of the French assets acquired by £334,319. After the completion of valuations now in progress which will justify the purchase price, it will be the board's intention to re-value the assets.

MAIL ORDER MARKETING

For long we have been laying the foundations of a Mail Order business, a delicate operation when attached to the largest business of its kind in the world, calling for much detailed organisation and planning. This is now complete. We have more than two million customers linked to as good a computer control system as exists in Europe. It is our intention to offer to our customers a complete outfitting service. Selection will be wide and varied. They will have the choice of purchase by cash or credit and our approach will be direct and not by agent with the attendant over-head costs. Test marketing in selected areas will commence in the Spring of 1965 so that we can gauge the demand and test the adequacy of the system and supply lines. If test marketing comes up to anticipation we expect to cover the entire country by the Autumn.

I would affirm that we believe for tailored garments our customer needs the individual care and attention of the Burton shop. To sell other merchandise from these shops would detract from a service of which we are justifiably proud. We have neither space nor the staff to conduct other business within our premises.

I am satisfied with the improved results which are being maintained, an exciting new Continental venture, and new activity. The Continental Company is capable of geographical expansion. The Mail Order activity will benefit in the early stages from a household name, and later will bring even more customers to the Company's shops—capable of horizontal expansion over a wider public, vertical expansion into a wider range of merchandise.

A SOUND BUSINESS

The parent business is sound, very sound. Witnessed by a Group output equal to more than 50,000 suits a week and maintained at full capacity. Works reorganisation, which I have previously reported, is now almost complete and we are beginning to feel the attendant advantage of reduced costs. Considering that there are 14 factories in the Group and that the manufacturing side of our activities employs some 13,000 people, this has been a long and difficult task.

We are indebted to our Joint Managing Directors for these reorganisations and new activities. Over eleven years they have carried the burden of management of the varied interests of the Group and I am certain that these new ventures will yield the rewards they deserve. They will want me to add a tribute to their senior executive staff for willing support so readily available. For my part I acknowledge a team in which I take very real pride.

RECORD TRADE IN ALL COMPANIES

During the year to August 31, 1964, we enjoyed record trade in all Companies. In 1953 trading from 690 shops in the men's trade alone we achieved a turnover of £19,514,000. Eleven years later in 1964 that turnover was £42,779,000 and we traded from only 588 shops. The turnover of the Jackson shops has been included in both figures. Much of the benefit has been passed back to the public in the price structure. I said once that profit was a projection of policy. I still believe that—long term policy.

Having reconsidered the interpretation of the legislation relating to the changed method of taxing property income it has been decided that the precautionary additional provision for future tax of £500,000 created in last year's accounts is not required and shareholders will be pleased to note that it has been re-transferred to Profit and Loss Account.

I feel entitled to recommend an increase of 1 per cent in the final dividend against a background of complete confidence

THANKS TO EMPLOYEES

In expressing thanks to the 28,000 direct employees of this Group, I would add a very warm welcome to the personnel of our new French Company, who have given such excellent support to this new venture.

The Report and Accounts were unanimously adopted. The Directors retiring in accordance with the Articles of Association were re-elected to the Board. The Auditors, Messrs Price Waterhouse & Co. and Messrs Volans, Leach & Schofield continue in office.

The Meeting concluded with a vote of thanks to the Chairman.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail, UK £6 overseas £6-10s.;

By air see below

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points Airmail is invariably more expensive but usually quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended.

	Airmail	*Air Freight*		*Airmail*	*Air Freight*
Australia	£13 10s	—	Iran & Iraq	£11 0s	£9 10s.
Canada —			Israel . .	£11 0s.	—
Quebec & Ont Provs	£12 10s or Can. $38	£9 15s. or Can $30	Japan .	£13 10s	—
			Jordan . . .	£11 0s	—
			Lebanon .	£11 0s	—
Other Provs	£12 10s or Can. $38	£10 10s or Can. $31·80	Malaya .	£12 10s.	—
			N. Zealand	£13 10s	—
			Nigeria .	£12 10s	£9 10s
Ceylon .	£12 10s	£10 0s	Pakistan .	£12 10s	—
China	£13 10s.	—	Philippines	£13 10s	—
East Africa	£12 10s	£10 0s.	Rhodesia . .	£12 10s.	—
Egypt	£11 0s	—	S Africa .	£12 10s.	£10 0s
Europe .	£10 0s	—	Sth. & Cen America	£12 10s	—
Ghana	£12 10s	£9 10s.	Sudan . .	£11 0s.	£9 10s
Gibraltar, Malta .	£7 5s	—	U S A . . .	£12 10s. or $35	£10 10s or $29·50
Hongkong	--	£12 10s.			
India .	£12 10s	£10 0s.			
Indonesia	£12 10s	—	W Indies	£12 10s	—

SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS:

AUSTRALIA: John Hinton & Co., 50 Miller Street, Sydney New South Wales; Gordon & Gotch (Australasia) Ltd, 511-515 Little Collins Street Melbourne, C1. BELGIUM: W H Smith & Son 71 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Croze, Cx P 3681 ZC 00 Rio de Janeiro CANADA: Wm. Dawson Subscription Service, 587 Mount Pleasant Road Toronto 7, Ontario. CEYLON: The Lake House Bookshop, 100 Parsons Road, Fort Colombo. DENMARK: Ejnar Munksgaard 6 Norregade, Copenhagen K. EGYPT: Librairie Hachette, 45 bis Rue Champollion, Cairo FINLAND: Akateeminen Kirjakauppa, 2 Keskuskatu, Helsinki. FRANCE: W. H Smith & Son, 248 Rue de Rivoli Paris. GERMANY: W. J. Saarbach Gertrudenstrasse 36, Koln 1; Conwa Grossovertrieb GmbH, Hamburg 1, Danziger Strasse 35a, Hamburg. GHANA: Travel Service Ltd, P.O. Box 401, Accra. GREECE: Librairie Kauffmann, 28 Rue de Stade, Athens. HOLLAND: N.V. V/H Van Ditmar's Import, Schiestraat 32-36, Rotterdam 4. HONGKONG: The Advertising & Publicity Bureau, Ltd., 701-706 Marion House. INDIA: Patrika Syndicate Private Ltd., Gole Market, New Delhi, 1. or 12/1A Lindsay Street, Calcutta 16, or 23 Hamam Street, Bombay 1; Central News Agency, 23/90 Connaught Circus, Post Box 374, New Delhi. IRAN: International Press Agency of Iran, P.O. Box 1125, Teheran. IRAQ: Coronet Bookstore, Merjan Building, Southgate, Baghdad. ISRAEL: Bronfman's Agency, Ltd., 2 Tchlenov Street, P.O. Box 1109 Tel-Aviv. ITALY: Messaggerie Italiane, Via Lomazzo 52, Milan 12 JAPAN: Karl H. Bachmeyer Associates, Meiji Heights, 26, Kitaya-cho, Shibuya-ku, Tokyo; Maruzen & Co. P.O. Box 605, Tokyo Central. JORDAN: Joseph I Bahous & Co., P.O. Box 66, Amman. KENYA: East African Standard, P.O. Box 30080, Nairobi. KOREA: Foreign Publications Supply Co., P.O. Box 238, Kwang-Hwa-Mun, Seoul. LEBANON: The Levant Distributors Co., Place de l'Etoile, D. Assaily Building, Beirut. MALAYA: Messrs. Marican & Sons, Subscription Dept., [illegible] Road, Singapore, 9. NEW ZEALAND: Gordon [illegible] (NZ) Ltd., P.O. Box 584, 75 Anzac Av [illegible] Gordon & Gotch (NZ) [illegible] Street, Wellington. NIGERIA: Atlas Nigeria Ltd., 6 Li[illegible] Lane, P.M.B. 2120, Lagos. NORWAY: A/S Narvesens Litteraturtjeneste, P.O. Box 115, Oslo. PHILIPPINES: Morris Corporation, P.O. Box 1451, Manila. POLAND: [illegible] Ul Wilcza 46, Warszawa 10, Poland. RHODESIA: [illegible]ngstons Ltd., P.O. Box 2374, Salisbury, S. Rhodesia SOUTH AFRICA: American & Overseas Publications P.O. Box 3025, Port Elizabeth; Central News Agency, Ltd., P.O. Box 10799, Johannesburg. SPAIN: [illegible]buidora Internacional, Duque de Sexto, 36, Apartado [illegible] Madrid SUDAN: Khartoum Bookshop, P.O. Box 968, Khartoum. SWEDEN: Wennergren-Williams A.B., Nordenflychtsvägen 70, Stockholm. SWITZERLAND: Agence Aeberhard Case 123, Berne Transit. TANGANYIKA: The Tanganyika Standard, P.O. Box 33, Dar es Salaam. TURKEY: Librairie Hachette, 460 Istiklal Caddesi, Beyoglu-Istanbul. UGANDA: East African Standard, P.O. Box 1656 Kampala. UNITED STATES: The Economist, 415 Madison Avenue, New York 17, N.Y.; British Publications Inc., 30 East 60th Street, New York 22, N.Y.; The Economist, National Press Building, Washington 4, D.C.; National Publications Co., 4055 Wilshire Blvd., Los Angeles 5, California. VENEZUELA: Distribuidora Santiago C.A. Quinta Osiris, Segunda Transversal Norte, Urbanizacion Guaicaipuro Apartado No. 2589, Caracas.

MARTINS BANK LIMITED

COMMENTARY BY THE CHAIRMAN

SIR CUTHBERT B. CLEGG, T.D.

CONTINUED PROGRESS BY THE BANK

Increased Dividend

The one hundred and thirty-fourth Annual General Meeting of members of Martins Bank Limited will be held at Head Office, Liverpool, on February 9, 1965. In his statement circulated to members, the Chairman, **Sir Cuthbert B. Clegg, T.D.**, *writes:*

Sir John N. Nicholson, Bart., C.I.E., having announced his intention to retire from the chairmanship of the General board of the bank owing to pressure of shipping commitments, relinquished that position after the last Annual General Meeting. His resignation was received by his colleagues on the Board with the greatest regret and I would like to record our appreciation of his untiring and most able conduct of the affairs of the bank during the two years of his chairmanship. It is a pleasure to us that he continues to serve as a member of the General board.

Personally, and on behalf of the Board, I have to record with deep sorrow the death of The Rt. Hon. The Viscount Mackintosh of Halifax, D.T., LL.D., who joined the Leeds board in 1927 and later became a member of the London board in 1946. His services to the bank over this long period were unique. We shall miss him very much.

The death earlier in the year of Sir Wilfrid Martineau, M.C., T.D., was also a sad blow to us all. As a member of the General board for thirteen years and chairman of the Midland board from its inception he had made a most valuable contribution to our deliberations.

We offer our heartiest congratulations to Sir Rex Cohen, K.B.E., and Sir Cennydd Traherne, T.D., on the honours conferred on them by Her Majesty the Queen in June last. We also congratulate Mr. P. J. D. Toosey, C.B.E., D.S.O., T.D., D.L., on his appointment as High Sheriff of Lancashire.

We are fortunate that Colonel P. H. Jones, M.C., T.D., D.L., and Mr. I. A. D. Maclean have accepted invitations and joined the General board. Colonel Jones, who has been serving on the Midland board since 1951, has also been appointed chairman of that board in succession to the late Sir Wilfrid Martineau. Mr. Maclean has been a member of the Manchester board since 1961.

During the past year we have welcomed to our North Eastern board Mr. J. Steel, C.B.E., The Rt. Hon. The Viscount Ridley, T.D., and Mr. M. J. C. Hutton-Wilson; also to our Leeds board Mr. D. Allan Crockatt; to our Manchester board Mr. Alan Green; and to our Midland board Mr. J. F. Mallabar. Their extensive interests will be of great value to the considerations of our Local boards.

To our mutual regret other business demands meant the retirement of Mr. R. A. Cookson, O.B.E., from membership of the North Eastern board.

We also regret the loss of the valued services of Sir Alfred H. Aykroyd, Bart., who retired after twenty-one years as a member of the Manchester board.

The members will observe that it is proposed to submit to the Annual General Meeting a resolution increasing the directors' fees which have remained unaltered for sixteen years.

A SUCCESSFUL YEAR

During 1964 our affairs have shown a very satisfactory buoyancy and our position in the home banking field has been well maintained. Current, deposit and other accounts have increased by £20,089,819 to attain a new peak of £432,575,433, but the average balances for the year were higher by nearly £28,000,000. At the end of the year our liquid assets stood at £132,426,609 representing 30.6 per cent of our deposits. Our advances have, however, risen at a proportionately higher rate than the increase in our deposits and it has therefore been necessary for us to reduce the level of our investments which continue to be valued at or under market prices.

The total of our advances at the end of the year was £230,027,745 (as against £194,257,577 a year ago) and the ratio to deposits at 53 per cent was, in fact, the highest since 1927. The commitments of the bank, especially in the field of short and medium term finance for exports, are such that if they are taken up we may expect a further increase in our advances. The recent guidance given to the Clearing Banks by the Governor of the Bank of England will serve to endorse publicly the need to channel the banks' limited lending resources into those sectors of the economy which are of the greatest national interest.

Total assets stand at £483,937,217 (1963 - £457,559,316).

INCREASED DIVIDEND

The past year has seen an upward movement in interest rates. Bank Rate, the governing factor, was raised from 4 per cent to 5 per cent on February 27th and sharply to 7 per cent on November 23rd, an average rate of just over 5 per cent for the year. This has resulted in an increase in our net interest earnings but our expenses also show a further increase. Nevertheless, we have been able to reverse the slight recession in profits which occurred a year ago and our net profit for 1964 is £1,670,564 (against £1,425,329 for 1963) after making allocations to inner reserves consistent with our expanded commitments. We paid an interim dividend of 7 per cent and are now recommending a final dividend of 8 per cent making a total of 15 per cent for the year against 14 per cent last year: we are also making appropriations from the published profit of £250,000 to Reserve for contingencies and £200,000 to Premises Redemption.

Through our wholly owned subsidiary, Lewis's Bank Limited, we have for the greater part of the past year been accepting large deposits for fixed periods at special rates of interest. Lewis's Bank has paid us the usual 10 per cent dividend.

The dividend on our holding of 20 per cent of the Ordinary capital of Mercantile Credit Company Limited has again shown an upward trend as we are to receive total dividends for 1964 of 17½ per cent compared with 15 per cent for 1963.

NEW BRANCHES OPENED

Our policy of expansion by the opening of new branches has continued. This year we have opened twelve offices in various parts of the country and work is well in hand for a further twenty, the majority of which will be opened in 1965. We have also extended our trustee business by opening a branch office in Middlesbrough; another will be established during the next few months in Preston when the rebuilding of our banking office in Fishergate is completed. At the same time our extensive programme of branch modernisation continues.

Over the past years we have received favourable comment on the architectural design of our new branches, the latest, in London, being our new Piccadilly branch and the rebuilt St. James's Street office which is part of the striking new "Economist" development. We try to make the best use of modern materials and styles in order to reflect in the minds of the public an image of a friendly and up-to-date bank and, to this end, employ architects known to be modern and progressive in their skills. Where a modern design would not harmonise

with the surroundings we are careful to maintain the character of genuine period architecture.

BANK PROPERTIES

It has often been suggested that the banks might make better use of their sites. We, in Martins Bank, have for several years been looking closely at these suggestions. We are not primarily property owners or developers but rather hold our sites strictly for banking business and in general each individual site is small. Where, in some cases, an opportunity has presented itself for a joint development, advantage has been taken of the chance. In other instances we have participated in composite large developments on the basis that we have retained our freehold interest, either of the old site or of an equally satisfactory new one. Most important, however, is the fact that by using the additional capital raised in 1963 we can develop our own freeholds or long leaseholds much more cheaply than any developer who has to rely on borrowed funds. Convenient banking facilities in any major new area developments are of importance to the majority of people using those sites and in our view it is wrong to eliminate the banks completely as has been done in a number of instances of which we are aware.

ADDITIONAL ELECTRONIC EQUIPMENT

We have almost reached the maximum load which we can place on the Pegasus computer operating in Liverpool. As a result of our studies and experience of the operations of this computer, we have decided to proceed with a further installation, but this time it will be in London near to the seat of our Clearing House operations. We have ordered computers and supporting equipment, including automatic sorters capable of reading information direct from the sorting operation of the cheques and feeding the data into the computer for book-keeping purposes. Delivery of this equipment will take place towards the end of the year or very early in 1966; we then shall transfer to it the book-keeping of all our branches in the Greater London area, as a first step towards centralised book-keeping for all those branches throughout the country which are situated within convenient distance of major centres of population. I should, however, comment that experience shows there are still problems to be solved before the full benefits of electronic developments result in a substantial reduction of our general clerical and working costs. At the same time we believe that such a step as we have taken is essential to cope with the increase of work which will almost certainly continue in the years to come and to secure the benefits obtainable in specialist operations connected with the work of Trustee, Registrars, and Overseas Departments, the handling of standing orders and other routine work. There will be no redundancy of staff as this will be covered by natural wastage.

In spite of an increase in the number of applicants we are still suffering from a shortage of staff in two major areas of the bank, London and the Midlands. Every effort is being made to recruit suitable trainees but we have had to rely on other areas of the bank to fill the gaps.

I have paid visits to five of the seven districts of the bank and visited many of our branches where I found a high standard of service in evidence and I am pleased to record on behalf of the Board our grateful thanks to our management and staffs for their continued loyalty and devotion to duty.

The recommendation of the Jenkins Committee that the banks should not be required to disclose the extent of their 'hidden reserves' has continued to give rise to comment and controversy. Critics have suggested that the banks continue to underrate the commonsense of depositors. The majority of the Jenkins Committee recognised, however, that to withdraw such a dispensation might lead to a loss of confidence in the stability of the banks at times when large fluctuations in the value of their investments and periodical losses on lendings were out of all proportion to the profits of a single year. The validity of this point of view has been emphasised by our international position, with which there is a parallel. We have seen how easily confidence can drain away and how serious can be the consequences.

THE RECENT STERLING CRISIS

The year has passed against a national background of gathering economic storm clouds; the difficulties of the Autumn developed into a crisis of international confidence in sterling which was as severe as any experienced since the war.

International financial stability is based on confidence. If confidence is damaged, the value of a currency may be impaired, even though there may be International support as substantial as the $3,000m. credit recently provided for the pound. Confidence is therefore a most vital asset; at the same time it is a most vulnerable asset, for it can increase or decrease quite disproportionately for political or speculative reasons.

CONFIDENCE

Confidence in our economic future is built up at three levels—Government, industry and commerce, and the community. Sensible Government policies can create confidence even in the face of economic difficulties, while imprudence or a lack of realism can cause a breakdown of confidence even where economic conditions are propitious. In particular, a Government has to recognise its responsibility for creating conditions in which industry and commerce and the community can achieve what they are capable of achieving, unhampered by unnecessary restrictions or inhibiting taxation. If enterprise is to be permitted to operate effectively, industry must, as far as is consistent with the national interest, be permitted to follow the course which is most profitable to it; not unnaturally it may hesitate to take the exporting plunge, involving considerable reorientation and expense, when the resultant trade is carried out at a very small profit or even at a loss. Moreover, exports cannot effectively be increased merely by suppressing home market demand, for this tends to reduce productivity, discourage expansion and cause unemployment. A dependable home market is essential to almost any industry which is to succeed in the export market; an assured minimum of sales at home provides for overhead costs and the introduction

MARTINS BANK
LIMITED

STATEMENT OF ACCOUNTS 31st December 1964

LIABILITIES	£
Capital paid up	13,191,064
Reserve Funds	12,000,000
Current, deposit and other accounts (including Profit and Loss Account)	433,435,577
Acceptances and engagements on account of customers	25,310,576
	£483,937,217

ASSETS	£
Cash in hand and at Bank of England	38,718,646
Balances with, and cheques in course of collection on, other banks in the British Isles	39,657,293
Money at call and short notice	43,711,315
British Government Treasury Bills	36,505,000
Bills discounted and refinanceable credits	13,491,648
Investments	43,658,822
Advances to customers and other accounts	230,027,745
Subsidiary Companies	1,625,000
Trade Investments	3,371,953
Bank Premises	7,859,219
Liability of customers for acceptances and engagements	25,310,576
	£483,937,217

LONDON DISTRICT OFFICE: 68 LOMBARD STREET · EC3
HEAD OFFICE: WATER STREET LIVERPOOL 2

of new techniques; and yet the strength of the home market must not be such that it detracts from sales abroad.

THE NEED FOR EXPORTS

It is not the Government, however, which contributes the effort and the enterprise which are essential to commercial success. The only effective way of correcting our economic deficiencies and thereby restoring international confidence is by expanding our exports, for here lies the key to real prosperity and real affluence. All concerned with the business enterprise of the country have to show themselves able to recognise and accept the realities of competition, especially in international commerce. Political dogma must find no place here. Management must realise the need for aggressive enterprise; the need for understanding in its dealings with labour must be honestly tackled. On the other hand, labour must recognise the problems facing management; it must recognise the advantage of the acceptance of new techniques, mechanisation and economies; and it must appreciate that the enterprise in which it is engaged cannot remain competitive unless it can earn profits and attract capital. In times of over-full employment it may be necessary to encourage more mobility of labour in order to ensure that our exporting industries are not starved of manpower.

ECONOMIC RECOVERY

Ultimately, however, the solution lies with the whole community: The majority of people in this country are sensible, intelligent and hard working. There is, however, a minority, represented in all sectors of our society, who are selfish and idle. Too much of the limelight is focused upon them and in consequence our friends overseas think that we are no longer the people we used to be; in times like the present we begin to wonder ourselves. It is in this way that confidence begins to be undermined, and to lose confidence in peace as in war is to invite defeat

The recently-signed Joint Statement of Intent on Productivity, Prices and Incomes shows that leaders of industry and of the Trade Unions agree on the need for co-operation to improve our economic strength. It now remains for those whom they represent to adopt the spirit of the agreement, and to honour it in the public interest. The agreement on productivity and prices may well prove more important than the policy on incomes itself.

An essential requirement for industry is to be able to predict future conditions. In this respect the package deal which has recently been concluded in the engineering industry is a highly satisfactory development, especially in view of the strategic importance of the industry in the whole national economy. Here again, everything depends on honouring of the agreement by all concerned, not so much now when its terms seem reasonable, but as the months pass and practical difficulties arise.

It is not by economic and political expedients that our recovery will be effected. The whole community must realise our position and act to put it right; the essential ingredients are national leadership, intelligent direction, ample capital resources, a thrusting forward with educational and training facilities for industry and commerce, and honest hard work. The dangers are real and the breathing-space afforded to us is short, but the nation has overcome such challenges before and will do so again.

MITCHELL COTTS GROUP LIMITED

PROFIT FORECAST AGAIN EXCEEDED

The forty-fifth Ordinary General Meeting of Mitchell Cotts Group Limited was held on January 7th in London.

Mr H. C. Drayton, the chairman, presided and, in the course of his speech, said:

Two years ago I said we might attain the magical figure of £1,000,000 profit and we attained £1,168,000. Last year when we met I said my view was we would reach £1,250,000, perhaps a little over, the actual results are before you today with a profit figure of £1,480,000 or an increase of about 30 per cent over the previous year. After the usual adjustments including taxation of £872,000, we have a final net profit figure of £661,800 compared with £516,000. We are recommending a final dividend of 12½ per cent making 20 per cent, compared with 17½ per cent for the previous year, and I would point out to you that the final dividend is payable on the 2,800,000 shares which were issued after the end of our year. Consequently we had no benefit in the year under review's accounts from the raising of that capital.

Although we are a company with a strong African flavour, it may well be that it is insufficiently appreciated that we have substantial investments and earning power in this country and on the other side of the Atlantic. At June 30, 1964, of our total investments about a quarter was in these non-African, non-Middle and Far Eastern countries.

During the year, we have acquired all the Preference shares and 80 per cent of the Ordinary shares in Britannic Holdings Ltd. The company's business is the contract hire of a wide range of motor vehicles, many of them of a specialist type, and is divided into transport and warehousing.

We have hopes that this business is one of an expansionary nature and the Board is discussing the provision for the enlargement of its fleet so that it can fulfil its customers' requests for additional carrying capacity. As the vehicles are of a specialised nature, the Board is also discussing the provision of extra capital to be able to increase its fleet.

Six months of the current year have already elapsed and you will expect some indication from me as to how our businesses are progressing. Each year we have a budget, or perhaps a better description would be a target for profits in each area and each company. The best view your Board can form at the moment is that the expansion of our profits we have seen in recent years should be carried a step farther. You know as well as I do that we can get unwelcome surprises owing to the places in which we operate, but subject to this we shall be disappointed if the earnings for the current year are not higher than those we have been considering. If everything went right and with a little luck, our profits could show a substantial advance, but we require the bit of luck.

The report and accounts were adopted.

WEBSTERS PUBLICATIONS

LT.-COL. W. D. GIBBS ON IMPROVED RESULTS

The tenth Annual General Meeting of Websters Publications Limited was held on January 11th in London, **Lt.-Col. W. D. Gibbs** (chairman and managing director) presiding.

The following is his circulated statement:

I have pleasure in presenting the Annual Report and Accounts of the Group for the year ended August 31, 1964, from which it will be seen that the profit for the year, after all charges but before taxation, amounted to £105,726. This is an increase of approximately £7,000 over the profit for the previous year.

As shareholders will be aware, printing and ancillary production costs continue to rise. The former now stands at a level approximately 66 per cent higher than when your Company's shares were first quoted in 1954. The time must come when rising costs can no longer be absorbed by internal economies and reach the point where an increase in selling prices becomes inevitable. This course has already been taken by most of the National Press and it would appear that a similar line may have to be adopted by your Company during the coming year.

Dealing with your Company's main Sporting publications namely, the "Racing & Football Outlook," the "Racing Specialist" and the "Racing & Football Outlook's Week-End Special," I am happy to report that all these publications showed increased sales during the year under review, whilst your Company's Financial publications ("Investors Review" and "Financial World") also improved in quality and circulation and raised their contribution to the Group profit.

CAPITAL DISTRIBUTION

Your Directors are conscious that their primary duty is to increase profits based on planned expansion, and shareholders will be aware that in the past a number of potential acquisitions have been investigated. To date on examination all have failed to measure up to the requirements which your Board felt necessary and they have therefore reached the conclusion that the interests of shareholders would best be served by a return of funds which can be regarded as surplus to the requirements of the future expansion of your Company's business.

Accompanying the report is a circular setting out the proposal to pay from the Share Premium Account the sum of 6d. for each 1s. Ordinary Share, together with a Notice convening an Extraordinary General Meeting to pass the appropriate resolution.

Having regard to the increased profit and to the satisfactory financial position of your Company the Board propose a final dividend at the rate of 50 per cent, less Income Tax. Allowing for the scrip issue made in January, 1964 the dividends for the year of 70 per cent compare with 54 per cent for the previous year.

It will be appreciated that the financial results of the Group's publications depend largely on the skill and industry of the Company's employees and on your behalf I wish to thank all members of the staff for the hard work and enthusiasm which have been maintained throughout the year.

The report and accounts were adopted and at a subsequent extraordinary general meeting the proposed capital distribution was approved.

THE STEEL COMPANY OF WALES LIMITED

SIR JULIAN PODE REVIEWS THE COST OF INDUSTRIAL DISPUTE

NATIONALISATION — A HARMFUL STEP

COMPANY WELL EQUIPPED TO MEET CHALLENGING CONDITIONS

The Annual General Meeting of The Steel Company of Wales Limited will be held in the Council Chamber of the Federation of British Industries, 21 Tothill Street, London, SW1, on Monday, February 8th, at 12 noon.

The following is the circulated statement of the Chairman, **Sir Julian Pode, JP, FCA, FCIS**:

The Steel Company of Wales was formed in 1947 and nationalised in 1951. The 1953 Iron and Steel Act provided for denationalisation and in 1957 the Company was returned to private shareholders' ownership. Now, on the threshold of 1965, the Government proposes to nationalise the Company once again. I need hardly say that this has been a somewhat distracting experience for those working for the Company.

Today it employs 24,000 people. The workers, both skilled and unskilled, are well paid. Conditions of employment and welfare are good. Nevertheless, we have suffered many minor delays in production and on two recent occasions strikes have brought the entire works to a halt—at prodigious cost to the Company and with no small embarrassment to the Nation's economy.

TRADING RESULTS

Our trading results for the past year are most disappointing. The stoppage early in the year continued for six weeks. Both the direct and indirect results were extremely serious. Many customers' orders which were lost have not so far been recovered.

Surplus production of flat rolled products has created severe competition in the market and the increasing demands of customers for super quality have caused a considerable increase in costs. In spite of this the Company exported last year over £30 million worth of sheets and tinplate to 68 countries throughout the world.

LOSS ON TIN

The tinplate trade has inevitably suffered through the extraordinary advance in the price of tin. At the commencement of our financial year, it was £916 per ton. At December 31, 1963, it was £1,035 and at September 30, 1964, it was £1,500.

Due to the time lag in the increase in the maximum price of tinplate—as controlled by the Iron and Steel Board—and a similar delay in the export market, this rapid rise in the price of tin cost the Company approximately £750,000.

MANPOWER

When the Company first achieved full production, it was with the aid of a considerable labour force recruited in the face of many competing demands. Wage rates were high and the number of men employed was large. The top priority was production. As a result we are now faced with a most difficult situation. In the interests of economy we must achieve a considerable reduction in our man-power and at the same time maintain output.

This will not be easy but we shall ensure that the human problems of those affected are fully taken into account in the negotiations between the Unions and the Company.

FINANCE

The short term indebtedness of the Company is considerable, but the cash flow arising from depreciation and retained future profits in excess of capital expenditure should be sufficient to reduce this.

PRODUCTION

Output ('000 tons)	Year to Oct 3, 1964 (53 weeks)	Year to Sept 28, 1963 (52 weeks)
Coke	1,324	1,515
Pig Iron	1,786	2,183
Steel Ingots	2,419	2,720
Saleable Products		
Steel Plates	180	158
Steel Sheets	877	996
Tinplate	768	853
	1,825	2,007
Turnover (£ millions)	127	139

DEVELOPMENTS

Expenditure during the year under review was relatively small but, following our policy of keeping our plant up to date, several major projects have been authorised and put in hand.

A scheme for the modernisation and automation of the hot strip mill is making progress. To complete this class of work in the minimum time on plants in full operation is a stern test of the skill of the engineering department.

At Trostre an additional electrolytic tinning line has been authorised and it will be commissioned in the autumn of 1965. With the present price of tin, it seems inevitable that the heavily coated hot dipped tinplate will be superseded by electrolytic tinplate to an ever increasing extent. As foreseen, this will make some of the hot dip tinning machines redundant.

At Newport, your Board has authorised a scheme for processing additional electrical sheet steel. New and improved techniques are constantly being evolved in the production of this important raw material for the electrical industry.

With regard to the continuous casting plant, the engineering and mechanical problems referred to in my statement last year have been largely solved and the research department is making good progress in the solution of the complex metallurgical problem of casting rimming steel slabs.

The automation of the 4 stand cold reduction sheet mill has been seriously delayed by the strike.

PORT TALBOT HARBOUR

The Bill referred to in last year's report has since become an Act of Parliament (British Transport Docks Act, 1964). Due to the time necessary for further consideration, the report of the National Ports Council on the development of the Severn Estuary has been deferred. We hope that the Council will shortly report on, *inter alia*, the provision of facilities for importing iron ore into South Wales.

NATIONALISATION

Since our last Annual General Meeting, the country has had a General Election and the new Government has announced that a Bill for the nationalisation of the Iron and Steel Industry will be brought before Parliament.

The Board of this Company feels that this action is not in the best interests of the development and organisation of the industry. Nevertheless, the British Iron and Steel Federation, with the full concurrence of its members, has announced that the industry will proceed with development plans and will continue its efforts to expand its business both at home and abroad. At the same time the Company reserves the right to express the opinion that nationalisation of a productive and competitive industry cannot fail to harm it.

PRODUCTIVITY AND RELATIONS WITH EMPLOYES

All concerned with industry agree that British productivity must be raised by increased efficiency at all levels.

Official support has now been given by the Government, the Trades Union Congress and the Employers' organisations to the principle that a joint effort must be made to achieve a workable prices and incomes policy.

We have a considerable problem of productivity in our works, principally at Port Talbot, where we have over-manning. This is partly due to the fact that the original manning was conditioned by tremendous urgency to achieve full production as quickly as possible for a "sheet-starved" Britain. It has been accentuated by new techniques in production employing plant capable of considerably greater output.

As a result our manning must now be reduced in order to compete with new works at home and abroad established under different circumstances.

Part of this problem can be dealt with by the natural process of retirement. It will also call for the transfer of employees to new activities through retraining schemes which industry and government are pledged to promote.

The effective handling of this process of reorganisation is of the greatest importance to the Company and to British industry.

PRICES

The maximum home trade sheet and tinplate prices allowed by the Iron and Steel Board are,

by a considerable margin, the lowest domestic prices in Western Europe or America.

Prices vary from country to country as shown in the following table, prepared on a comparable basis:—

Country	Cold Reduced Sheets per ton	Electrolytic Tinplate per S.A.T. (100,000 sq. ins.)
	£ s. d.	£ s. d.
U.K.	55 7 0	9 9 9
U.S.A.	61 13 0	10 1 7
Germany ...	65 2 6	11 3 4
France	59 12 6	10 14 1
Belgium	60 17 0	11 0 11

The figures show that the British industries using sheet steel and tinplate have raw materials available at prices well below those ruling in other steel-producing countries in the Western World.

RESEARCH

The new Research Centre at Port Talbot has not yet been completed, but research both in the laboratories and works in all three Divisions has been stepped up and is proving of great value to the Company. We have a strong team of scientists, mostly young, who are doing a fine service for the Company and the steel industry.

DIRECTORATE

At the Annual General Meeting, Sir Robert Barlow retires by rotation and to our great regret is not offering himself for re-election. He has been in the metal container business for 57 years and his father before him. He was a Director of The Metal Box Company for 35 years and Chairman for almost 20 years.

Sir Robert, who is not in the best of health, has been a Director of your Company since 1952 and was closely concerned with the early development plans after the war. He has had, and still has, a unique place in our counsels and we wish him improving health and long life and enjoyment in his retirement.

FINAL DIVIDEND AND PROSPECTS

Your Directors have carefully considered the question of the final dividend for the past year and obviously, before reaching a decision, they have examined the prospects for the future. They have come to the conclusion from current estimates that, subject to unforeseeable circumstances, there is the prospect of a major recovery in profit in the current year. The results to date confirm this view.

Consequently, your Directors felt that it was proper to pay the same total dividend as in the previous year, having regard to the accumulated revenue reserve available for the purpose.

The staggering losses resulting from the closure of our works should provide a stern reminder of the vulnerability of modern large scale production.

In South Wales we enjoy many advantages. We have skilled management and workers, first-class supplies of raw materials and improving transport facilities by land and sea. But these assets cannot be profitably used without efficient and harmonious production and punctual delivery.

It is no exaggeration to say that our future now depends upon our ability to handle the rapidly changing problems in which we are all involved.

For many of our people at all levels the past year has been a most difficult and trying experience and I should like to record our appreciation of the efforts of all who have tried to minimise the damage to the business.

It is too early to try to forecast the effect of Government measures on the steel trade. But given reasonable conditions the Board believes that your Company has the men, the materials and the experience to make a worthy contribution to the development of our exports and the stability of our national economy in the years ahead.

FIRST RE-INVESTMENT TRUST LIMITED

SIR DENYS LOWSON ON BALANCE OF PAYMENT PROBLEMS

TRUST'S STEADY PROGRESS

The twenty-seventh annual general meeting of First Re-Investment Trust Limited was held on January 13th at Estates House, 66 Gresham Street, London, EC2.

Sir Denys Lowson, Bt, the Chairman, in the course of his remarks said:

The Gross revenue has increased by some £47,000 to £266,599. This improvement is attributable to increased dividend payments from the old investments and to additional income from those investments acquired from the proceeds of the new capital issued during the previous year and upon which the full revenue benefit has now been obtained. Your directors are recommending a final dividend of 9 per cent actual on the ordinary share capital, less income tax, which together with the interim of 7 per cent less tax makes 16 per cent for the year against 15 per cent last year. The amount carried forward will be increased by some £22,000 from £177,938 to £199,972.

As will be seen from the Balance Sheet, the market value of investments shows an appreciation of 107.4 per cent over book value, giving a break up value for the ordinary shares of 21s 1d at the date of the last balance sheet.

Our portfolio is widely distributed over more than 400 securities and the market value of these investments as at October 15, 1964 shows an appreciation for the year of approximately 11.4 per cent which compares with an appreciation of approximately 7 per cent shown by the Financial Times Industrial Ordinary Share Index over the same period. As will be seen from the Directors Report the geographical distribution is as follows:— Great Britain 66.72 per cent, The Commonwealth (excluding Canada) 12.09 per cent; USA & Canada 18.89 per cent; South Africa .85 per cent, Central & South America 1.37 per cent and .08 per cent elsewhere; while as regards categories 4.86 per cent are in Bonds, Debenture Stocks and Notes, 2.64 per cent in Preference and Preferred Ordinary Stocks and Shares and 92.50 per cent in Ordinary and Deferred Ordinary Stocks and Shares.

Disagreement about the means of attaining economic ends is normal. Few would disagree, however, about the desirability of the following three objectives for 1965 or indeed for any year; namely, full employment, economic growth which implies rising consumption coupled with higher standards of living for all, as well as price stability. These objectives while depending on many factors, seem in 1965, to be particularly closely linked with the state of the Balance of Payments and the strength of the pound. These latter, in turn, are both likely to be affected this year by an unusual number of imponderables namely the Budget, Corporation Tax, Bank Rate, confidence at home and abroad, continued international co-operation in the monetary field, the success of measures to promote exports and curtail imports, and an effective Incomes policy.

As regards the Balance of Payments, figures for the first nine months of 1964 show imports at £3,716 million, exports at £3,307 million and net invisibles at £110 million leaving a deficit on Income account of £299 million. If long term overseas capital investment amounting to £313 million is taken into account the combined deficit becomes £612 million which is consistent with forecasts of an annual deficit of between £700 to £800 million. In view of abnormal stock piling, outward investment and the political situation in 1964, this outturn probably exceeds what might be called the "underlying" deficit; but even if this is put at £500 million or thereabouts, it is still far too high in the light of Reserves of gold and convertible currencies of only £827 million at the end of December last. It must however not be forgotten that there are also over £450 million of freely marketable dollar securities belonging to the British Government which originated at the time of the compulsory take over of securities at the commencement of the last war as well as an estimated £4,000 millions of portfolio investments of foreign securities belonging to British Investment Trusts, Individuals and Insurance Companies.

To improve the balance of payments, closing the trade gap must be an obvious target. The 15 per cent surcharge on imports may save between £200-£250 million in a full year; but for political reasons it cannot be maintained too long and must therefore be regarded only as a temporary expedient. Exports should rise in 1965, but not by anything like enough to close the gap. Nevertheless the long term improvement can only come through an increase in the volume of exports which in turn must come from increased production rather than from existing production; otherwise the results tend to be inflationary with rising prices. Furthermore in order to divert the extra production to exports some further measures or incentives will be needed. What is also required but very difficult to achieve is falling prices at home. This would not only make our exports more competitive and imports less competitive, but also make it practical for the rise in incomes whether from profits, dividends or wages to be kept at a lower rate than the rise in production.

As regards this Company an estimate which we have prepared for the year to October 15, 1965 shows that under normal circumstances our revenue should compare favourably with that of 1964; but what effects the new taxation measures will have is difficult to foresee. However our company has strong foundations, and should continue to do well over the years to come.

JOHN SUMMERS & SONS LIMITED

Steel Manufacturers

INCREASE OF £1½ MILLION IN TRADING PROFIT

PRODUCTION AN ALL-TIME RECORD

COMPANY'S POSITION STRENGTHENED

SIR RICHARD SUMMERS ON OBSCURITIES OF THE FUTURE

The Annual General Meeting of John Summers & Sons Limited will be held on February 4th at the Iron & Steel Institute, 4, Grosvenor Gardens, London, SW1.

The following is the Statement by the Chairman, **Sir Richard Summers** which has been circulated with the report and accounts:

The writing of a Chairman's statement is never as easy as some people may think, but this year in particular when the future is so obscure it is even more difficult than usual.

Firstly I would refer to the fact that for the third year in succession we have created a record trading profit, the figure this year being in round figures about one and a half million more than last year. I think this is all the more creditable because the contribution from the Shelton works was, for reasons which I will explain later, much reduced. As far as production was concerned we achieved an all time record in several departments, our production of crude steel totalling 1,742,000 tons despite the change over to pneumatic steel making at Shelton. Deliveries of strip mill products were also a record amounting to 1,278,000 tons—that is over 120,000 tons more than the previous year.

ACCOUNTS AND DIVIDEND

I think that as in past years the Directors' Report and the Accounts adequately cover the financial side of our business. In the light of our achievements we felt justified in recommending a modest increase in the final dividend bringing the total distribution for the year up to 16 per cent, at the same time making a contribution of £2,142,708 to Revenue Reserve. If you will look at the table at the back of the Accounts you will get a clear picture of the strength of the Company's position and the progress that has been made both from a profit and a production point of view.

The £8,000,000 Second Debenture Stock was repaid on the due date, October 1, 1964. Although this has necessitated incurring an overdraft at the Bank this has been part of the financial arrangements made over the past few years with our Bankers and financial advisers who have been kept constantly in touch with the position. The heavy expenditure at Shelton is now nearing its end, and as we have no further large schemes under review for the immediate future we are satisfied that if reasonable conditions continue we shall be able to clear all bank borrowings within a relatively short time. In the meantime we are grateful to our Bankers of their assistance.

SHOTTON WORKS

From the fact that we have broken a number of production records at Shotton it is obvious that we made better use of our productive facilities, and I think we were able to satisfy our customers both as to quantity and quality. In my last statement I said that because we had no large scale developments in mind at Shotton we were not sitting back but were continually looking for more efficient and more economical methods of production, and that our research people were busily engaged in endeavours to give us better operation and new outlets for our products. This policy was energetically pursued during the year under review and will be continued on the same lines in the current year. With the advent of new techniques we believe that there is still substantial capacity left at Shotton. At the moment we are carrying out experiments with the coating of steel with aluminium and we feel that this has interesting possibilities. We attach great importance to our Coating Departments for we were pioneers in some of those processes and many sheet users welcome these coatings on a steel base.

SHELTON WORKS

I said earlier that Shelton's contribution towards our profits was much reduced this year, which of course is due to the fact that we have built an entirely new steelworks there and for the last few months they have been changing over from the old methods to new ones. This is a major operation as the new plant is the last word in development and all the staff and operatives have had to learn new techniques, a task which they have tackled with tremendous enthusiasm. I think I can say without fear of contradiction that steady progress has been made, but it will be a little while before the changeover is complete and the new plant running smoothly. Nevertheless, we are still satisfied that when we get to this stage we shall have one of the most up-to-date and efficient small steel plants in the world, and we have little doubt that it will make a substantial contribution towards the group results. No effort is being spared to hasten the changeover and increase output in order that they may be in a position to meet the requirements of their customers. I should like to take this opportunity of saying how much we appreciate the tremendous amount of hard work that has been put in at Shelton at all levels.

THE CASTLE FIRE BRICK COMPANY LIMITED

The modernisation and improvements which I mentioned last year have continued and we are now beginning to reap some of the benefits from these changes, with the result that the Company had a record year and the trading profit was increased by nearly £100,000. I think the management are to be congratulated on this especially since, as was the case at Shelton, many new techniques and methods of operation had to be learned. Improvement and expansion will be carried on during the current year. The demand for all the types of brick made at the various works is very strong and there is every indication that this state of affairs will continue for some time.

LABOUR

It has been suggested in a number of quarters that the steel industry and other industries in this country are over-manned, or that we are not achieving the same measure of productivity as other countries. Whilst there may be some truth in this I have never yet seen a formula which has been evolved which will permit the comparison of like with like. The steel industry has a long history of good labour relations, but I feel that the time has now come when employers and employees should sit down and give serious attention to the changed circumstances brought about by modern developments.

FUTURE PROSPECTS

The future can be divided into two parts—commercial and political. Dealing first with the commercial side: at the moment of writing our order book is in a healthy condition but under today's conditions it is not easy to forecast too far ahead. Furthermore, there is ample evidence that in a number of countries the productive capacity for steel sheet and coil is being increased, and it is a question whether this capacity will increase faster than the demand for the products. I feel sure that in the years to come increased use will be found for sheet steel either in its natural form or coated with some other material, because I do not doubt that the general standard of living throughout the world will rise and from this will follow an increased demand for sheets for the manufacture of motor cars and the household equipment that will be required, but under today's conditions there is no doubt that competition at home and in export markets is severe.

I am glad to say that we have been able to obtain our usual important percentage of the home market trade, and provided we continue to pay close attention to quality and service I believe that this is a position which we should be able to maintain. At the same time, we have made a substantial increase in our exports, paying particular attention to our traditional markets

and to the customers with whom we have been doing business for very many years. We know that we shall have to face severe competition from all sheet manufacturing countries; it is essential that our sales people pursue an active policy and that we are able to maintain our good name in those foreign markets by giving careful attention to quality and dates of delivery.

As far as the future of Shelton is concerned the business is there, and once they have overcome their running in difficulties they will be in a position to provide their customers with a comprehensive range of heavy steel products of the latest type.

No doubt the year 1965 contains many imponderables, but provided nothing disastrous happens I would hope that we should be able to keep all our works operating at a high level.

On the political side there is much uncertainty, although from what has happened so far it would seem that the Government intend to carry out the renationalisation of the large steel companies. A great deal has been said and written on this subject and I see no point in repeating what I have said on so many occasions, but I would like to remind you that in the last ten years or so we have spent over £90,000,000 on modernisation and expansion of our works, and that almost £75,000,000 of this money has come from our own resources. I do not think that anybody can say that under private enterprise we have not pursued an energetic policy or that we have not ploughed enough back into the business. We are quite satisfied that our shareholders, our employees, our customers and the localities in which we operate have benefited from what we have done. The business belongs to you, the Shareholders; I would like to assure you that the Directors have your interests prominently in mind and will, as I feel certain would be your wish, do everything possible as matters develop to protect your interests. I am sure everyone will appreciate that we are working under very difficult conditions, but we shall not let this deter us from conducting our affairs in the way we have done in the past—that is doing the best we can to produce the steel which our customers require, carrying on the business as efficiently and economically as possible and giving a fair deal to all our employees.

BOARD OF DIRECTORS

As you will have seen from the Directors' Report Sir Walter Benton Jones is not seeking re-election on account of his advancing years. He joined the Board in 1944 and his vast experience of the steel industry and wide knowledge of affairs in general have been of great assistance to us. I should like to take this opportunity of thanking him very warmly for the contribution he has made to our affairs. Apart from losing the benefit of his commercial ability we shall greatly miss him as a friend.

TRIBUTE TO EMPLOYEES

In conclusion I wish to express appreciation and thanks to the management and all the employees of the Company whose combined efforts have enabled us once more to show a record year. As I have already said the future outlook is obscure, but whatever the conditions may be I know that all will continue to play their part and keep the name of John Summers in the forefront of the steel industry.

CLYDESDALE BANK LIMITED

A MOST ACTIVE AND SATISFACTORY YEAR

LORD MACLAY ON ENCOURAGING DEVELOPMENT OF SCOTTISH ECONOMY

The one hundred and twenty-seventh Annual General Meeting of Shareholders of Clydesdale Bank Limited will be held on February 3, 1965 at the Head Office, St. Vincent Place, Glasgow.

The following are extracts from the circulated statement of the Chairman, **The Lord Maclay, KBE**:

You will note from the Balance Sheet that the figures reflect the continued increase in activity which we have experienced throughout the year. Our resources show further expansion and Deposits with the Bank have increased by £11,621,740 to bring our total Deposits up to £219,689,171. This is indeed most satisfactory.

Our Note Circulation shows an increase and now stands at £25,852,649. Acceptances, Confirmed Credits and Engagements on account of Customers are again higher at £13,912,093. These figures give an indication of the constant increase in our foreign business.

Advances to Customers at £92,565,809 are up on the year by £13,408,962.

Our Net Profit for the year is up by £38,891 and now stands at the figure of £756,796. Our increased lending brought us more income and we also had a better return from our investment in Forward Trust Limited. Against this, however, we had to meet a substantial claim for salaries and we also raised our payments to pensioners. Other charges rose too and I think it most satisfactory that we were able to absorb all these extra costs and come out with an increase of £38,891 in our Profit.

It is proposed to recommend the payment of a Dividend at a rate of 7½ per cent actual less income tax for the half-year ended December 31st, making 15 per cent for the year on the Issued Capital as increased in 1963. This represents a rise on the Dividend of 20 per cent paid last year on the smaller capital.

After making unchanged allocations of £40,000 to Staff Widows' Fund and £125,000 to Staff Pension Fund, £100,000 has been placed to Contingent Fund and an increased allocation of £200,000 to Reserve Fund. There remains a balance of £245,015 to be carried forward to 1965 as compared with £267,339 brought in from the previous year. These figures can be regarded as highly satisfactory, particularly when viewed against the disturbed conditions and unsettled outlook which prevailed in the closing months of 1964. They are the outcome of what may be described quite fairly as one of the busiest years in the Bank's history, during which the number of our Current Account and Deposit Account customers has risen steadily; a greater volume of cash and of cheques and vouchers of every kind has been handled, and more has been advanced by way of Overdrafts and Personal and Term Loans than ever before. In addition, the activities of our specialist departments, such as our Foreign Business Offices, Investment Management Service and Trustee Department, have shown further expansion.

In present conditions of intense competition for deposits amongst financial institutions, one of the strongest of the commercial Banks' attractions for customers, individual, commercial and industrial alike, is undoubtedly the wide range of facilities which are available to them 'under one roof.'

THE NATIONAL ECONOMY

Earlier I referred to the disturbed conditions and unsettled outlook which prevailed in the closing months of 1964. The course of the national economy over the past twelve months is too well known to require rehearsing. The sizeable gap between spending and earning must be closed and kept closed if sound economic expansion is to be achieved and sustained and Britain is to fulfil its international responsibilities. There has never been any disagreement that the only acceptable solution to this recurrent problem of post-war years lies in a steady increase in the volume of exports. It has been pointed out that what is required to correct the position is an increase in exports of no more than a few percentage points. Viewed in this way it is assuredly not outwith our powers to achieve the solution. While the Government's recently introduced tax incentive to exporters is a step in the right direction, more may be required if medium and smaller-sized undertakings are to be encouraged to enter overseas markets and make what could well be the decisive contribution.

EXPORT SERVICES

Export trade is a matter in which the Banks play an all-important part. The financial assistance they provide in the ordinary course of business was extended a year or two ago to embrace medium and long-term finance for periods of up to seven years at a fixed rate of interest of 5½ per cent for certain categories of capital exports covered by the Export Credits Guarantee Department. In addition, however, information on markets abroad, help in establishing overseas connections and advice on documentation and exchange control regulations are available through the Overseas Departments of the Banks. Certainly the steadily increasing volume of business passing through our own Overseas Business Offices is gratifying evidence of the public's appreciation of the services we offer.

THE SCOTTISH ECONOMY

The pace of industrial activity in Scotland quickened perceptibly in the past year in terms of both production and employment. Equally welcome were the signs of further progress towards the longer-term objective of a diversified economic structure whose growth will in time become self-sustaining. Among outstanding developments in 1964 may be listed the opening of the Forth Road Bridge; the commissioning of Hunterston nuclear power station and the graving dock at Greenock; the completion of the new Terminal at Prestwick Airport and the commencement of work at Abbotsinch, Glasgow's new Airport; and the start to the New Town of Livingston and the designation of another based on Irvine and Kilwinning. There is reason for optimism in all of this particularly if, as seems likely, the inducements to industry to settle and expand in Scotland are continued.

THE EAST ANGLIAN TRUSTEE SAVINGS BANK

ANOTHER RECORD YEAR

The one hundred and forty-eighth Annual General Meeting of The East Anglian Trustee Savings Bank was held on January 11th in Norwich. In proposing the adoption of the report, **Sir Richard Barrett-Lennard**, the Chairman, referred to the loss which the Bank had sustained by the death of Lord Mackintosh and continued:

For the last three years I have been able to announce a record figure in the amount of the increase in the Bank's Funds:—in 1961 £4 million; 1962 £6 million; 1963 £8 million.

I had not expected to be able to announce a further record for 1964 but in fact I am again in that fortunate position, for our increase in funds for 1964 is slightly in excess of £10 million, bringing the total Funds of the Bank to £64 million.

In these uncertain times I cannot forecast future figures but my Board has confidence in continuing a policy which has proved very successful over the last few years. Indeed our success has been greater than the national average of all Trustee Savings Banks and in the four years since the beginning of 1961 we have moved from the position of being the 15th largest bank to the position of 8th.

During the last few years, in addition to opening new branches, we have rehoused several branches in better sited premises.

We have now reached a point where it would appear to be more important to open additional branches in the large towns in our area, since most of the existing offices in these towns are extremely busy, and we would like to be able to give speedier service to our customers.

Having paid tribute to the staff, the Chairman concluded: The number of transactions has increased 75 per cent in 5 years. The number of staff has increased 44 per cent in the same period. Even allowing for mechanical assistance it is evident that our staff to-day, including 43 per cent of young people under 20, works faster and more accurately than ever before.

VICE-CHAIRMAN'S REMARKS

In seconding the adoption of the report, the Vice-Chairman, Mr Eric D. Mackintosh, said: The increase in funds to which the Chairman has already referred is also reflected in the number of new accounts and the increase in total accounts for the year is 37,000.

In the Ordinary Department alone we now have more than 330,000 accounts, an appreciable proportion of the population of East Anglia. Of these, some 56,000 depositors have taken advantage of the Special Investment Department, roughly one in six. The transactions have increased by 300,000 and last year the Bank handled 2,600,000 transactions.

The increases in accounts and transactions to which I have referred would seem a good omen for the future. A 7 per cent bank rate does not provide favourable conditions for the Savings Bank but we all hope that this rate will soon be reduced. Therefore we look forward to the coming year with some confidence, and though we do not anticipate that our funds will increase by another £10 million, it is our hope that in 1965 the Bank will again make substantial progress. The report was adopted.

APPOINTMENTS for further announcements see pages 256, 275, 276, 277 and 278

ASSISTANT STATISTICIANS

Graduates in economics, preferably in economics with statistics, are invited to apply for posts in Statistics Department at the London Headquarters of the National Coal Board. The successful candidates will assist in analysing and interpreting a wide range of statistics for the guidance of management, and in developing new statistical ideas and measures. Problems range from analyses of machine performance in collieries to appraisal of national demand for energy, and there is also opportunity for experience in survey work. Skill in using statistical techniques, however, is less important than imaginative ability, and understanding of the practical managerial questions underlying these problems.

Young men and women expecting to graduate in the summer of 1965 will also be considered. Appointment superannuable, and starting salary depending on qualifications and experience between £1,010 to £1,433. Please write for application form to Headquarters Staff Manager (x.1346C), N.C.B., Hobart House, Grosvenor Place, London, S.W.1.

UNIVERSITY OF GHANA

DEPARTMENT OF ECONOMICS

Applications are invited for:

TWO SENIOR LECTURESHIPS. (Considerable teaching or research experience essential.)

FIVE LECTURESHIPS. Preference will be given to candidates with special interests in Development Economics; Socialist Economics and Planning; Public Enterprise; Applied Economics, especially Economics of Industry.

Salary Scales: Senior Lecturer, £G1,750 x £G75—£G2,200 per annum, 20 per cent. addition for Non-Ghanaians; Lecturer, £G1,080 x £G50 — £G1,480 x £G75 — £G1,850; £G1,900 per annum, 20 per cent. addition for Non-Ghanaians.

Appointment normally five years in the first instance, but shorter periods of secondment will be considered.

Further particulars and forms of application should be obtained from the Assistant Registrar, University of Ghana Overseas Office, 15 Gordon Square, London, W.C.1, or the Registrar, University of Ghana, P.O. Box 25, Legon, Accra, Ghana, with whom applications (four copies) should be lodged not later than February 8, 1965.

DIPLOMATIC SERVICE: GRADE 9 (EXECUTIVE). Twelve pensionable posts for men and unmarried women aged at least 20 and under 28 on August 1, 1965, who have (or expect to obtain in 1965) a university degree or a diploma in technology. Candidates should have a keen interest in people and foreign affairs and should show ability to learn languages. For those who have left university, experience in management, information work, or commercial matters will be an advantage. Selection by interviews. Starting salary £673 (at age 20) to £914 (at 25 or over). Scale maximum £1,348. Promotion prospects.—Write (preferably by postcard) to Civil Service Commission, 23 Savile Row, London, W.1, for application form quoting 126/65. Closing date February 1, 1965. (18)

UNIVERSITY OF EDINBURGH

DEPARTMENT OF SOCIOLOGY

LECTURESHIP OR ASSISTANT LECTURESHIP

Applications are invited for a Lectureship or Assistant Lectureship in the above Department. Special qualifications in Statistics or in Urban Sociology are desirable. Salary Scales: Lecturer, £1,400 x £85 — £1,740; Bar; £1,825 x £85 — £2,505 per annum; Assistant Lecturer, £1,050 x £75 — £1,275 per annum, with placement according to qualifications and experience and with superannuation benefit.

The successful candidate will be expected to take up duty on October 1, 1965.

Further particulars may be obtained from the undersigned, with whom applications (six copies) giving the names of two referees, should be lodged not later than February 15, 1965.

CHARLES H. STEWART,
Secretary to the University.
January 1965

UNIVERSITY OF WARWICK

Lectureships in
ECONOMICS
and
MATHEMATICAL ECONOMICS

Applications are invited for the following appointments:

Lecturer/Assistant Lecturer in ECONOMICS

Lecturer/Assistant Lecturer in MATHEMATICAL ECONOMICS.

The posts are tenable from October 1, 1965, or shortly before. The University will admit its first students in October, 1965.

Initial salary according to qualifications and experience in the scale (Assistant Lecturer) £1,050 x £75 — £1,275 or (Lecturer) £1,400 x £85 — £2,165; £2,365 x £85 — £2,905, together with superannuation benefit. A grant towards removal expenses may be made and in certain cases family allowances are payable.

Application forms and further details are obtainable from the Registrar, University of Warwick, Coventry, to whom completed application forms should be sent by February 20, 1965.

STATISTICIAN
in THE GENERAL REGISTER OFFICE

The General Register Office collects and publishes demographic and social statistics serving a wide variety of government policies and research projects. Statisticians in the General Register Office must therefore be able to take the initiative in translating the needs of policy-makers and research workers for information into specific proposals for producing the best statistics for the purpose, in planning and overseeing the work of meeting those needs and in presenting the results in a way that is fully understood by the policy-makers and researchers. This calls for high technical ability and for a willingness to think, speak and write in non-technical terms as well, and to work closely with non-statisticians.

The post is in London and applications are invited from men or women with wide statistical experience and first or second class honours degree in statistics, or other appropriate main subject combined with statistics.

SALARY between £2,259 and £3,087, according to qualifications and experience. Initial appointment for three years. Prospects of establishment. T.S.S.U.

APPLICATIONS, giving particulars of age, qualifications and experience, to The Manager (PI 1022), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.1. CLOSING DATE February 1, 1965.

The Economist Intelligence Unit

wishes to make further appointments to its Research Staff. Candidates must have a good honours degree, preferably, but not necessarily, in economics or statistics, and should have had at least two years' experience in industry, commerce or finance. A qualification in accountancy could also be useful. The work of the EIU is mainly international and for most research and advisory staff there are opportunities for overseas travel. A good knowledge of at least one foreign language would therefore be an advantage.

These posts are progressive and we need men with initiative who are of the calibre for early promotion to the grade of Research Consultant and above. Starting salary according to qualifications. Please write fully, giving particulars of salary record, to:

The Managing Director,
27 St. James's Place,
London, S.W.1.

Subscription and Gift Orders

The Economist

If you would like to receive The Economist regularly please fill in your name and address and hand this order to your newsagent—or send it direct to the publisher at the address below. If you would like to give The Economist to a friend, we will gladly arrange for a gift card to be sent with the first copy.

Annual Subscription by ordinary mail UK £6.0.0d.; USA $19.50; elsewhere overseas £6.10.0d By air see page 266

☐ Payment enclosed ☐ Please send bill

The Economist, 25 St. James's Street, London, S.W.1.

NAME .....
(BLOCK CAPITALS)
ADDRESS .....

AGRICULTURAL MARKETING SPECIALISTS FOR FOOD AND AGRICULTURE ORGANIZATION

The Food and Agriculture Organization of the United Nations has vacancies for marketing specialists in Mexico and Uruguay.

Duties: to conduct research and teach students in agricultural prices and marketing of agricultural products on national and international levels. Requires very good knowledge of agricultural marketing and demonstrated ability to teach.

Appointments for 24-36 months with possibilities of extension, probably at different duty stations. Attractive tax free remuneration.

Applications to: Recruitment Section, FAO, Viale delle Terme di Caracalla, *Rome*, Italy, quoting EA 2/3.

LANCASHIRE COUNTY COUNCIL

Applications are invited for the following appointments in the Establishment Section of the Clerk of the County Council's Department:

(1) ORGANISATION & METHODS TEAM LEADER—Grade "C" (£1,715-£2,110)
(2) ORGANISATION & METHODS ASSISTANT—Grade "A" (£1,445-£1,745)

The work requires a high degree of initiative, and experience in O. & M. techniques is essential.

Applicants for the above positions must be suitably qualified.

Applications, giving age, qualifications, present appointment, experience and the names and addresses of two referees, to the Clerk of the County Council (L), County Hall, Preston, by January 25, 1965.

APPLICATIONS are invited for the post of Administrative Officer. The salary scale is £1,000 x £50 — £1,200 and £1,300 x £65 — £1,820; the initial salary will depend on qualifications and experience. There is a Provident Fund Scheme.

The work of the Administrative Officer will be mainly concerned with the preparation for publication of statistical data on rubber. While some knowledge of statistics would be an advantage, the main requirement is a capacity for accurate and detailed work. The Administrative Officer would also be expected to assist in the organisation of meetings which may take place abroad.

Applicants should preferably be graduates, should be able to express themselves clearly and concisely in written and spoken English and should have, or undertake to qualify on appointment, a working knowledge of French.

Detailed applications should be sent, *not later than January 25, 1965*, to the Secretary-General, International Rubber Study Group, Brettenham House, 5-6 Lancaster Place, London, W.C.2.

UNIVERSITY OF EDINBURGH

DEPARTMENT OF POLITICS

LECTURESHIP OR ASSISTANT LECTURESHIP

Applications are invited for the post of Lecturer or Assistant Lecturer in the Department of Politics. Salary Scales: Lecturer, £1,400 x £85 — £1,740; Bar; £1,825 x £85 — £2,505 per annum; Assistant Lecturer, £1,050 x £75 — £1,275 per annum, with placement according to qualifications and experience and with superannuation benefit.

The successful candidate will be expected to take up duty on October 1, 1965.

Further particulars may be obtained from the undersigned, with whom applications (six copies), giving the names of two referees, should be lodged not later than March 1, 1965.

CHARLES H. STEWART,
Secretary to the University.

January, 1965.

ECONOMIST-STATISTICIAN

Trade association of progressive growth industry has a vacancy for a young economist with statistical training. Industry-wide statistics and trends analysis are being developed and there will be considerable scope for initiative here and in relation to Official and N.E.D.C. requirements.

Candidates should have a University degree with statistical training and several years' experience, preferably in industry. Commanding salary in the range of £1,350-£1,650 according to qualifications and experience. Write to: The Director, Association of the British Pharmaceutical Industry, Mercury House, 195 Knightsbridge, London, S.W.7.

UNIVERSITY OF KENT AT CANTERBURY

Applications are invited for appointment as LECTURER or ASSISTANT LECTURER in ECONOMICS (with special reference to money and banking) from October 1, 1965. Further particulars and forms of application may be obtained from the Registrar, University of Kent at Canterbury, Westgate House, Canterbury. Completed forms should be received by the Registrar not later than Friday, February 5, 1965.

OPERATIONAL RESEARCH

MANAGEMENT CONSULTANCY

A major international firm of management consultants has several vacancies in its expanding operational research division for senior consultants. This division, in London, which offers clients a wide range of operational research services, seeks to appoint applicants who not only appreciate the client's overall needs but who have also demonstrated their ability to apply O.R. and other modern techniques to management problems.

Initial salaries in the range £3,000-£3,500 will be offered to suitably qualified candidates. Prospects of promotion are very good.

Brief details of career and qualifications should be sent, in confidence, to Box OR 8125, c/o R. J. White & Son Ltd., 72 Fleet Street, London, E.C.4.

COMMONWEALTH OF AUSTRALIA

Royal Military College

DUNTROON, CANBERRA

LECTURERS and SENIOR LECTURERS

• Economics • Government

The Royal Military College at Duntroon, an institution of high standards and traditions, is located on the fringe of the garden city of Canberra. For more than half a century, the College has been the senior academy preparing staff cadets for graduation as commissioned officers in the Australian Regular Army. The cadets undergo a four-year course in the military spheres of Arts, Science and Engineering. The college provides all of the requirements of staff and students in a self-contained community, but also takes advantage of the great concentration of academic, scientific and social facilities in the national capital.

QUALIFICATIONS Honours degree in the appropriate field, preferably with teaching experience at tertiary level.

DUTIES Conduct lectures and tutorials at a standard up to the end of third year university level. Successful applicants will be expected to undertake research in an appropriate field.

CONDITIONS British subjects, eligible for permanent residence in Australia, in good health.

SALARIES Salary classification within the following limits will be fixed according to qualifications and experience:

Lecturer or Senior Lecturer	£1,980 — £3,300
Senior Lecturer	£2,750 — £3,300

NOTE: These salaries, which are under review, are quoted in Australian currency. Salaries commence from scheduled date of embarkation.

ACCOMMODATION Temporary accommodation will be provided upon arrival in Canberra and appropriate allowance will be paid to married men until permanent houses are available.

TRAVEL First-class air or sea passages from places of residence to Canberra for selected applicants and their families or approved dependants.

FURTHER INFORMATION AND APPLICATION FORMS from the Public Service Board Representative (Ref. 269) at Australia House, Strand, London, W.C.2. (Phone TEMple Bar 2435) with whom applications close on 6th February, 1965, OR FROM THE SECRETARY,

DEPARTMENT OF THE ARMY • CANBERRA • AUSTRALIA

LANCASHIRE
COUNTY PLANNING DEPARTMENT

The establishment of the Planning Department has been increased in order to cope with an expanding programme of work and applications are invited for the following posts:—

(a) CHIEF ASSISTANT COUNTY PLANNING OFFICER, Grade I (£2,870-£3,385).

This officer will be responsible to the County Planning Officer and his Deputy for co-ordinating the various activities of the department, including urban and rural land use planning, development control, new town and town development schemes, central area redevelopment, research, establishment of new industries and land reclamation. The successful candidate should have first-class organising ability and be experienced in the work of a large planning authority.

(b) SENIOR ASSISTANT PLANNING OFFICERS, 1 post Grade D/E (£1,885-£2,450), and 1 post Grade D (£1,885-£2,280).
2 Land Use Planners

ASSISTANT PLANNING OFFICERS, Grade B/C (£1,555-£2,110).
1 Land Use Planner
1 Valuation Surveyor

ASSISTANT PLANNING OFFICERS, Grade A/B (£1,445-£1,940).
1 Engineer/Planner
1 Architect/Planner
1 Land Use Planner
1 Economist or graduate in Commerce

These officers will be engaged on investigation into problems of urban renewal in connection with a programme of over 60 central area redevelopment schemes. Wider studies will also be undertaken in connection with the review of the County Development Plan. This work will call for close co-operation with the Traffic Engineering Section of the County Surveyor's Department and other departments of the County Council.

(c) SENIOR ASSISTANT PLANNING OFFICER, Grade D/E (£1,885-£2,450).
1 Land Use Planner

ASSISTANT PLANNING OFFICERS, Grade A/B (£1,445-£1,940).
1 Land Agent
1 Landscape Architect

A comprehensive survey of the Lancashire coastline is to be undertaken and schemes prepared for its preservation and enhancement. A rural area of 310 sq. miles (175 sq. miles of which is in Lancashire) has recently been designated as an Area of Outstanding Natural Beauty and a survey will also be carried out in order to formulate policies aimed at protecting and improving its attractiveness and usefulness.

(d) SENIOR ASSISTANT PLANNING OFFICER, Grade D (£1,885-£2,280).
1 Civil Engineer

ASSISTANT PLANNING OFFICER, Grade B/C (£1,555-£2,110).
1 Land Agent

ASSISTANT PLANNING OFFICERS, Grade A/B (£1,445-£1,940).
1 Engineer familiar with soil mechanics
1 Engineer or Surveyor

The department's programme of reclamation of derelict land is to be expanded with first emphasis upon an area of 1,700 acres of derelict land designated for acquisition and reclamation for various uses in the North Makerfield Town Map, recently approved by the Minister.

(e) SENIOR ASSISTANT PLANNING OFFICER, Grade D/E (£1,885-£2,450).
1 Economist or Geographer

ASSISTANT PLANNING OFFICER, Grade B/C (£1,555-£2,110).
1 Geographer

ASSISTANT PLANNING OFFICER, Grade A/B (£1,445-£1,940).
1 Economist or graduate in Commerce

The County Council's industrial development programme is being expanded: the Council own two industrial estates and propose to develop a further site of about 300 acres. The scope of the work undertaken by the department's Industrial Bureau is also to be widened.

Applicants should possess appropriate University or professional qualifications. They should indicate the type of work to which they are able to contribute and the post or posts for which they wish to be considered. Commencing salary according to qualifications and experience.

Successful candidates will be paid an allowance for the use of their cars on official business and the County Council operate a scheme for the payment of legal expenses for house purchase, disturbance allowances and removal expenses.

Applications giving details of age, education and training, qualifications, experience, present appointment and salary, and two referees, to U. Aylmer Coates, C.B.E., County Planning Officer, East Cliff County Offices, Preston, Lancs., by February 1, 1965. Envelopes should be endorsed Ref. (T).

ESSEX
THURROCK TECHNICAL COLLEGE
WOODVIEW, GRAYS

HEAD USINESS

Applications are invited for the above post which has become vacant through the appointment of the present Head to a Principalship.

Applicants should be graduates with suitable industrial and teaching experience.

Salary scale £2,170 x £65 (3) to £2,365 (subject to review as from April, 1965).

Application forms and further details from the Chief Education Officer, F.9.e., County Hall, Chelmsford. Closing date February 8, 1965.

BARCLAYS BANK D.C.O.
requires
TRUST ADMINISTRATOR

for the Trustee Department in London, preferably within the age group 25-35. Practical experience of trusts and estates essential. Some knowledge of banking, investments, taxation and exchange control an advantage. Total remuneration £1,050-£1,450 for age group 25-31 and in excess of £1,450 for age group 31-35 according to age and qualifications.

Please write with full particulars to the Staff Manager, Barclays Bank D.C.O., 85 Gracechurch Street, London, E.C.3.

COLLEGE OF ARTS, SCIENCE AND TECHNOLOGY, KINGSTON, JAMAICA, W.I.
HEAD OF COMMERCE DEPARTMENT

Applications are invited for the above appointment commencing September, 1965.

SALARY: £1,750 x £50 — £2,000 p.a. Point of entry dependent on qualifications and experience and probably above minimum.

MARRIAGE ALLOWANCE: £100 p.a.

The post is permanent and pensionable for Jamaican appointees.

INDUCEMENT ALLOWANCE: Overseas appointee (who should be national of the United Kingdom or Republic of Ireland) would be on contract for three years in the first instance and would receive in addition inducement allowance of 30 per cent. of basic salary and gratuity of 20 per cent. of salary including inducement allowance for each year served. Also, children's education allowances. Free passages.

Further information and application forms available from Council for Technical Education and Training for Overseas Countries, Eland House, Stag Place, London, S.W.1. (Please quote reference: TET/JCT/12 (4).) Closing date for receipt of applications, February 1, 1965.

UNIVERSITY OF NEWCASTLE UPON TYNE
INSTITUTE OF EDUCATION

The university invites applications for the post of Staff Tutor in Technical Education in the Institute of Education. It is hoped that the successful candidate will be able to take up appointment at Easter, 1965.

The greater part of the work is in conducting the three-year part-time course for the Institute's Diploma in Further Education. There are at present about 30 experienced technical college lecturers taking the 1962-65 course and 35 in the 1964-67 course, with some education officers from industry.

The salary will be at an appropriate point on the scale £1,400 to £2,505. Membership of F.S.S.U. required.

Further particulars may be obtained from the Registrar, The University, Newcastle upon Tyne 1, with whom applications (three copies), together with names and addresses of three persons to whom reference may be made, should be lodged not later than January 30, 1965.

UNIVERSITY OF THE WEST INDIES

Applications are invited for two posts of (a) Lecturer or (b) Assistant Lecturer in (i) Modern European History with emphasis on the relations between the Great Powers since World War 1; (ii) Economic History, with emphasis on international economic relations since the Mid-19th century, in Department of History. Appointments to be assumed by October 1, 1965. Salary scales: (a) £1,450 £60 — £1,810 x £80 — £2,290 p.a.; (b) £1,[illegible] x £50 — £1,350 p.a. Child allowance. F.[illegible] Housing at 10 per cent. of salary if available, or allowance in lieu. Family passages; study leave every three years. Detailed applications (six copies), naming three referees, by February 19, 1965, by persons living in the Americas and Caribbean area, to Registrar, University of the West Indies, Kingston 7, Jamaica, and by all others to Secretary, Inter-University Council for Higher Education Overseas, 33 Bedford Place, London, W.C.1. Further particulars may be obtained similarly.

OPPORTUNITIES in O. & M. 1965

We are a team [illegible] standards within one [illegible]

We are engaged on both large scale ORGANISATION problems as well as the more routine METHODS problems associated with, for example, office machinery. We are able to offer, therefore, the kind of training and experience for the future manager.

At this stage he should be able to offer us a relevant qualification (at degree level) and some practical experience to include, preferably, a knowledge of computer applications. He should be in his late twenties or thirties.

- **We can offer a good salary within the range £1,435-£1,850 and excellent conditions of service.**

If you would like to join us you should write, giving brief details of qualifications and experience, to:—

Central Electricity Generating Board N. Berryman, Personnel Officer (Headquarters), Sudbury House, 15 Newgate Street, London, E.C.1

Quote Ref. P. 474

UNIVERSITY OF DURHAM

Applications are invited for the post of LECTURER IN ECONOMIC HISTORY from October 1, 1965. The appointment will be made at an appropriate point on the Lecturers scale £1,400-£2,505 p.a.

Applications (ten copies), together with the names of three referees, should be sent, not later than February 1, 1965, to the Registrar and Secretary, Old Shire Hall, Durham, from whom further particulars may be obtained.

BRADFORD INSTITUTE OF TECHNOLOGY

(Proposed University of Bradford)

DEPARTMENT OF MANAGEMENT AND ADMINISTRATION

LECTURER OR SENIOR LECTURER IN MARKETING

Applications are invited for appointment as Lecturer or Senior Lecturer in Marketing to commence duties not later than October, 1965. Candidates should have a good honours degree, preferably in Economics and Psychology with relevant experience in Marketing.

Appointments will be made in the following salary ranges:

Lecturer, £1,400 x £85 to £2,000 x £85 to £2,505;
Senior Lecturer, £2,505 to £3,250.

Commencing salary will be fixed according to qualifications and experience. Particulars and application forms may be obtained from the Registrar, Ref. 75Y/M, Bradford Institute of Technology, Bradford 7, to whom they should be returned by February 27, 1965.

THE UNIVERSITY OF SHEFFIELD

DEPARTMENT OF SOCIOLOGICAL STUDIES

Applications are invited for a post of LECTURER or ASSISTANT LECTURER in the DEPARTMENT of SOCIOLOGICAL STUDIES to begin duties on October 1, 1965. Preference will be given to candidates with an interest in DEMOGRAPHY but those with other interests will be considered. Further particulars may be obtained from The Registrar, to whom applications (four copies), which should indicate the candidate's particular field of specialisation, should be sent by February 8, 1965.

CITY AND COUNTY OF NEWCASTLE UPON TYNE

SENIOR ASSISTANT COST ACCOUNTANT

Applications are invited from persons holding the final examination qualification of the Institute of Municipal Treasurers and Accountants or other accountancy body, or from university graduates, for this new post on Grade B (£1,565 per annum to £1,870 per annum and ultimately £1,940 per annum). The post is next in seniority to the Cost Accountant in a section with a large staff. The successful candidate will have an important and interesting role in preparing for the installation of an I.C.T. 1900 series monocle tape computer in 1966. It is essential that candidates should have practical experience of systems analysis and/or machine accounting.

Applications, giving details of age, experience, qualifications and present salary, together with the names of two referees, to the City Treasurer, Civic Centre, P.O. Box 131, Barras Bridge, Newcastle upon Tyne 1 not later than January 25, 1965.

THE UNIVERSITY OF SHEFFIELD.—SENIOR LECTURESHIP IN RUSSIAN.—Applications are invited for a newly created post of SENIOR LECTURER in RUSSIAN to begin duties on October 1, 1965. The Senior Lecturer will be in charge of the re-established Department of Russian and will be expected to plan its scope and range of courses. Initial salary according to qualifications and experience on the scale £2,550 x £100 — £3,050, with F.S.S.U. provision.—Further particulars may be obtained from the Registrar, to whom applications (eight copies) should be sent by February 13, 1965.

For further announcements see pages 256, 274, 275, 276, 278

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for appointment as Research Assistant in the Geographical Research Division for work in the field of Economic Geography of Latin America with special reference to agriculture. Some knowledge of Spanish an advantage. Initial salary in the range £675-£825 according to qualifications and experience.

Applications, with the names of two referees, should be sent to Dr. J. C. Martin, London School of Economics and Political Science, Houghton Street, London, W.C.2.

UNIVERSITY OF SOUTHAMPTON

Applications are invited for the post of Lecturer or Assistant Lecturer in Latin American History. Candidates should have a research interest in South or Central America and a knowledge of Spanish or Portuguese. Salary scales: Lecturer, £1,400 x £85 — £2,505 with a steep bar at £2,000; Assistant Lecturer, £1,000 x £75 — £1,275. The initial salary will depend on qualifications and experience. Further particulars should be obtained from the Deputy Secretary, The University, Southampton, to whom applications (seven copies from United Kingdom applicants) should be sent not later than February 13, 1965.

UNIVERSITY OF BIRMINGHAM

Applications are invited from graduate [illegible] qualified in STATISTICS to undertake lecturing and other work in the Department of Physical Education. This is a new appointment in a new and developing field and provides an opportunity for people interested in applying statistical techniques to human performance. A sympathetic interest and some ability in a field of sports would be advantageous.

The appointment, which dates from October 1, 1965 (or sooner if possible), carries F.S.S.U. benefits and may be made at Lecturer (£1,400 x £85 to £2,105) x £85 to £2,505) or Assistant Lecturer (£1,050 x £75 to £1,375) grade, according to qualifications and experience.

Further particulars may be obtained from the Assistant Registrar (Senate Division), The University of Birmingham, Birmingham 15 (quoting reference PE/ST). Applications (five copies) should be submitted to the above named not later than February 27, 1965.

MARKETING ASSISTANT

A leading radio and electrical manufacturing company requires an assistant (male or female) in their group marketing department.

This is an excellent opportunity for a graduate in economics, statistics or the Arts with three to five years' experience on the marketing side of a consumer orientated company.

Essential qualifications are a complete competence to marshal facts, the ability to write cogently and a versatility and zest to tackle a wide range of marketing problems.

Congenial working conditions. Excellent prospects, salary and pension scheme. **Please send full details of qualifications and experience to date to Box 1886.**

ICI AGRICULTURAL DIVISION

STATISTICIAN FOR AGRICULTURAL RESEARCH AND DEVELOPMENT

The Agricultural Research and Development station of I.C.I. (situated at Jealotts Hill, Bracknell, Berks), requires a graduate to assist the Head of its Statistics Section. This section is concerned with the design and analysis of field and laboratory experiments associated with pesticide and fertilizer research, as well as with other applications of statistical techniques in the fields of Biology, Chemistry and Econometrics. Access to an I.C.I. computer service is an integral part of the section's facilities.

Men or women who have either graduated or are shortly graduating with an honours degree in Mathematics with Statistics can be considered for this appointment, although preference will be given to those who are available immediately.

Applications, giving brief details only, should be addressed to Mr. J. N. Fennell, c/o Staff Department, Plant Protection Ltd., Fernhurst, Haslemere, Surrey.

BRITISH IRON AND STEEL FEDERATION

Iron and Steel Industry Training Board

Applications are invited for the post of Manpower Research and Statistics Officer.

This post would involve work in connection with the establishment of systems for the collection, assessment, analysis and interpretation of manpower and training statistics required to assist the Board in discharging its functions under the Industrial Training Act.

A degree or other qualification in economics or applied mathematics would be of value, as would experience related to the Iron and Steel Industry.

The post, which is tenable in London, would be permanent and pensionable. Starting salary in the vicinity of £1,700 per annum according to qualifications and experience.

Application forms and further information are obtainable from the Board's offices at Steel House, Tothill Street, London SW1. Applications should be completed and returned within fourteen days of the appearance of this advertisement.

OPERATIONAL RESEARCH PROJECT LEADERS

U.K. OVERSEAS

The continued extension in the activities of our Client, Business Operations Research Ltd., both in the U.K. and overseas requires the addition of O.R. Project Leaders of the highest calibre. Successful candidates will be capable of handling individual projects with the minimum of supervision. They will need to have a good degree, have had formal O.R. training, preferably a diploma course and completed a minimum of two years in O.R. investigation work with an industrial bias. A generous salary will be paid together with excellent conditions, including a non-contributory pension scheme with complete transferability of benefit to the individual leaving.

The Company is London based, but the work may be in the U.K. or overseas, and preferences will be considered. Prospects are good for men of proven ability.

JUNIOR COMPUTER SYSTEMS ANALYSTS

B.O.R. wishes to recruit young men of potential with good educational standards, preferably a degree, who have had some experience of systems analysis in computer applications.

B.O.R. are engaged on advanced systems analysis and the work is both varied and interesting.

We are retained to advise on these appointments and applications should be made to Mr. D. G. Wright. We prefer that our own Personal History Record be used, for which please write or telephone quoting ref.:—C/748.

A K APPOINTMENTS LIMITED
Specialists in Personnel Management & Selection
32 John Street, London, W.C.1 HOLborn 6877

SITUATIONS WANTED

LATIN AMERICA

Managing director of the Latin-American subsidiary of substantial British group, mid-30's, dissatisfied with prospects of further expansion of his present company, seeks alternative general-managerial position in Latin America, preferably in engineering.

Please write to Box 1888, THE ECONOMIST.

INDUSTRIAL MARKET ANALYST, female, 25, wide experience including Australia until recently based in Europe now seeks new opportunities U.K. or abroad—Box 1887.

For further announcements see pages 256, 274, 275, 276 and 277

EDUCATION, BUSINESS AND PERSONAL

WOOLWICH POLYTECHNIC
DEPARTMENT OF ECONOMICS AND MANAGEMENT

Enquiries are invited from firms who are prepared to nominate executive staff to attend ten-week full-time "crash" courses, using audio-visual and language laboratory methods in: FRENCH GERMAN RUSSIAN SPANISH ITALIAN Enquiries to DK FMP, Woolwich Polytechnic, London, S.E 18.

M.SC (ECON) LOND long teaching experience offers private or group tuition in theoretical and applied economics for Parts I and II of B.Sc (Econ) Degree. Also all compulsory subjects—Box 1871

TUITION AT HOME

Wolsey Hall (Est. 1894) provides successful courses for G.C.E. (all Examining Boards) and for London University External B.Sc (Econ), B.A., B.D., B.Sc., LL.B. Degrees also Diplomas and Certificates. 1,824 Wolsey Hall students passed B.Sc (Econ) since 1950. Tuition also for Law, Statistical, Secretarial and other Professional Exams. R.S.A., etc. Moderate fees, instalments if desired. Prospectus from C. W. Shaw Fletcher, C.B.E., LL.B. Principal Dept. P.17.

WOLSEY HALL, OXFORD

LISEZ-VOUS LE FRANCAIS? List of hundreds of French books mainly at 4s. 6d. free on request.—Hachette 4 Regent Place (adjoining 130 Regent Street) W.1.

TOP PEOPLE'S Secretaries are well placed generally by STELLA FISHER BUREAU in the Strand.

SECRETARIAL Training for Women especially university graduates and older students 6-month and intensive 14-week courses—Write Principal Davies's 158 Holland Park Avenue W.11 PARK 4654.

Home Study Courses
B.Sc.(ECON.), LL.B.

and other external degrees of the University of London. Also Accountancy, Secretaryship, Law, Costing, Banking, Insurance, Marketing, G.C.E. and many union exam courses in business subjects including the new Stockbrokers and Stock Jobbers courses.

Write today for details or advice stating subject in which interested, to

METROPOLITAN COLLEGE
(Dept. G9 2) St. Albans
or call at 30 Queen Victoria Street, London E.C.4. City 6874 (Founded 1910)

OMBUDSMAN: All-day Conference February 6th. Speaker from Danish Ombudsman. Discussion under Chairman from Canadian Royal Commission. Particulars Society for Individual Freedom, 55 Park Lane GRO 6475.

WOOLWICH POLYTECHNIC
Department of Economics and Management

A few places are still available on the following short full-time courses for the Spring Term:

MATERIALS HANDLING	Two-week full-time course for middle managers, commencing Monday, February 1, 1965.
PRODUCTION PLANNING AND CONTROL	Two-week full-time course for middle managers, commencing Monday, February 22, 1965.
RECENT DEVELOPMENTS IN INDUSTRIAL RELATIONS	Three-day conference for personnel managers and Trade Union officers, commencing Tuesday, March 2, 1965.

Further particulars from the Secretary, Woolwich Polytechnic, S.E 18

MORTGAGE LOANS

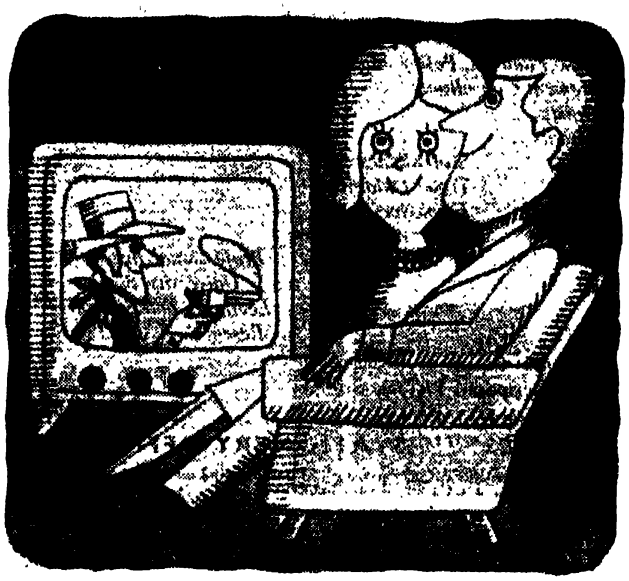
LUTON CORPORATION
6¼% **MORTGAGE LOANS**
Minimum £500
Period 2-5 years
(with facilities for immediate repayment)
Details from
Borough Treasurer, E., Town Hall, Luton

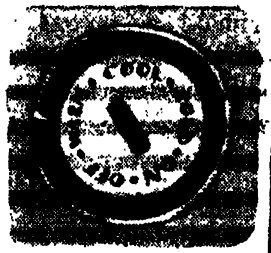
COUNTY BOROUGH OF EASTBOURNE
MORTGAGE LOANS
6¼% FIRST CLASS INVESTMENT 6%
3 or 4 YEARS IN A FIRST CLASS RESORT 5, 6 or 7 YEARS
Apply Borough Treasurer, Loans Dept. B., Grove Road, Eastbourne

INVEST SAFELY WITH THE
CITY OF WORCESTER
TRUSTEE SECURITY LOANS
6¼% loans under £10,000 6½% loans over £10,000
for 2-5 years
APPLICATION FORMS —
City Treasurer (E), Guildhall, Worcester

INVEST IN SLOUGH CORPORATION LOANS
6¼% INTEREST FOR 2 TO 10 YEARS
Details from:
BOROUGH TREASURER (C), TOWN HALL, SLOUGH, BUCKS.

Enjoy a carefree U.S. visit at Sheraton Hotels





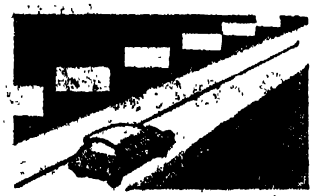
When you come to the U.S. for a visit, Sheraton Hotels and Motor Inns will do all they can to make your stay a pleasant one.

All Sheratons from New York City to Waikiki Beach, Hawaii, have large comfortable rooms with private baths. Plenty of Sheraton extras—free TV, free radio. All Sheratons have Family Plan—children share your room free.

For Insured Reservations at Guaranteed Rates: In London, call the Kensington Palace Hotel, London W.8 WEStern 7536 or 0822. In Brussels call Willy De Bruyn, Balsa Hotels Sheraton Affiliated, 5, Rue de Ligne, Brussels 1: 18-26-24.

95 Sheraton Hotels & Motor Inns

Test your own I.Q.



One of our insulation engineers, driving a hired Citroen south along a main road in central France, noticed that the advertisement hoardings at the side of the road seemed to be very regularly spaced. He suggested to his wife that she should time them. She counted aloud the number passed in a minute. 'How odd' said our representative glancing at the speedometer, 'that number is exactly one sixth of the speed of our car in kilometers per hour'. Assuming that the speed was constant and that the count began and ended half way between posters how far apart were they?

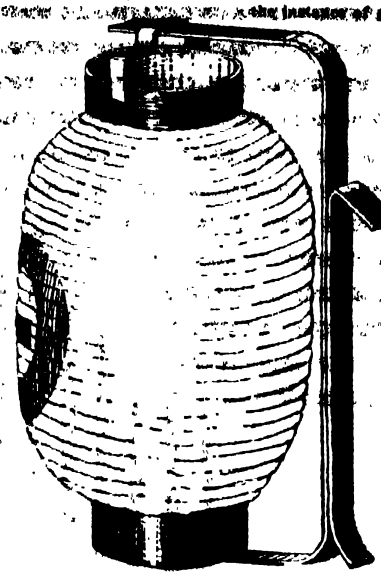
The Citroen is not irrelevant: we mentioned it to simplify the arithmetic for our engineer. He was after all, on holiday and deserved a break. The problems he normally deals with rarely ever have a clear cut answer, let alone simplified arithmetic. It is true of course that to the vast majority of questions about insulation there are clear-cut answers but they never reach this man. People simply look up the correct material in our data sheets. His concern and that of his colleagues at St. Helens is with the odd cases where there is no off-the-shelf answer—yet. The solutions that these men find to new and baffling problems today become the stock materials of tomorrow. That is how we grow. That is what experience means and why it is so valuable.

Fibreglass Limited

FIBREGLASS LTD · ST. HELENS · LANCS · TEL: ST. HELENS 24022

The answer is on page 283

Chochin ... Imaginative craftsmanship is a time honoured tradition in Japan as in the instance of paper lantern.



"A TIME-HONOURED TRADITION" Expert banking service substantiated by decades of experience and know-how is the tradition of DAIWA BANK. We cater to your banking requirements, including general banking, foreign exchange and trust through our complete network.

THE DAIWA BANK LTD.

OSAKA JAPAN. TELEX OS3284
119 branch offices throughout Japan
London Branch: TELEX LN21979
79 Bishopsgate, London, E.C.2., England
New York Rep. Office: 61 Broadway, New York 6, N.Y., U.S.A.

THE ONLY PUBLICATION IN THE WORLD

entirely devoted to all aspects of the measurement of productivity

Productivity Measurement Review

Whether you are interested in the productivity growth of an entire economy, an economic sector, a branch of industry or an industrial plant, the basic techniques and methodology for solving problems concerning one aspect may help with another. To measure is to compare and international comparisons at all levels and for all sectors of an economy are to be found in the *Review*. Levels of growth as well as rates of growth; the ratio method and the production function; sharing the benefits of increased productivity; physical, technical or value added measures; single factor or multi-factor yardsticks; can we measure the productivity of Research and Development? Such are the questions dealt with.

Published simultaneously each quarter in English and French, it runs to 80 pages plus and is designed to be read and used as a work of reference by

Economic Planners, Policy Makers and Managers
Management Consultants
Economists
Accountants
Statisticians
Trade Unionists
Employers
Trade Associations
Professional Institutes
University Readers, Lecturers and Students
Research Associations

Single copies: 6s.
Annual subscription: 17s. 6d.
Available in the United Kingdom from
HER MAJESTY'S STATIONERY OFFICE
P.O. Box 569, London, S.E.1, and Government Bookshops in London, Edinburgh, Manchester, Birmingham, Cardiff, Bristol and Belfast

NKB — YOUR COMMERCIAL BANK ON THE SCENE

The name KANGYO means promotion of commerce and industry. Nippon Kangyo Bank has continued to do just that since its foundation in 1897. Its long tradition and vast experience have yielded a smooth flow of trade between EEC countries and Japan. In your trade transactions with Japan, turn to NKB, Japan's representative commercial bank with a worldwide network of correspondents. You will be guaranteed efficient, expert and courteous banking service.

Japan's Commercial Bank

NIPPON KANGYO BANK

HEAD OFFICE: Hibiya, Tokyo. DOMESTIC OFFICES: Over 130 branches throughout Japan. LONDON REPRESENTATIVE OFFICE: Reich House, 22, Wood Street, London, E.C.2, England. Tel: MONarch 3562. NEW YORK AGENCY: 40 Wall Street, New York 5, N.Y., U.S.A. TAIPEI BRANCH: 35 Po-Ai Road, Taipei, Taiwan.

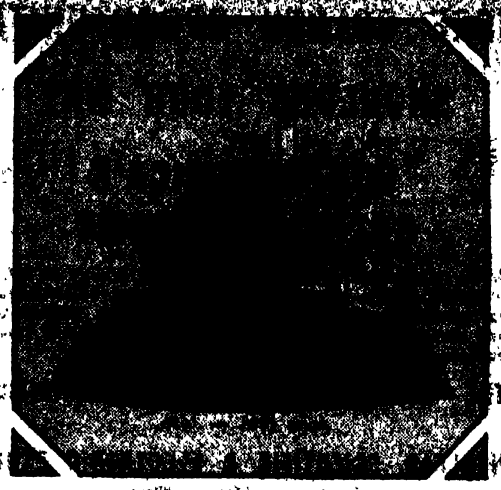
THE WAY IN

The way in, the key to the European Common Market is South Italy. Of all the benefits the prospective investor can reap by investing in the Italian Mezzogiorno, the fact that it is not only an integral part of the Italian economy but of the European Economic Community as well, is surely one of the most attractive. Another is its strategic location at the heart of the Mediterranean basin with rapid access to the growing Middle Eastern and African markets. And statistics prove that South Italy has the greatest labour potential in all Europe, bright young men and women, quick to learn and eager to be a part of your business future, many of them having returned from specialized training in the great northern Italian and European industrial centres. You can learn all about the further investment advantages of the Italian Mezzogiorno by getting in touch with us, the Institute for Assistance to the Development of South Italy (IASM). We can tell you why, on all accounts, South Italy is the best way, the key to your future business success.

For information write to:

INSTITUTE FOR ASSISTANCE TO THE DEVELOPMENT OF SOUTHERN ITALY

In Italy: Via Collina, 27 - ROMA - telephone 482901 - **In the U.K.:** A.I.C. Associated Industrial Consultants, Knightsbridge House, 197 Knightsbridge, LONDON SW 7 - **In W. Germany:** Terra International Services, Teleirasse 22/24, DUESSELDORF - **In the U.S.A.:** Commercial Offices of the Italian Embassy 2401, 15th Street N.W., WASHINGTON, 9 D.C. - 666 Fifth Avenue, NEW YORK, 19 N.Y. - 785 Market Street, Room 604, SAN FRANCISCO, CALIFORNIA - Italian Trade Commissioners: 67, East Madison Street, Suite 1601, CHICAGO 3, ILLINOIS - 849, So. Olive Street, Suite 1202, LOS ANGELES 14, CALIFORNIA - 131, International Trade Mart. Camp. Street, NEW ORLEANS 12, La - **In Japan:** Coral Inc. 12-15 Takagi-Cho, Aoyama, Minato-Ku, TOKYO



WHAT JAPANESE BANK IS OLDER THAN THE BANK OF ENGLAND?

The 282-year old Mitsui Bank

The first Mitsui Exchange House was founded in 1683. From it has grown a vast complex of industries, embracing every aspect of modern business life.

Because the Mitsui Bank still occupies a central position in this great business group, it can be of special help to you in your dealings with Japan.

We are experts in foreign trade and exchange. We are modern, fast, and conscientious. You'll find our branches or correspondent banks in every major city of the world.

THE MITSUI BANK, LTD.

HEAD OFFICE: [illegible]-KU-CHO, TOKYO, JAPAN

LONDON BRANCH:
No. 35, King Street, London, E.C. 2

OTHER OVERSEAS BRANCHES:
NEW YORK AGENCY · BANGKOK BRANCH · BOMBAY BRANCH · SINGAPORE BRANCH

THREE GOLDEN OPPORTUNITIES

to

SHOULDER YOUR WAY

into

SOUTH AFRICA'S GOLDEN ECONOMY

South Africa, already the [illegible] of energy in Africa—and fifteenth largest in the world [illegible] 4,000 megawatts of additional generating [illegible] additional energy consuming machin[illegible] ment, test and research equipment [illegible]

THE [illegible] EXHIBITION
June 10th — 16th

THE NUCLEAR, SCIENTIFIC & ELECTRONIC EXHIBITION
September 16th — 22nd

THE MECHANICAL ENGINEERS' EXHIBITION
October 21st — 27th

In JOHANNESBURG 1965

SEEE

Transvalia House, P.O. Box 2[illegible]
Tel.: 724[illegible]
'EXHIBITION' Telegraphic Address
SOUTH AFRICA

Special Facilities.

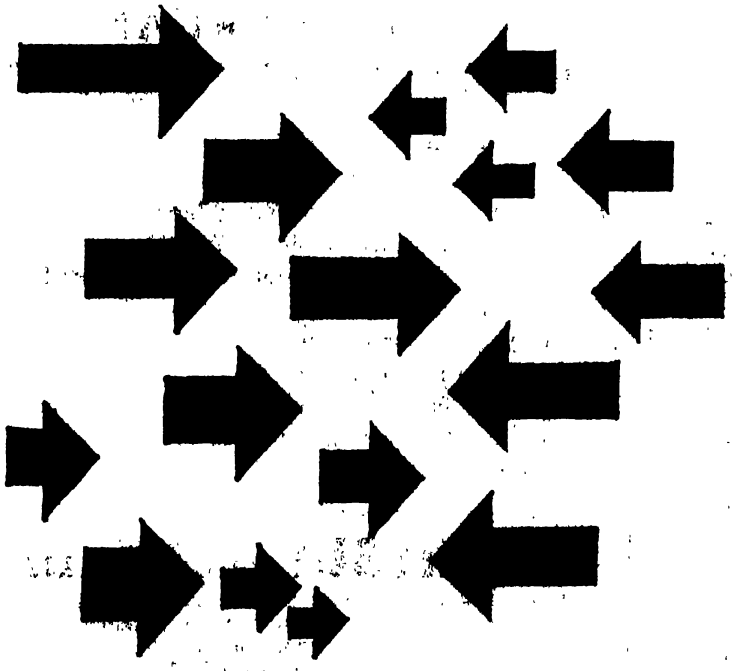
Stands built and painted, publicity and public relations, contacts with South African commercial and industrial leaders, all included in rental of 22/- per sq. ft.

insurance service

The biggest is not necessarily the best —but it happens to be so in the case of the Royal Insurance Group

ROYAL INSURANCE COMPANY LTD.
THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY LTD.
THE LONDON & LANCASHIRE INSURANCE COMPANY LTD.
LAW UNION & ROCK INSURANCE COMPANY LTD.

Doing business in Japan?



Japan's leading long-term credit institution offers these valuable services:

- all types of foreign exchange transactions
- promotional services for foreign investments in Japan and Japanese investments abroad
- credit information on Japanese concerns
- loan guarantees
- go-between services for industrial tie-ups with leading Japanese companies

Since 1902

THE INDUSTRIAL BANK OF JAPAN, LTD.

Head Office: Marunouchi, Chiyoda-ku, Tokyo, Japan
New York Office: 30 Broad Street, New York 4, N.Y.
Tel: HAnover 2-0657
Frankfurt Office: Eschersheimer Landstrasse 9, Frankfurt am Main, F.R. Germany
Tel: 558851

BETTER GRAPES FOR VINTAGE

Only connoisseurs can tell the vintage of wines, but when it comes to banking services, people unanimously agree that the Sanwa Bank's are the most dependable. And the world-wide network of branches and correspondents of your Sanwa Bank are always ready to serve your multiple banking requirements.

SANWA BANK

Head Office : Osaka, Japan
190 Branches in Japan

Overseas Offices :
New York Agency : 1 Chase Manhattan Plaza, New York, N.Y., U.S.A.
San Francisco Branch : 486 California St., San Francisco, California, U.S.A.
London Branch : Garrard House, 31-45 Gresham St., London, E.C.2, England
Hong Kong Branch : 259-265, Des Voeux Road, Central, Hong Kong.

DON'T look at this till you've seen PAGE 279

Some people give up this problem because they think the speed of the car has been left out. It isn't needed, of course. Suppose our representative's wife counted 'n' hoardings in a minute. At the rate of 60m signs an hour, then the car is, we know, travelling at 6n kilometers an hour (n is 1/6th of its speed). In other words it is passing hoardings ten times as fast as it is passing kilometer signs. There must therefore be 10 hoardings to the kilometer and they are therefore 100 metres apart. (You can also say, assuming he can hold his speed constant for so long, that in one hour he would cover 6n kilometers and pass 60n hoardings therefore there must be $\frac{60n}{6n}$ = 10 hoardings per kilometer).

We described the motorist as an insulation engineer and we meant thermal. He could equally well have been one of our specialists on glass yarns for electrical insulation or reinforcements for plastics. Everything we said about the inventory of known and tested answers to insulation problems growing as the result of the continual challenge of the new applies equally to both. We have longer experience of making them than anyone else in this country: but there is far more still to learn. Glass reinforced plastics for example have applications that neither we nor anyone else has yet thought of, but will be run-of-the-mill in the near future. That is why we welcome difficult problems. Their solutions widen our horizon.

Fibreglass Limited

FIBREGLASS LTD • ST. HELENS • LANCS • TEL: ST. HELENS 24622

The HALIFAX for strength and security

ASSETS £769,920,000 RESERVES £26,300,000
Shares and Deposits in the Society are Trustee Investments

HALIFAX BUILDING SOCIETY

Head Office: Halifax, Yorkshire • *London Offices:* 51 Strand, W.C.2
9 Hoffer Street, Cavendish Square, W.1 • 62 Moorgate, E.C.2
136 Kensington High Street, W.8

The friendliest, most forward-looking bank in Japan

The image of youthful energy and efficiency that the Saitama Bank projects is winning it many new friends among businessmen, both in Japan and abroad.

It offers the foreign businessman complete, modern, personalized service in the field of foreign trade and exchange. If you're looking for a bank that makes your interests its own, the Saitama Bank is your logical choice.

SAITAMA BANK

Head Office: Urawa, Saitama Pref.
Cable Address: SAIGIN TOKYO Telex: TK2811 (SAIGIN TK2811)
Tokyo Branch & Foreign Dept.: Chuo-ku, Tokyo

STOCK PRICES AND YIELDS

LONDON STOCK EXCHANGE INDICES

1965	The Economist-Extel Indicator (1953=100) Noon	Close	Yield %	Financial Times (1935=100) Ord. Index	Yield %	FT-Actuaries Indices (April 10, 1962=100) 500 Shares	Yield %	2½% Consols Yield	Bargains Marked
Jan. 6	387·6	388·2	5·14	335·9	5·44	106·79	5·24	6·23	10,183
" 7	388·7	387·8	5·15	335·9	5·44	106·60	5·25	6·27	10,331
" 8	384·9	385·4	5·20	333·2	5·48	106·20	5·27	6·27	11,486
" 11	385·6	385·4	5·22	333·5	5·48	106·25	5·27	6·27	12,475
" 12	385·4	385·2	5·22	332·4	5·49	106·25	5·27	6·33	10,885
" 13	385·0	384·8	5·23	332·5	5·49	106·26	5·27	6·36	9,806

High, 431·5 (October 1, 1964). Low, 371·6 (December 18, 1964).
Financial Times: High, 377·8 (Oct. 1, 1964). Low, 322·6 (Feb. 3, 1964).
FT-Actuaries: High, 118·77 (August 13, 1964). Low, 103·24 (December 18, 1964).

BRITISH FUNDS AND GUARANTEED STOCKS

Prices, 1964/65 High	Low	British Funds and Guaranteed Stocks	Price, Jan. 6, 1965	Price, January 13, 1965	Net Red. Yield, January 13, 1965§ £ s. d.	Gross Red. Yield, January 13, 1965 £ s. d.
98 11/16	97 3/16	Savings Bonds 3% 1955–65	97¾	97 29/32	5 13 11	6 15 9 l
93 9/16	90 13/16	Savings Bonds 2½% 1964–67	90⅞	91 1/32	5 11 10	6 15 10 l
92¼	88	Funding 3% 1966–68	88 1/16	88 3/16	5 10 0	6 16 4 l
94¾	87 7/16	Conversion 3½% 1969	88 15/32	88 9/16	5 0 7	6 14 5
98½	95⅛	Victory 4% 1920–76	95⅞	95⅝	3 7 5	5 3 7‡
89 9/16	84⅛	Savings Bonds 3% 1960–70	84 7/16	84⅛	5 3 11	6 13 4 l
95¼	90	Funding 4% 1960–90	90⅜	90⅛	3 12 3	5 8 5 l
81 15/16	73¼	Savings Bonds 3% 1965–75	74 15/16	73⅝*	5 0 5	6 9 9 l
79 13/16	72¼	Treasury 3½% 1977–80	72¾	72⅝	4 11 10	6 7 5 l
96¼	88⅝	Funding 5¼% 1978–80	88 15/16	88 9/16	4 2 4	6 9 7 l
78 13/16	71	Treasury 3½% 1979–81	72⅞	71⅛*	4 12 0	6 7 4 l
98 15/16	90 3/16	Funding 5½% 1982–84	90⅞*	90⅜*	3 19 2	6 7 8 l
97 3/16	92 7/16	Funding 5¾% 1987–91	92 15/16	92 9/16	3 17 11	6 9 5 l
63⅝	56¾	Redemption 3% 1986–96	57¾	57⅜	4 5 1	6 2 6 l
67⅛	60¼	Funding 3½% 1999–2004	61*	60½	4 1 7	6 3 9 l
95⅝	87 9/16	Treasury [illegible] .... [illegible]	[illegible]	87⅝	3 17 1	6 9 5 l
67	61¼	Consols 4% .... after Feb. 1957	62⅛*	61⅜*	3 16 5	6 9 11 f
60	54 3/16	War Loan 3½% .... after 1952	55	54¼	3 16 2	6 10 1 f
59¾	54½	Conv. 3½% .... after Apr. 1961	[illegible]	54¾	3 15 11	6 10 3 f
51⅜	46⅜	Treasury 3% .... after Apr. 1966	[illegible]	47	3 15 10	6 10 0 f
43⅝	39⅜	Consols 2½%	[illegible]	39⅜	3 14 8	6 7 2 f
43½	39⅜	Treasury 2½% .... after Apr. 1975	40	39⅜	3 15 5	6 9 4 f
85 3/16	78 7/16	British Electric 3% 1968–73	78⅞	78½	5 1 7	6 11 4 l
80⅝	73	British Electric 3½% 1976–79	73½	73⅛	4 12 2	6 7 10 l
64⅛	57⅛	British Gas 3% 1990–95	58⅜	58	4 5 4	6 2 1 l
67	60⅝	British Transport 3% 1978–88	61	60⅝	4 10 1	6 4 6 l

DOMINION AND CORPORATION STOCKS

Prices, 1964/65 High	Low	Dominion and Corporation Stocks	Price, Jan. 6, 1965	Price, Jan. 13, 1965	Red. Yield, January 13, 1965 £ s. d.
90¼	85⅞	Australia 3¼% 1965–69	86⅛*	85⅞*	6 14 6 l
103	97¼	Australia 6% 1974–76	98	97¼	6 9 0 l
70	65½	Ceylon 4% 1973–75	66¾	66¾	9 4 6 l
102¾	97½	New Zealand 6% 1976–80	98½	97½	6 9 0 l
85	69	Northern Rhodesia 6% 1978–81	81*	81	8 1 6p
95¼	92½	South Africa 3½% 1965–67	93	92¾	7 4 6 l
66	53½	Southern Rhodesia 4½% 1987–92	55½	54*	8 19 6 l
89	79¼	Agricultural Mortgage 5% 1959–89	80½	79¼	6 13 0 l
94¾	88¼	Birmingham 4½% 1967–70	88¾	88¼	6 15 6 l
97	89¾	Bristol 5% 1971–73	90¾	89¾	6 11 0 l
98¼	87¾	Corporation of London 5½% 1976–79	89¼	87¾	6 11 6 l
49¼	41⅞	LCC 3% .... after 1920	45⅛	44¾	6 13 6 l
94	84	LCC 5% 1980–83	85¾	84	6 12 0 l
98⅜	88½	Middlesex 5¼% 1980	89¾	88½	6 12 0

ORDINARY STOCKS

Prices, 1964/65 High	Low	Last Two Dividends (a) (b) (c) %	%	Ordinary Stocks	Price, Jan. 6, 1965	Price, Jan. 13, 1965	Yield, Jan. 13, 1965 %	Cover
				BANKS, DISCOUNT & HP				
59/–	45/–	5 a	6½ b	[illegible] £1	57/3	53/6*	4·30	...
45/6	37/7½	3·9 a	5½ b	[illegible] £1	44/3	40/6*	4·64	...
19/9	16/7½	7 a	8 b	[illegible] 5/–	17/7½	17/–*	4·41	...
59/–	44/6	6 a	6 b	[illegible] £1	57/6	52/9*	4·55	...
72/7½	59/6	7½ b	8½ b	[illegible] Provincial £1	69/–	66/–	4·85	...
56/–	42/6	5⅝ a	7½ b	Westminster £1	53/9	52/6*	4·97	...
54/6	44/7½	4 a	8 b	[illegible] & N. Z. £1	47/–‖	47/–‖	5·11	...
39/9	34/–	9·1 c	3½ a	BOLSA £1	34/9	35/9	5·31**	...
£25 11/16	£22 3/16	$2·15 c	$2·20 c	Bank of Montreal $10	£23 15/16	£24⅛	3·04	...
58/9	49/3	5‡‡a	5‡‡b	Bank of New S. Wales £1	55/–	55/3	2·90	...
39/9	32/7½	5 a	6 b	Barclays D.C.O. £1	38/9	38/9	5·68	...
54/9¾	47/–	7½ b	7½ a	Chartered £1	47/3	49/–	6·12	...
£23¾	£19¾	11/– b	5/– a	Hongkong & Shanghai $25	£22⅜	£22⅞	3·50	...
35/4½	27/4½	5 a	7 b	Nat. Com. Bk. Scot. 10/–	30/7½‖	28/–‖	4·29	...
£29⅝	£26 1/16	$2·55 c	$2·60 c	Royal Bk. Canada $10	£28 9/16	£28½	30·4	...
57/6	43/9	17½ c	7½ a	Standard Bank £1	55/6	56/6	6·19	...
36/–	24/9	16½ b	7½ a	Hambros 5/–	25/6	28/–	4·29	...
34/–	28/9	13 c	21 c	Montagu Trust 5/–	29/9	29/6	3·56	...
68/6	53/–	3½ b	4 a	M. Samuel £1	55/3	57/9	3·29	...
71/–	50/–	9 c	3½ a	Schroders £1	53/–	54/–	3·33	...
54/9	45/–	6¼ a	6¼ b	Union Discount £1	49/–	48/6	5·15	...
15/4½	10/3	4 a	11 b	Bowmaker 5/–	10/3*	10/9	6·98	1½
19/3	12/10½	12½ b	5 a	Lombard Banking 5/–	17/9	16/9	5·22	...
17/3	12/–	5 a	12½ b	Mercantile Credit 5/–	13/3	13/3	6·60	1¾
24/–	14/6	30 c	9 a	United Domins. Tst. 5/–	15/6‖	15/6	6·45	1½
				BREWERIES, Etc.				
16/3	13/–	5 a	9½ b	Allied Breweries 5/–	13/9*	13/7½*	5·32	1½
18/3	15/6	4 a	12 b	Bass, Mitchells & B. 5/–	16/10½*	16/9	4·78	1¾
16/3	13/6	13½ c	5 a	Charrington United 5/–	15/–	14/6	4·83	1½
29/1½	22/4½	5 a	6½ b	Distillers 10/–	23/4½*	22/7½	5·08	1¾
24/3	18/9	8 a	13 b	Guinness 5/–	21/9*	20/9	5·06	1¾
20/9	15/10½	5 a	11½ b	Harveys 5/–	17/4½*	17/4½	4·75	1¾
69/–	59/6	5 a	8 b	Scottish & Newc. Brew. £1	63/3	64/–	4·06	2
19/2¼	16/2¼	4⅔ a	11⅓ b	Watney Mann 5/–	17/–*	16/4½	4·89	2
19/–	15/–	11 b	5 a	Whitbread 'A' 5/–	15/4½	15/3	5·25	1¾
				BUILDING, PAINT, Etc.				
62/3¾	52/9	8·6 c	3½ a	Associated Portland £1	54/9	54/3	3·18	2¼
28/4½	22/7½	10½ c	4½ a	British Plaster Bd. 10/–	23/6	24/9	4·24	1¾
35/–	23/–	18 c	8 a	Richard Costain 5/–	26/–	25/9	3·50**	2
13/6	9/–	8½ b	3½ a	Crittall Mfg. 5/–	9/3	9/3	6·49	2
17/3	13/–	24 c	8 a	International Paints 4/–	14/4½	13/10½	6·92	1¾
25/–	20/6	14·6c	5 a	London Brick 5/–	21/–	20/9	3·52	2½
28/6	23/3	12½ c	5 a	Rugby Portland 5/–	24/–*	23/9	2·63	3
23/7½	17/1½	7½ a	12½ b	Wall Paper 5/–	20/3	20/7½	4·85	2¼
				CHEMICAL				
24/4½	17/10½	15·8c	6 a	Albright & Wilson 5/–	21/3	21/6	3·67	1⅜
22/6¾	17/–	10 b	5 a	Borax Defd. 5/–	19/6	19/6	3·85	2
50/6	39/6	4½ a	7½ b	Fisons £1	49/6	49/9	4·82	1¾
49/6	41/3	10 c	5 a	ICI £1	42/6	42/7½	4·69	1¼
19/7½	14/–	8¾ b	3¾ a	Monsanto 5/–	14/4½	14/6	4·31	1½
				DRAPERY & STORES				
18/–	14/2¼	10 c	4 a	Boots Pure Drug 5/–	16/1½	15/7½	[illegible]	2¼
34/6	21/–	2 a	6 b	Montague Burton 10/–	[illegible]	[illegible]	[illegible]	1½
46/4½	[illegible]	6½ a	13⅓ b	Debenhams 10/–	[illegible]	37/9	[illegible]	1½
[illegible]	[illegible]	47 c	11¼ a	Gratton Warehouses 5/–	[illegible]	37/–	[illegible]**	1¾
47/11½	[illegible]	31·8c	10 a	GUS 'A' 5/–	43/1½	43/–	[illegible]	2
[illegible]	[illegible]	18⅓ b	14⅙ a	House of Fraser 5/–	25/3	25/3	[illegible]	1¼
[illegible]	[illegible]	9½ b	5 a	Lewis's Invest. Tst. 4/–	13/3	13/[illegible]	[illegible]	2
48/1½	[illegible]	25⅝ c	[illegible] a	Marks & Spencer 'A' 5/–	35/6	34/6	3·74	1½
36/[illegible]	27/6	24 c	8 a	United Drapery 5/–	28/3	27/9	4·32	1¾
33/–	21/6	20 c	5½ a	Woolworth 5/–	23/3	22/9	4·40	1½
				OIL				
64/[illegible]	[illegible]	†8⅓ b	†3⅓ a	British Petroleum £1	55/–	54/9	[illegible]	2¾
61/[illegible]	[illegible]	†11⅓ c	†[illegible] a	Burmah Oil £1	50/3	49/6	7·[illegible]**	1
£19[illegible]	[illegible]	[illegible] c	13 a	Royal Dutch .... 20 fl.	[illegible]	[illegible]	[illegible]	2¼
[illegible]	[illegible]	†[illegible] b	†11½ a	Shell Transport .... [illegible]	[illegible]	[illegible]	7·[illegible]	2¼
[illegible]	[illegible]	[illegible]	[illegible]	Ultramar 10/–	[illegible]	[illegible]	...	...

FOREIGN AND OVERSEAS STOCKS

[illegible]	Jan. 6 [illegible]	Jan. 13 [illegible]	[illegible]	Jan. 6 [illegible]	[illegible]	[illegible]	Jan. 6 %	Jan. 13 %
[illegible]			[illegible]			HOLLAND		
Air [illegible]	700	707	A.E.G.	[illegible]	[illegible]	A.K.U.	[illegible]	516½
[illegible]	327	332·5	Bad'sche Anilin	[illegible]	[illegible]	Amster. Rot. Bk.	Fl. 67·[illegible]	Fl. 67·5
[illegible]	[illegible]	[illegible]	Bayer	[illegible]	[illegible]	[illegible]	[illegible]	785
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	481
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. [illegible]	Fl. 208
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	542
[illegible]	[illegible]	[illegible]	[illegible]kredit	[illegible]	[illegible]	[illegible]	[illegible]	935
[illegible]	[illegible]	[illegible]	Löwenbräu	[illegible]	[illegible]	[illegible]	Fl. 153	Fl. 153·2
[illegible]	[illegible]	[illegible]	Mannesmann	247½	216	[illegible]	Fl. 231	Fl. 232
S.I.M.[illegible]	[illegible]	[illegible]	Siemens	[illegible]	[illegible]	[illegible] & D.	674¾	650
Saint-Gobain	25[illegible]	[illegible]	Thyssen-Huette	195	196	[illegible]	Fl. 70·0	Fl. 70·4
Usinor	131	13[illegible]	Volkswagen	541	539	Zwanenberg	1,084	1,078
Index	98·6	99·[illegible]	*Herstatt Index*	103·93	103·21	*Index*	362·6	358·6
High	99·8	(4.1.65)	*High*	111·46	(6.4.64)	*High*	362·6	(6.1.65)
Low	97·5	(8.1.65)	*Low*	99·88	(2.1.64)	*Low*	326·5	(23.7.64)
Dec. 21, 1964=100.			*Dec. 31, 1959=100.*			*1953=100.*		

ITALY	Lire	Lire	BELGIUM	Frcs.	Frcs.	SWEDEN	Kr.	Kr.
Ass. Generali	73,020	68,500	Arbed	5,130	5,210	Alfa Laval B.	350	346
Breda	3,704	3,510	Bque. Nat. de Bel.	12,100	12,150	Asea	377	390
Edison	2,027	2,000	Bque. Soc. Gen.	4,005	3,990	Elektrolux	200	215
Fiat	1,685	1,657	Cockerill-Oug.	1,934	2,030	Ericsson B. Kr. 50	216	215
Finsider	778	769	Esperance Long	4,420	4,470	Skand. Banken	195	190
La Centrale	9,330	8,820	Hoboken	5,570	5,700	Sv. Cellulosa	268	290
Montecatini	1,485	1,400	Innovation	4,200	4,400	Sv. Handelsbank	204	205
Motta	12,1[illegible]	11,015	Photo Gevaert	2,9[illegible]	2,[illegible]	Tandstk. B Kr. 50	172	178
Olivetti	1,820	1,755	[illegible]	1,0[illegible]	[illegible]	*Index*	242·63	247·98
Pirelli S.p.A.	3,031	[illegible],820	Soc. Generale	15,5[illegible]	15,[illegible]	*High*	247·98	(13.1.65)
Rinascente	45[illegible]	[illegible],437	Sofina	9,[illegible]	[illegible]	*Low*	204·30	(2.1.64)
Snia Viscosa	3,840	3,705	Un. Miniere 1/10	916	902	*Dec. 29, 1956=100.*		
Index	38[illegible]·29	36[illegible]·8[illegible]	*Index*	139·40	134·67	NORWAY	%	%
High	552·61	([illegible].1.64)	*High*	139·40	([illegible].1.65)	Bergens Priv bk.	187	187½
Low	362·89	(13.1.65)	*Low*	125·02	(24.6.64)	Borregaard	191½	190
1950=100.			*Dec. 31, 1953=100.*			Norsk Hydro	248¾	247½

NEW YORK PRICES AND INDICES

	Jan. 6 $	Jan. 13 $		Jan. 6 $	Jan. 13 $		Jan. 6 $	Jan. 13 $
Atch. Topeka	33⅝	34⅛	Chrysler	59⅞	61⅞	Inter. Paper	32⅝	33⅜
Can. Pacific	56½	56⅛	Col. Palmolive	49	50⅞	Kennecott	90⅝	95½
Pennsylvania	38¼	40⅝	Crown Zeller.	55¾	59⅞	Litton Inds.	76⅜	79⅝
Union Pacific	43½	43¾	Distillers Seag.	31	30⅝	Monsanto	84⅞	88
Amer. Electric	44	45	Douglas	31⅛	31⅞	Nat. Distillers	26⅞	27½
Am. Tel. & Tel.	69¼	68⅝	Dow Chemical	76	77¾	Pan-American	27¼	30⅛
Cons. Edison	95⅜	95⅞	Du Pont	248¾	245¾	Procter Gamble	80½	81½
Int. Tel. & Tel.	59½	63¾	East. Kodak	141⅞	140¾	Radio Corpn.	33⅞	32⅝
Western Union	31⅛	31¾	Ford Motor	54¾	55	Sears Roebuck	128⅞	128½
Alcoa	61⅛	61⅞	Gen. Electric	92¾	97¼	Shell Oil	57½	57¾
Aluminium	29¾	30¼	General Foods	80	83⅞	Socony-Mobil	91	91⅝
Amer. Can.	43¾	45⅛	General Motors	97	96¼	Stand. Oil Ind.	42	42⅞
Am. Smelting	49	49¾	Goodyear	45⅜	46¼	Stand. Oil N.J.	89¼	89⅝
Am. Viscose	90	91	Gulf Oil	58	59⅛	Union Carbide	128¾	126¾
Anaconda	53½	55½	Heinz	45½	47⅜	U.S. Steel	51½	51⅝
Beth. Steel	35⅝	35¾	Int. Bus. Mach.	408¾	424	West. Electric	43	43⅝
Boeing	68⅛	68½	Int. Harvester	77⅝	80½	Woolworth	27⅝	27⅝
Celanese	73⅜	76⅞	Inter. Nickel	85¼	82⅞	Xerox	94⅞	102⅜

Standard and Poor's Indices (1941–43=10)

1964/65	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Dec. 16	88·20	3·02	45·44	4·35	74·42	3·19	87·46	4·13
" 23	88·94	3·00	45·72	4·35	74·32	3·21	87·16	4·16
" 30	89·12	2·99	45·64	4·36	74·18	3·21	87·06	4·17
Jan. 6	89·76	2·98	46·05	4·36	74·66	3·19	87·06	4·17
" 13	90·74	2·94	46·71	4·30	75·68	3·16	87·06	4·17

425 Industrials:—High, 91·29 (Nov. 20, 1964). Low, 79·74 (Jan. 2, 1964).

* Ex dividend. † Tax free. ‡ Assumed average life, 7 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Equivalent to 8·0 sterling. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Ex all. (h) After Rhodesian tax. (l) To latest date. (n) Interim since reduced or passed. (p) Resulting from split of Federation of Rhodesia & Nyasaland Stock. Japanese prices supplied by Daiwa Securities, Tokyo. Canadian 65 Stock Industrial Index supplied by the Montreal Stock Exchange.

LONDON: NEW YORK: FRANCE
GERMANY: HOLLAND: ITALY
BELGIUM: SWEDEN: NORWAY

MONEY AND EXCHANGES

Prices, 1964/65 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Jan. 6, 1965	Price, Jan. 13, 1965	Yield, Jan. 13, 1965 %	Cover
				ELECTRICAL & RADIO				
51/3	36/-	6¼ b	3¾ a	AEI.....£1	39/-	41/7½	4·80	[illegible]
78/6	65/3¾	12½ c	6 a	BICC.....£1	69/7½	69/-	4·28**	2
15/9	12/-	5 a	6 b	Crompton Parkinson.....5/-	13/11½	13/9¾	3·98	2¼
82/-	66/6	7½ a	20 b	Decca.....10/-	69/-	66/-	4·17	1¾
30/11¼	19/7½	12½ c	5 a	EMI.....10/-	23/4½	24/8*	5·05	2¼
24/9¾	16/6¾	9½ c	4 a	Elliott-Automation.....5/-	18/4½	17/10½	2·66	1¼
50/-	40/3	7 b	3 a	English Electric.....£1	42/9	42/6	4·71	2¼
44/3¾	28/6	5·91 c	3 a	General Electric.....£1	41/3¾	40/3*	4·65	2¼
69/3	43/9	8⅛ b	4⅜ a	C. A. Parsons.....£1	44/6	44/-	5·68	1
145/-	122/6	10 b	6 a	Philips Lamp Works.....10 fl.	135/-	133/-*	2·41	2
44/9	30/-	5½ a	6½ b	Plessey.....10/-	34/-	34/3	3·45	2½
26/3	15/7½	11·4 c	20 c	Pye (Cambridge).....5/-	17/6	17/9	5·63	2
51/-	34/1½	15 a	25 b	Radio Rentals.....5/-	37/11½*	37/10½	3·28	2
50/7½	41/3	4⅞ b	2 7/16 a	A. Reyrolle.....£1	43/3	44/-	3·82**	2½
93/3	58/-	17½ c	22½ c	Thorn Electrical.....5/-	69/-	72/-	1·88	4½
				ENGINEERING				
45/9	30/3	4½ b	4½ a	Babcock & Wilcox.....£1	31/-	30/9	5·35	1
41/3	32/-	4 a	7 b	John Brown.....£1	33/10½	33/6	6·57	1¼
10/-	7/-	8 b	4 a	Cammell Laird.....5/-	7/3¾	7/6¾	7·93	2
38/4½	22/3	20 b	10 a	[illegible] Combust.....5/-	22/9	23/3	6·45	1¼
29/3	19/3	7½ b	2½ a	Swan Hunter.....£1	21/-	22/9	8·79	[illegible]
10/6	7/-	5¾ b	3 a	John Thompson.....5/-	7/1½	7/3	6·03**	1½
33/7½	27/7½	†38⅓ a	16¼ b	Coventry Gauge.....10/-	32/3*	32/6	5·02	2
51/-	40/-	†42⅓ b	12 a	Alfred Herbert.....£1	42/3	42/-	5·18	1½
32/-	21/6	12½ a	11¾ b	Acrow (Eng.) 'A'.....5/-	22/6	22/9	5·08**	1½
32/3	22/10½	17½ b	7½ a	Allied Ironfounders.....5/-	24/1½	22/10½	5·46	2
24/0¾	19/1½	15 b	5 a	Averys.....5/-	19/11¼	20/3	4·94	1¾
19/6¾	14/1½	4 a	6 b	BSA.....10/-	18/8¼	18/7½	5·37	1¼
14/9	11/6	14 c	6 a	George Cohen.....5/-	14/7½*	14/9	5·42**	1¾
14/-	10/1½	5 a	6 b	Davy-Ashmore.....5/-	12/7½	13/4½	4·11	...
52/-	44/10½	11⅕ c	5 a	Guest, Keen.....£1	47/7½	47/-	4·82	2
21/1½	14/3	4 a	12 b	Head Wrightson.....5/-	16/6	16/6	4·85	2
63/5¼	52/7½	11⅓ a	5 a	Metal Box.....£1	55/9	55/3	4·05	3½
19/6	15/9	4 a	13 b	Ransome & Marles.....5/-	16/-	16/4½	5·19	2
41/9	33/1½	8¼ c	4½ a	Renold Chains.....£1	36/9	36/9	4·90**	1¾
67/3	58/-	7 a	8 b	Tube Investments.....£1	60/6	60/3	4·98	2
31/1½	21/4½	7½ b	2½ a	Vickers.....£1	22/9	21/9	9·20	1
50/-	40/8¼	2½ a	9⅙ b	Ward (Thos. W.).....£1	42/6	42/-	8·33	2
21/6	11/3	10 a	7⅓ b	Wellman Smith Owen.....5/-	12/3	12/-	7·29	1
18/6	12/6	16 b	5 a	Woodall-Duckham.....5/-	14/3	14/6	7·24	1½
				FOOD & TOBACCO				
32/-	26/10½	12½ c	14 c	Allied Suppliers.....10/-	30/3	30/1½	4·65	2¼
8/1½	6/4½	28½ c	12 a	Assoc. British Foods.....1/-	7/1½	7/1½	4·00	2
46/6	35/-	8 b	4 a	Bovril.....£1	35/9	35/6	6·76	2
13/-	10/4½	†2½ a	†5 b	Brooke Bond 'B'.....5/-	12/-	12/-*	5·10	2¾
8/11¼	7/-	6½ a	7½ b	Fitch Lovell.....2/6	7/4½	7/9	4·44	2½
11/1½	8/8¼	8⅓ b	1⅔ a	International Stores.....5/-	10/6*	10/4½	4·82	2
93/3	72/6	†12½ b	5 a	J. Lyons 'A'.....£1	79/6	79/6	4·40	2
35/4½	30/6	5½ a	10½ b	Ranks Hovis.....10/-	30/6*	31/-*	5·16	2
36/6	30/-	14 c	7 a	Reckitt & Colman.....10/-	30/3	30/-	4·67	2
15/9	12/10½	11½ c	3½ a	Spillers.....5/-	14/10½	15/-	4·17**	2¼
39/3	30/6	9·9 c	8 a	Tate & Lyle.....£1	32/1½	32/3¾	6·13	2
9/1½	6/1½	25 c	12 a	Tesco Stores.....1/-	9/1½	9/-	2·78	2¼
14/11¼	10/10½	13·6 c	5 a	Unigate.....5/-	13/9*	13/7½*	4·99	1¾
56/-	47/9	†9⅔ a	†10⅚ b	Brit. Amer. Tobac.....10/-	49/9	50/9	6·60	2½
25/4½	20/5¼	11·4 b	5 a	Gallaher.....10/-	24/9	24/7½	6·90**	2¼
50/7½	39/-	19⅔ c	6 a	Imperial Tobacco.....£1	50/3	50/3	6·23	2
				INSURANCE				
6¼	5⅛	91⅔ c	43⅓ a	Britannic.....5/-	5¼	5/4	4·37	...
48/3	39/3	25 b	20 a	Commercial Union.....5/-	39/9	39/3	5·73	...
6 1/16	4⅞	†26⅔ c	†26⅔ c	Equity & Law Life.....5/-	4¾*	4¾	2·29	...
68/9	46/3	25 b	12½ a	General Accident.....5/-	47/9	46/3	4·05	...
40/3	27/3	15 b	11⅔ a	Guardian.....5/-	28/3	27/9	4·80	...
12⅛	8⅝	50 b	50 a	Legal & General.....5/-	9⅛	9⅛	2·67	...
162/6	112/6	13 b	11 a	Northern & Empl.....£1	112/6	112/6	4·27	...
11¼	9 3/16	†95 b	†20 a	Pearl.....5/-	9 5/16	9 5/16	5·04	...
26½	21	†291⅔ c	†125 a	Prudential 'A'.....4/-	24	24½	3·93	...
40/-	33/6	16⅔ b	15 a	Royal.....5/-	35/6	36/9	4·31	...
95/-	72/9	11¼ b	7½ a	Royal Exchange.....£1	73/3	74/3	5·05	...
				MOTORS & AIRCRAFT				
17/10½	11/9	5 a	5 b	Birfield.....5/-	13/1½	13/3	3·77	3½
18/-	13/8¼	20 c	20 c	British Motor.....5/-	15/-	14/9	6·78	1¾
47/6	26/9	10 c	12½ c	Jaguar Cars 'A'.....5/-	31/-	31/2¼	2·00	6¾
11/9	6/1½	4 c	4 c	Rootes Motors 'A'.....4/-	7/2¼	7/2¼	2·23	3
53/6	37/2¼	2½ a	8½ b	Leyland Motors.....£1	52/-	52/3	4·21	1¾
24/-	15/-	8½ b	5 a	Bristol Aeroplane.....10/-	17/6	16/1½	8·37	2
39/6	27/4½	7 b	5 a	Hawker Siddeley.....£1	30/-	29/-	8·28	1¾
39/-	23/8¼	7½ b	2½ a	Rolls-Royce.....£1	32/5¼	31/5¼	6·36	2
37/-	27/3	†2¼ a	†5¾ b	Dowty Group.....10/-	29/3	28/3	4·62	2
31/6	25/7½	13·8 c	5 a	Dunlop Rubber.....10/-	27/9	27/7½	5·00	1½
40/3	32/9	2½ a	5⅚ b	Joseph Lucas.....£1	35/-	34/9	4·80	2½
22/10½	13/3	20 c	9 a	Pressed Steel.....5/-	18/-	17/9	5·63	¾
35/3	27/7½	4 a	8½ b	Triplex Holdings.....10/-	28/6	28/6	4·39	2½
				PAPER & NEWSPAPERS				
49/6	38/-	20 b	5 a	Financial News.....5/-	42/3	42/9	2·92	2¾
72/-	56/-	30 b	7½ a	Financial Times.....5/-	61/-	61/3	3·06	2½
20/6	15/-	14 b	6 a	Internat. Publishing.....5/-	16/9	16/10½	5·93	1½
31/6	26/-	16 b	14 a	News of the World.....5/-	27/9	28/9	5·22	2
64/6	49/-	11 c	4 a	W. H. Smith & Son 'A'.....£1	53/3	53/-	4·15	2
24/3	16/-	14 b	10 a	Thomson Org'n.....5/-	19/-	18/4½	6·52	1½
51/9	40/-	6¼ b	5 a	Bowater Paper.....£1	43/4½	42/10½	5·25	1½
25/3	19/6	22½ c	10 a	British Printing.....5/-	20/7½	20/6	5·49	1¾
36/-	27/6	10 c	13⅓ c	Bunzl Pulp.....5/-	29/3	28/9	2·61**	4¼
65/7½	52/3	11 b	5 a	Reed Paper.....£1	57/3	57/-	5·61*	1½
61/6	43/-	10 b	4 a	Wiggins Teape.....£1	46/-	46/3	6·05	2
				STEEL				
38/-	26/-	6 a	10 b	Colvilles.....£1	26/6*	26/-	12·31	...
30/3	21/3	4 a	10 b	Dorman Long.....£1	24/-*	23/9	11·79	1½
27/-	19/3	3½ a	6½ b	Lancashire Steel.....£1	20/-	19/6	10·26	¾
27/-	14/4½	4 a	8 b	South Durham.....£1	17/-*	16/6	14·55	1
25/6	17/9	3¾ a	6¼ b	Steel Co. of Wales.....£1	18/2¼*	18/-	11·11	...
39/6	24/9	5 a	12½ b	Stewarts & Lloyds.....£1	33/-*	[illegible]	[illegible]	[illegible]
38/4½	27/6	6 a	10 b	John Summers.....£1	28/-*	27/6	11·64	1¾
37/9	23/9	6 a	8 b	United Steel.....£1	28/6*	[illegible]	10·91	1

Prices, 1964/65 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Jan. 6, 1965	Price, Jan. 13, 1965	Yield, Jan. 13, 1965 %	Cover
				MISCELLANEOUS				
26/6	18/9	10 a	20 b	Assoc. British Picture.....5/-	26/1½	26/1½	5·74	2
14/8¼	9/2¼	10 b	12½ b	Assoc. Television 'A'.....5/-	14/3¼*	14/8¼	7·46	2
28/6	[illegible]	8 a	6½ b	Wm. Baird.....£1	27/3	28/-	6·79	2
23/4½	17/3	15 c	9 a	Beecham Group.....5/-	19/7½	19/4½	[illegible]	1¼
23/3	[illegible]	[illegible]	13½ a	Booker Bros. McC.....10/-	18/9	18/3	[illegible]	2½
48/10½	38/6	[illegible]	3½ a	British Match.....£1	42/9*	43/-	5·04	2
13/-	8/6	[illegible]	7 b	British Oxygen.....5/-	9/-*	8/11¼	[illegible]	1¼
12/-	9/1½	[illegible]	3 a	British Ropes.....5/-	9/7½	9/7½	[illegible]	1¼
15/1½	9/10½	65 c	17½ a	Butlin's.....4/-	11/-	10/10½	3·06**	1
[illegible]	28/9	30 b	15 a	De La Rue.....10/-	30/3	29/9	5·04	1½
28/6	16/3	8 c	12 c	[illegible].....5/-	17/3	17/3	[illegible]	2¾
24/10½	20/-	13⅓ c	6 a	Gestetner 'A'.....5/-	22/3	[illegible]	[illegible]	2½
38/6	27/9	5·6 a	8 b	Glaxo.....10/-	[illegible]	31/3	4·39	2¼
57/-	42/4½	2·14 a	12 b	Harrisons & Cr. Defd.....£1	44/3	46/7½	[illegible]	2
51/3	45/3	[illegible]	15 a	Hoover 'A'.....5/-	44/3	45/3	[illegible]	2
114/-	95/6	12·04 b	7·0 a	Hudson's Bay.....£1	96/6	96/-	[illegible]	[illegible]
50/9	39/3	4½ a	7½ b	ICT.....£1	48/-	46/9	[illegible]	[illegible]
23/8	17/3	12 b	11 a	Mecca 'A'.....5/-	19/3	20/-	[illegible]	[illegible]
38/2	31/9	11·4 c	12½ c	National Canning.....£1	34/-	33/6	[illegible]	[illegible]
[illegible]	19/10½	7 b	33 a	Powell Duffryn.....10/-	20/-*	19/10½	5·03	[illegible]
45/9	26/9	7½ a	11¼	Rank Organisation.....5/-	30/6	29/3	3·21	2½
16/7½	11/7½	12½ c	4 a	Schweppes.....5/-	[illegible]	[illegible]	5·10	1½
22/9¾	17/2¼	[illegible]	25 c	Sears 'A'.....5/-	19/3	19/2¼	6·51	1¼
23/9	19/-	15 c	5 a	Steetley.....5/-	20/-	21/6	[illegible]	2½
[illegible]	21/-	24 c	10 a	Thomas Tilling.....4/-	21/9	21/9	[illegible]	[illegible]
47/-	37/6	3¾ a	7 b	Turner & Newall.....£1	39/9*	40/-*	[illegible]	[illegible]
36/9	32/1½	[illegible] c	9¼ a	Unilever.....5/-	33/6	33/1½	[illegible]	[illegible]
[illegible]	9 1/16	12·9 c	7·6 a	Unilever NV.....12 fl.	9 1/16	[illegible]	[illegible]	[illegible]
15/-	10/9	10 b	5 a	United Glass.....5/-	11/4½	11/3	6·67	1¼
42/6	23/3	†4⅙ a	†10⅚ b	United [illegible].....10/-	26/-	[illegible]	[illegible]	1¼
				MINES				
242/9	196/3	60 b	40 a	Anglo-American.....10/-	242/6	241/3	4·95	1¾
98/3	79/-	10 a	20 b	Consolid. Gold Fields.....£1	93/6	95/3	6·30	2¼
146/3	118/1½	20 b	15 a	General Mining.....£1	141/3	140/-	5·00	2
106/9	71/6	136 c	40 a	Union Corporation.....2/6	105/-	105/6	3·22	3¾
136/3	98/1½	70 a	120 b	Free State Geduld.....5/-	128/9	128/9	7·38	1¼
109/4½	88/9	95 a	33 b	W. Driefontein.....10/-	108/1½*	107/6	6·14	2
66/3	41/3	6¼ a	8¾ b	Western Deep 'A'.....£1	63/1½*	62/6	4·00	6¾
210/7½	152/6	115 a	160 b	Western Holdings.....5/-	201/3	205/-	6·71	1¼
68/-	46/3	36⅔ b	13⅓ a	Chartered.....15/-	58/-	58/3	6·87	...
72/6	55/7½	30 a	60 b	Rhod. Anglo-Amer.....10/-	55/7½	57/6	15·65	1¼
51/7½	38/9	7½ a	147 b	Rhod. Selection Tst.....£1	39/-	39/3	12·18	2
15/4½	10/3	7½ c	7½ c	Tanganyika Cons.....10/-	12/6	11/7½	8·45	1¼
151/3	111/3	150 c	60 a	De Beers Defd. Reg.....5/-	146/3	149/4½	5·02	2
$178	$136	$2·25 c	$2·75 c	Internat. Nickel.....n.p.v.	$164	$163	3·02	...
24/1½	16/1½	30 b	7½ a	London Tin.....4/-	16/1½	17/1½	8·76	1½
35/6	27/4½	17½ c	5⅚ a	RTZ.....10/-	28/9	29/9	5·88	1¾
26/6	20/-	50 c	15 a	Tronoh.....5/-	20/-	20/-	12·50	1
				SHIPPING				
50/9	40/3	2 a	5½ b	Anglo-Norness.....£1	43/6	43/-	3·49	4
21/9	17/-	10·7 c	4 a	Brit. & Com'wealth.....10/-	17/-	17/6	6·11	1¼
17/10½	14/-	4 c	5 c	Cunard.....£1	14/3	14/0¾	7·11	...
37/-	26/-	8 c	10 c	Furness Withy.....£1	34/9	35/-	5·71	...
33/6	22/10½	10·7 c	3 a	P. & O. Defd.....£1	27/3	28/3	7·08	...
17/-	10/3	3 c	3 c	Royal Mail.....£1	15/7½	15/-	4·00	...
				TEXTILES				
11/11¼	7/10½	10⅛ c	6 a	English Sewing Cotton.....5/-	10/10½	10/7½	5·66	1¾
23/4½	16/11¼	20 c	8⅛ a	Courtaulds.....5/-	21/3	21/4½	4·68*	1¾
72/9	60/-	6 a	12 b	West Riding Worsted.....£1	64/3	60/-	6·00	2
25/-	19/6	7½ b	2½ a	Woolcombers.....£1	20/4½	20/10½	9·58	1
11/8¼	7/9¾	4 a	10 b	Calico Printers.....5/-	11/2¼	10/8¼	6·55	2½
50/7½	37/9	12½ c	4¾ a	Coats, Patons & B.....£1	39/9	38/11¼	6·93	1½
23/-	10/11¼	5 c	15 c	Viyella Int.....5/-	18/-	18/3	4·79**	1¾
				TRUSTS & PROPERTY				
26/3	21/-	15 c	7	Alliance Trust.....5/-	23/6	22/10½	3·28	1¼
59/9	47/10½	37½ b	25 c	BET 'A' Defd.....5/-	50/4½	50/10½	6·14	1½
20/4½	15/4½	6¼ a	6¼ b	Cable & Wireless.....5/-	16/6	16/7½	3·76	1¼
23/-	15/6	9½ b	5½ a	Philip Hill.....5/-	17/-	18/9	4·00	1½
33/3	25/9	23 c	11½ a	Industrial & General.....5/-	27/3	28/6	4·04	1¼
44/-	23/-	12½ a	17½ b	City Centre Props.....5/-	26/7½	26/4½	5·69	1
78/-	54/-	16 c	6 a	City Lond. Real Prop.....£1	54/6	54/-	5·93	1
21/8¼	18/-	5¼ b	2 a	Land Securities.....10/-	16/1½	16/5¼	4·41	1
33/-	23/6	16⅔ c	4⅙ a	Lond. Cnty. Freehld.....10/-	23/9	24/1½	6·91	1
				TEA & RUBBER				
53/6	43/-	†17½ b	†2½ a	Cons. Tea & Lands.....£1	47/-	47/-	13·90	1½
28/9	24/-	†3 a	†5 b	Jokai (Assam).....£1	25/-	24/6	10·87	...
3/10½	3/-	20·8 c	8⅓ a	Highlands & Lowlands.....2/-	3/3	3/-	13·87	1½
4/3¾	3/2¼	23⅔ b	5 a	London Asiatic.....2/-	3/8¼*	3/6	16·19	1½
60/7½	45/9	24 b	8 a	United Sua Betong.....£1	49/6	48/-	13·33	1½

FOREIGN AND OVERSEAS UNIT TRUSTS

	January 13		Yield
Brown, Shipley:			
EURIT	£13/2/3	£13/11/6	2·30
ESPAC	£10/8/6	£10/16/9	2·20
FRANCIT	£10/1/6	£10/9/6	1·60
GERMAC	£10/0/6	£10/8/6	1·40
ITAC	£13/14/0	£14/3/6	2·60
DENAC	£7/13/0	£8/0/9	1·40
Calvin Bullock:			
Bullock Fund	115/3	117/10½	2·26
Canadian Inv.	30/1½	31/4½	2·95
Canadian Fund	152/6	156/6	1·96
Dividend Shares	29/4½	29/10½*	2·33
Charterhouse Japhet:			
Adiropa	102/4	107/-	4·90
Fondak	76/5	79/3	5·25
Nurit	£9/6/7	£9/14/3	3·86
Interstor	£7/15/10	£8/1/11	2·30
Romit	£9/12/11	£10/0/7	3·12
Develop. Finance:			
Delfin Australian	3/5¼	3/9	2·98
Dillon Walker:			
C.I.GF	77/7	82/2	[illegible]
Fonds Fiducem Int.:			
FFI (Belg Fr)	1,545	1,629	2·09
Kleinwort, Benson:			
Interitalia (It.)	66/4½	[illegible]	2·23
Intertec (Intl.)	88/7½	93/1½	1·75
Signet (Bermuda)	87/2	89/4	0·98
Unifonds (Ger.)	60/1½	63/9	6·39
Kleinwort, Benson Hambros Bank:			
Eurinvest (EEC)	142/6	150/7½	2·44
Pan-Australian Unit Trust:			
Pan-Aust.	9/8½	10/2½	4·18
St. Michael's Securities:			
Israel Unit	17/1	17/10½	3·38
Rothschild & Philip Hill:			
Eurunion (Lux. Fr.)	1,723	1,792	2·79
Finance Union (Lux. Fr.)	526	547	2·56

** Yields based on assumed dividends—Acrow (Eng.) 'A', 23·1%. BICC, 15%. BOLSA, 9½%. Bunzl Pulp, 15%. Burmah Oil, 11½%, tax free. Butlin's, 55%. Chartered, 26⅔%. Coats, Patons & B., 13½%. George Cohen, 16%. Richard Costain, 20%. English Sewing Cotton, 12%. Gallaher, 17%. General Electric, 7½%. Grattan Warehouses, 30% after scrip issue. Renold Chains, 9%. A. Reyrolle, 8·4%. Spillers, 12½%. John Thompson, excludes special bonus, 4%. Thomas Tilling, 27½%.

MONEY AND EXCHANGES

KEY MONEY AND ARBITRAGE RATES

London January 13

	%
Bank rate (from 5 Nov. 23/11/64)	7
Deposit rates	
7 days' notice:	
Clearing banks	5
Discount houses	5
Local authorities	7
3 months' fixed:	
Local authorities	7 1/8
Finance houses	7 1/8
Call money:	
Clearing banks' minimum	5 1/2
Day-to-day spread	5 3/8–6 5/8

	%
Market discount rates (3 months'):	
Treasury bills	6 5/8
Bank bills	6 13/16–7 3/8
Fine trade bills	7 3/4–8
Euro-dollar deposits:	
7 days' notice	3 3/4–4 1/4
3 months'	4 1/4–4 3/4
Euro-sterling deposits (in Paris):	
2 days' notice	7 3/8–7 5/8
3 months'	7 1/8–7 3/8

New York

	%
Treasury bills:	
January 6	3·83
" 13	3·81

	%
Market paper:	
Bank bills	4·13
Certs. of deposit	4·13

Forward cover (3 months'):
Annual interest cost, US dollars 2 11/16–2 7/8

Covered Arbitrage Margins

	In favour of:	%
Treasury bills	London	1/32
Prime bank bills	New York	1/16
Euro-dollar/UK local authority loans	New York	5/32
Euro-dollars/Euro-sterling	New York	1/32

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91-Day Average Rate of Allotment s. d.	Allotted at Max. Rate * %	Tender Issue Outstanding
1964	91-Day				
Jan. 3	220·0	388·9	74 4·19	44	3,170·0
Nov. 6	250·0	457·5	93 5·09	41	3,330·0
" 13	240·0	422·6	93 3·71	33	3,320·0
" 20	240·0	395·0	94 8·31	46	3,300·0
" 27	220·0	327·9	132 7·25	63	3,260·0
Dec. 4	200·0	335·1	132 4·62	37	3,200·0
" 11	230·0	388·2	132 5·45	33	3,170·0
" 18	200·0	332·9	132 5·83	40	3,070·0
" 24	220·0	336·7	132 6·52	52	3,070·0
1965					
Jan. 1	190·0	336·7	132 5·39	28	3,000·0
" 8	180·0	310·5	132 5·81	31	2,930·0

* On January 8th tenders for 91-day bills at £98 6s. 11d. secured 31 per cent, higher tenders being allotted in full. The offer for this week was for £170 million 91-day bills.

MONEY MARKET REPORT

No immediate relief is in sight for the London discount houses, whose stocks of Treasury bills have already been run way down. Last week's offering of bills was the smallest for almost two years and a further £10 million reduction to £170 million (against maturities of £250 million) this week will mark the lowest offering since 1952. The houses may soon have to turn to commercial bills as security for loans from the clearing banks.

The houses held their bid unchanged again at last Friday's tender at £98 6s. 11d. However, although the number of bills on offer was down £10 million to £180 million, total applications were down even more (by £26 million) and the syndicate was awarded allotments equivalent to 31 per cent of its applications against 28 per cent the week before. The average rate of discount on the three-month bills was little changed, rising fractionally by 0.42 per cent to £6 12s. 5.81d. per cent.

At Monday's auction in New York the rate on 91-day US Treasury declined to 3.814 per cent from 3.829 per cent the week previous, but the Federal Reserve clearly intends to continue to keep the money market there on a fairly tight rein. Covered arbitrage margins generally moved against London; the margin on a swap of Treasury bills remained in London's favour, but only just.

The full range of money market tables will re-appear next week.

LONDON CLOSING EXCHANGE RATES

Spot

	Effective Limits	January 6	January 13
US $	2·78–2·82*	2·79 1/16–3/16	2·79 1/16–1/8
Canadian $		2·99 3/4–7/8	2·99 13/16–15/16
French Fr.	13·622–14·027	13·67 3/8–7/8	13·67 7/8–68 3/8
Swiss Fr.	11·94–12·34 7/8	12·04 5/8–7/8	12·05–1/4
Belgian Fr.	137·06–142·05	138·47 1/2–52 1/2	138·50–55
Dutch Gld.	9·98 3/4–10·28 1/2	10·03 1/4–1/2	10·03–1/4
W. Ger. Dm.	11·037–11·365	11·10–1/4	11·10 1/4–3/4
Italian Lire	1715–1775	1743 3/8–7/8	1744–1 1/4
Swedish Kr.	14·27 1/4–14·70	14·34 1/8–3/8	14·34 3/8–7/8
Danish Kr.	19·041/4–19·62	19·28 3/4–29	19·30 1/8–3/8
Austrian Sch.	72·25–73·345	72·04–07	72·10–15

* Official limits.

Three Months Forward

United States $	1 13/16–1 15/16c. pm	2–1 7/8c pm
Canadian $	1 13/16–1 15/16c. pm	2–1 7/8c. pm
French Fr.	9 1/2–9c. pm	9 1/2–9c. pm
Swiss Fr.	11–10 1/2c. pm	12 1/2–12c. pm
Belgian Fr.	82–72c. pm	95–85c. pm
Dutch Gld.	8 1/8–7 7/8c. pm	8 1/8–8 3/8c. pm
W. German Dm.	9 1/2–9pf. pm	10 3/8–9 3/8pf. pm
Italian Lire	9–7 lire pm	11 1/2–10 1/2 lire pm

Gold Price at Fixing

$ per fine oz.	35 12 1/2–14 1/2	35·12–14

Investment Currencies

Investment $ (London):	% pm	8 9/16	9 5/16
Security £ (New York)	% dis	0·3	0·3

Bank of England Returns

(£ million)	Jan. 15, 1964	Jan. 6, 1965	Jan. 13, 1965
Discounts and advances	63·8	50·8	77·8
Notes in circulation	2,438·5	2,680·3	2,620·8

PROFITS AND FINANCES OF 340 COMPANIES REPORTING IN THE FOURTH QUARTER OF 1964

	PROFITS AND RETURNS: TRADING PROFITS Prev. year £mn.	Latest year £mn.	Change %	GROSS RETURN on net assets Prev. year %	Latest year %	NET RETURN on net equity assets Prev. year %	Latest year %	CAPITAL AND CASH FLOW: NET LIQUID ASSETS Prev. year £mn.	Latest year £mn.	Net new capital £mn.	Increase in overdrafts £mn.	NET CASH FLOW Prev. year £mn.	Latest year £mn.
Breweries, etc. (17)	25·6	28·1	+9·8	17·5	17·9	9·5	10·2	9·9	7·7	Nil	2·2	8·1	8·7
Building (21)	11·4	16·1	+41·2	12·4	17·6	7·3	10·8	Dr. 2·8	Dr. 2·3	3·2	−0·4	4·9	6·9
Paper and Packaging (3)	2·9	3·0	+3·4	8·1	8·3	5·3	5·3	1·8	1·2	1·9	−0·1	1·4	1·5
Chemicals and Paint (7)	15·6	18·7	+19·9	15·5	18·0	7·1	9·3	7·7	10·7	8·4	−0·3	6·0	7·6
Clothing and Footwear (19)	10·9	13·4	+22·9	9·7	11·6	4·4	5·9	2·0	3·1	2·5	0·5	3·2	4·9
Electrical manufacturing (16)	34·3	41·6	+21·3	17·5	18·6	9·6	10·2	8·6	11·6	Nil	0·4	14·2	16·6
Engineering (56)	48·4	60·1	+24·2	10·0	11·9	5·9	7·3	9·3	1·5	7·3	5·7	22·1	26·1
Entertainment (13)	2·5	4·5	+80·0	8·9	15·3	4·0	9·4	1·3	2·3	Nil	0·1	1·2	1·4
Property (28)	18·7	22·7	+21·4	8·1	8·3	3·8	3·9	Dr. 19·5	Dr. 23·5	30·6	3·4	1·7	2·1
Food and Confectionery (15)	31·5	36·1	+14·6	14·9	15·6	8·7	9·8	Dr. 4·2	Dr. 6·8	20·3	2·4	13·7	16·0
Iron and Steel (11)	6·1	7·6	+24·6	14·0	15·5	7·4	8·0	3·0	8·7	4·3	−0·7	2·4	3·2
Motors, etc. (22)	52·6	67·5	+28·3	14·1	16·3	8·3	9·5	9·4	31·3	25·8	−3·6	24·6	31·4
Newspapers and Printing (7)	4·5	6·6	+46·7	15·0	21·2	8·2	13·1	3·1	3·1	0·7	0·7	1·9	2·7
Shipbuilding (4)	1·3	0·6	−53·8	4·6	0·1	1·5	...	6·5	3·5	1·0	1·3	1·1	0·6
Shipping (4)	8·2	9·3	+13·4	6·2	8·5	6·4	8·3	1·8	2·3	0·4	2·0	6·8	6·4
Shops and Stores (10)	13·4	14·9	+11·2	13·2	13·8	6·8	7·8	Dr. 10·2	Dr. 11·9	3·0	2·0	3·3	3·9
Cotton (5)	1·4	1·9	+35·7	5·6	11·3	2·8	5·3	Dr. 0·8	Dr. 1·0	Nil	0·4	0·5	0·6
Silk, Rayon and other textiles (10)	7·1	8·4	+18·3	12·0	15·1	5·8	8·4	0·7	0·2	1·7	−0·1	3·5	3·6
Wool (4)	1·3	0·9	−30·8	8·7	2·3	4·4	...	Dr. 4·3	Dr. 7·4	Nil	2·9	0·5	0·3
Tobacco (1)	0·1	0·1	...	15·0	15·5	10·0	8·2	Dr. 0·3	...	0·3	−0·2	...	...
Miscellaneous manufacturing (37)	15·8	20·8	+31·6	12·9	17·1	6·9	9·8	Dr. 2·0	Dr. 4·1	1·5	2·1	6·4	8·2
Miscellaneous others (30)	12·2	15·2	+24·6	12·7	15·0	6·6	8·4	Dr. 8·2	Dr. 8·1	1·3	1·4	4·4	5·8
All groups (340 companies)	325·8	398·0	+22·2	12·6	14·4	6·9	8·2	12·7	22·2	87·5	22·0	131·8	188·6

The quarterly tables giving the full analysis of company balance-sheets and profit and loss accounts are no longer published in The Economist, *but will be sent free of charge (within the next two weeks) and for future quarters on application to the Investment Department, The Economist, 25, St. James's Street, London, S.W.1.*

Registered as a Newspaper. Authorised for Second Class Mail, Post Office Dept., Ottawa. Printed in England by St. Clements Press Ltd., London, E.C.4. Published by The Economist Newspaper Ltd., at 25 St. James's Street, London, S.W.1. Telephone: Whitehall 8155 Postage on this issue: UK 4½d.; Overseas 9½d.

THE ECONOMIST □ THIS WEEK

CHURCHILL

While Sir Winston's fight for life has been overshadowing all the news, the world has been weighing the qualities of his greatness. He should be praised for the right reasons, not the wrong **page 303.**

BUSINESS BRIEF

The latest indicators for Britain suggest that the measures of restraint which the government has imposed since October did fall, after all, on an economy in an emerging state of boom, although the government could not have known this at the time **page 355.**

PRESIDENT JOHNSON'S INAUGURATION

Both in his Inaugural address and in the flood of messages to Congress which preceded it, President Johnson gave priority to urgent social reforms at home. It is clear that he will not be seeking to extend America's involvement abroad, but he is not the man to neglect his allies—so long as they are useful **page 315** Little empires in Washington **page 345.**

HE SHOULD HAVE GONE

Nothing in Sir Winston's illness can explain Mr Wilson's decision to postpone his visit to Bonn this week. Nobody but Britain can set about the task of drawing Herr Erhard back to Atlantic ways after the gaullist siren songs he was exposed to at Rambouillet at mid-week. Mr Wilson may have been tempted to put off the labour. If so, he was wrong; and he should re-make the appointment as soon as possible **page 305.** What happened at Rambouillet **page 328.**

BREAKING THE MOULD

Things keep on moving in the communist half of Europe. Russia is now venturing, in the footsteps of the Czechs and east Germans, towards some imaginative and sensible economic reforms. If they are pushed through to their logical conclusion, it is not only systems of planning that will be changed. The centre of political power will shift too **page 305.**

EUROPE: EAST AND WEST

Trade missions can sometimes go where political missions would be barred: the Hallstein doctrine forbids the west Germans to make diplomatic overtures to east European governments but this for trade and trade. The latest development is a team of Krupp experts about to set out for Warsaw **page 327.** In France, more noise is made about eastern ventures, but less by far is done **page 328.**

A LEGISLATIVE MEMO

Between now and the end of March, if it is to fulfil the timetable adumbrated in the Queen's speech, Mr Wilson's government would seem to be committed to introducing a fearfully controversial new bill almost every week. What amendments should it accept to its original legislative intentions? **page 307.**

MORTGAGED ILLUSIONS

Political expediency is the charitable explanation of the British government's hand-washing act on mortgage rates. More serious is that the government has its economics upside down. To make house loans artificially cheap would also keep them artificially scarce—the reverse of what the aim of housing policy should be **page 354.**

MIDDLE EAST PAYOFF

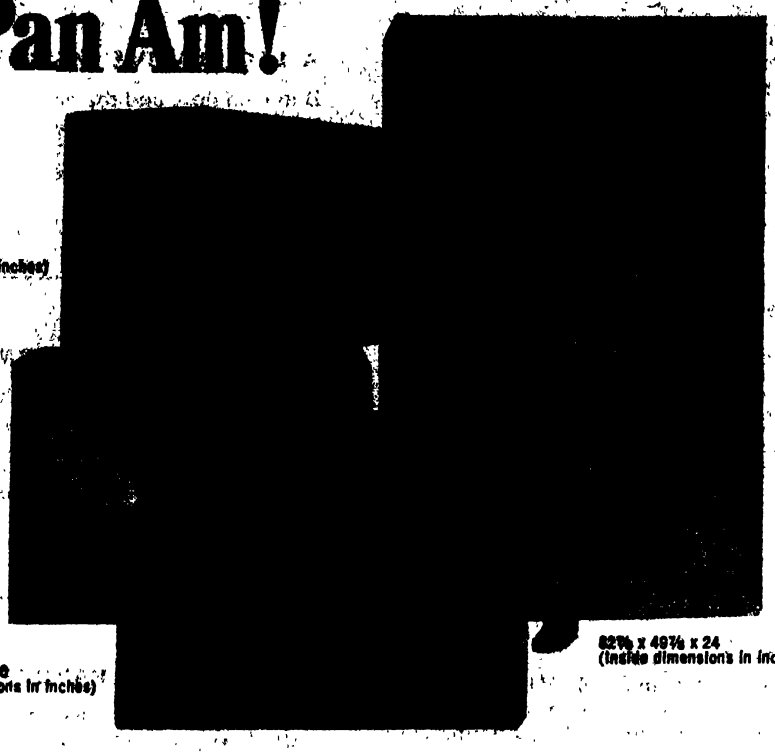
Two and a half years of negotiation have brought the oil-exporting governments of the Middle East an extra hundred million dollars or more a year of extra revenue. But the Organisation of Petroleum Exporting Countries began by asking for so much that even this added good fortune seems a small one. Host governments have gained; the western consumer need not pay the bill; but have the international oil companies lost? **page 351.**

MALAYSIA: NO BRIDGE ACROSS THE STRAITS

The segregation of Chinese from Malays, Singapore from Malaya, may in the long run be a greater threat to Malaysia's survival than the external dangers thrusting from Indonesia. The leaders of the two communities recognise the danger, but little can be done until the two men themselves manage to get on better **page 326.**

Another cost-saving idea from Pan Am!

Ship in one of these new containers and you'll get a 12% discount on Pan Am!



If you have a product which can be shipped in any one of the above containers, our new AirPak Savings Plan will entitle you to a 12% discount—figured on the gross weight of the shipment.

These containers are made of extra strong, 3-ply corrugated board, and can be purchased simply by calling our nearest office. Because these containers enable us to handle your shipment more efficiently, we can give you this preferential rate to the U.S.A. and many other foreign markets.

When the total weight of the shipment equals 12 cubic feet and 220 lbs. you earn the 12% discount. Obviously, the denser the actual cargo the more money you'll save over conventional air freight shipping.

And, these new containers often eliminate the need for other forms of packing (and their costs!).

Let these new containers reduce *your* shipping expenses. We'll be glad to have a Pan Am representative explore your shipping needs with you... recommend containers . . . and tell you approximately how much your savings will be. Your local Pan Am office or your Pan Am Cargo Agent will be glad to make arrangements. Call soon. You'll find it's a pleasant step toward cutting costs.

World's largest Air Cargo carrier • World's most experienced airline

SECOND CLASS POSTAGE FOR THE ECONOMIST PAID AT NEW YORK, N.Y.
Published weekly every Saturday, fifty-two times a year in London, England.

LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to edit individual letters to fit the space available.

Coal and Power

SIR—At a moment when the High Authority in Luxembourg [illegible] openly legalise the [illegible] protection to the fuel and power industries which the member states in fact had never abandoned since the signature of the treaty of Paris, it is pertinent to inquire into the underly[illegible] we can [illegible]

Like [illegible] EEC f[illegible] state-ow[illegible] ate und[illegible] compet[illegible] subsidie[illegible] revenue[illegible] regard [illegible] social p[illegible]

The [illegible] was realised [illegible] signed [illegible] this fact to [illegible] even the Dutch [illegible] has not [illegible] coal mines, [illegible] face of competition from [illegible]

The inability of the EEC [illegible] industries to meet [illegible] caused by the [illegible] American coal, [illegible] during recent years has [illegible] as a raw material for the manufacture of domestic gases.

The coal industry has been particularly affected by these structural and technological developments. On sheer economic grounds the EEC coal industry should be reduced by 60 per cent to 80 per cent of its present size, thus eliminating the whole of the French and Belgian coal industry. From these steps all European governments are shrinking and of the three possible forms of protection—import duties, quantitative import quotas and subsidies—the latter are now gaining the greatest number of advocates since they give the consumer the best chance [illegible] cheaper [illegible]

I sub[illegible] culties [illegible] industr[illegible] imposed [illegible] acts. Th[illegible] with the [illegible] expend[illegible] ducting [illegible] nation[illegible] been fu[illegible] policy [illegible] which [illegible] days w[illegible]

Unde[illegible] Central Electricity Generating Board would have undoubtedly increased its oil purchases and covered a large part of its coal requirements from the United States under long term contracts, particularly in these days when American steam coal transported in a modern bulk carrier (83,000 tons) could be landed in west of England ports at around 70s. per ton.

[illegible]

[illegible] Mini[illegible] purchases [illegible] National Coal Board [illegible] attrition, which did not [illegible] place in the desired areas, to reduce its labour force by 200,000 men—it is still dependent on this process. Meanwhile the board must maintain the uneconomic pits for the simple reason that the financial and social problems inherent in their immediate closure are beyond its powers. But under the terms of the nationalisation act the NCB must balance revenue with expenditures and the question what steps are to be taken to ensure the offtake of 200 million tons of coal at prices the consumers are no longer prepared to pay, is surely one for the government to answer.

Nothing can halt the revolution in the gas industry, i.e., by conversion from coal to oil or natural gas. Even if the latter were not found in the North Sea it is now common [illegible] that the size of the Dutch [illegible] resources is unassessable and [illegible] and other sources will be [illegible] very low prices.

[illegible] with this technological revolution [illegible] the private sector would naturally [illegible] most ruthl[illegible] economy measures and [illegible] their capi[illegible] that [illegible] country w[illegible] national[illegible] countries has [illegible] with the duty to pa[illegible] national interest it is [illegible] der the costs incurred in [illegible] force the consumer, and [illegible] dustry, to foot this bill would b[illegible] for its future efficiency and its [illegible] position in the international [illegible]

Yours faithfully, GEORG T[illegible]

London, SW1

South-east Asia

SIR—Your admirable [illegible] the Far Eastern wars (January [illegible]) go deep enough. What is the [illegible] do in southeast Asia? Save it from Chines "hegemony," you say—but, later you tal of preventing the expansion of Chines "influence," and Chinese "power." Thi [illegible] of th [illegible] in tha south [illegible] nds it) [illegible] would [illegible] were [illegible] such [illegible] an are [illegible] ward a Americ [illegible] he line [illegible] drawn [illegible] eakness [illegible] er thei [illegible] on th [illegible] nce o [illegible] that w [illegible] t all t [illegible] inue t [illegible] itions [illegible]

Another [illegible] diagnosi might [illegible] diction between [illegible] d long term interests [illegible] Chines or any other [illegible] resiste satisfactorily [illegible] ed an well developed [illegible] kind tha Sukarno, for all his faults, has tried t create).

Are we prepared to encourage this forc

(*Continued on page 204*).

[illegible] Quarterly Economic Review

AUSTRIA

Will Austria be associated with EEC? Will it remain in EFTA? This question is still in the balance. Meanwhile, the economy is booming and the market for both capital goods and consumer goods is opening, particularly for EFTA supplies. These and other developments are discussed in the latest Quarterly Economic Review.

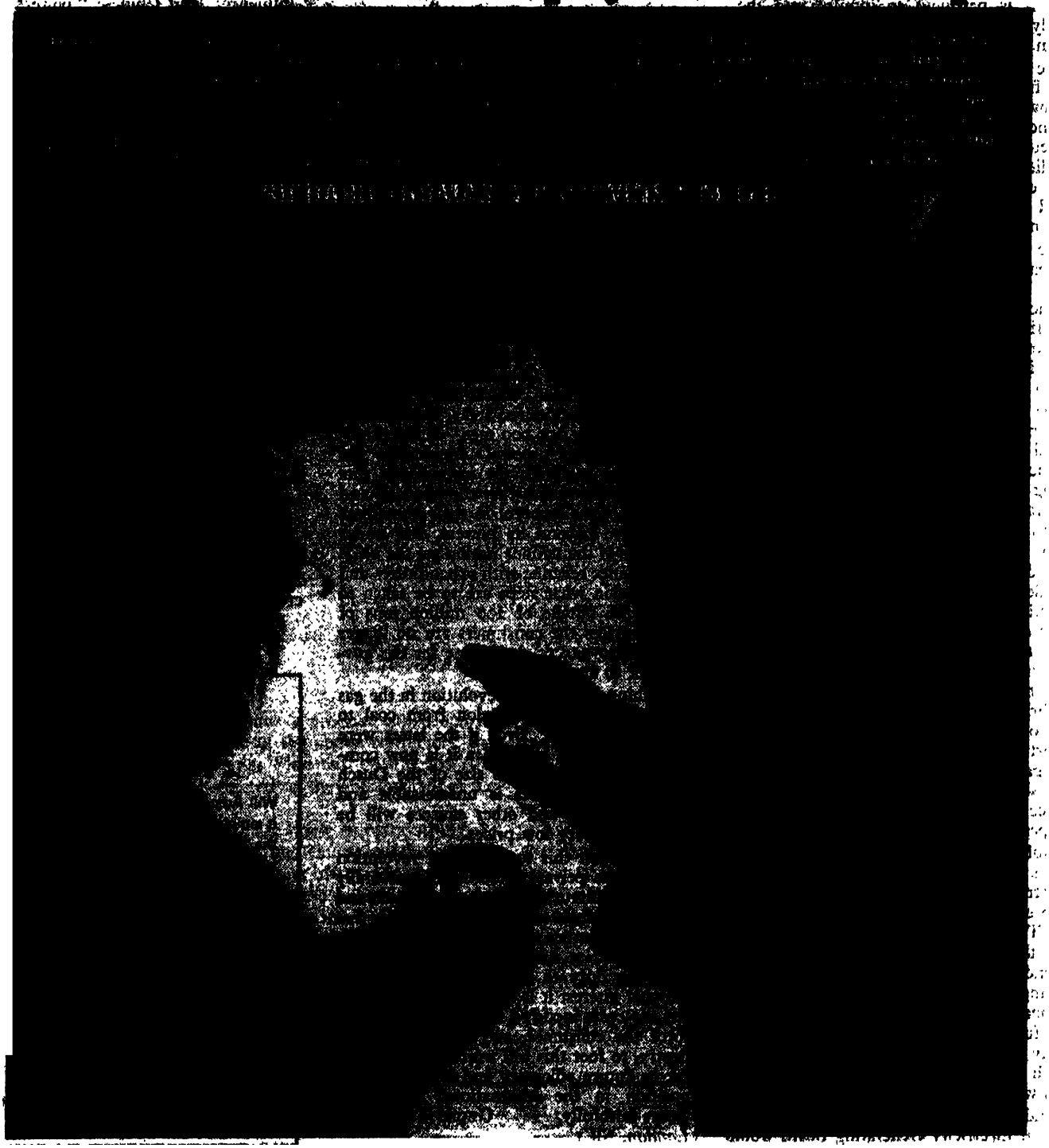
Further details from:

[illegible] UNIT [illegible] SW1

RTB

RTB

Mutemp sensitizes the physician's radio pill



(*Continued from page 293*)

in southeast Asia even when it operates against our immediate interests?—Yours faithfully, DIRK WILSON

London, SW20

In the Docks Again

SIR—A year ago the quantity of our products in transit between the factory and shipboard was equivalent to two weeks' output. Today it equals 5 weeks' output—a shortfall of some 5 per cent on the year—and it shows every sign of getting worse.

If this degree of frustration is common, it must go some way to explain the mystery of high order books, low investment—no apparent increase in productivity. How absurd if the marginal increase in exports needed to lift our economy was lying about "in transit"!

Let the Government deal with the docks and exports will look after themselves.—Yours faithfully, P. C. E. ROSE

Director,

Saunders Valve Company Limited

Cwmbran, Monmouthshire

London Transport

SIR—London Transport is not, at the behest of the Transport and General Workers' Union or anyone else, recruiting more men to run buses for which there is no passenger demand; neither is London Transport "pursuing with more energy than ever the social mission of trundling unwanted buses, manned by overpaid busmen, around the town." These are the facts:—

1. Bus services are seriously inadequate at certain times of the day, notably [illegible] in many parts of London, [illegible] shortage and the effects of traffic congestion.

2. The London busman is not overpaid. He has to work shifts, weekends and public holidays; his productivity cannot be increased except by using larger buses and one-man vehicles, to which he has agreed; and his earnings are still not high in relation to those of workers in other industries, where work may be less arduous and is often less skilled, with no weekend duty.

3. It is true that there is a continuing loss of off-peak bus passengers to the motor car and TV, especially at weekends. Scheduled services have been progressively reduced and adjusted to deal with the fall in passengers carried: some 6,300 buses are scheduled on Mondays to Fridays today, compared with 7,600 ten years ago; on Saturdays 5,190 against 7,000; on Sundays 2,800 against 4,500. Part of this reduction has been made possible by the high capacity of the latest buses. Alterations will continue to be made by straightforward reductions in schedules in the off-peak and at weekends and by [illegible]

4. The special payment being made to crews from March until October in lieu of the physical introduction of the shorter (40-hour) week is not a wage rise as such. It is a temporary expedient. Because of the staff shortage the crews cannot get the benefit of the shorter week until the autumn when their own summer holidays are due. [illegible] will be [illegible] called [illegible] may be [illegible] schedules that might meet the convenience of passengers. Pre-determined cuts will be made in services at garages where the staff position is difficult. This will avoid the present day-to-day haphazard cancellation of buses which [illegible] the "random" method [illegible] one of the main reasons for the [illegible] that now [illegible] on the road. Pre-[illegible] cuts [illegible] reduc[illegible] be p[illegible] in a [illegible] orderly [illegible] so as to minimise [illegible] gaps.—Yours faithfully, [illegible] ROBBINS

Chief Public Relations Officer

London, SW1

[Mr. Robbins naturally disagrees with our opinions. But busmen *have* returned to operate one-man buses; London Transport *has* promised not to revise routes in particular areas until the autumn; and the phrase that he quotes about the re-arrangement of schedules was assented to, verbally, by a member of the London Transport Board.]

Chinese in Brazil

SIR—Although the Chinese (January 16th) have managed to get a considerable propaganda head behind their demand for the release of their people, there has been almost no reporting of the unfortunate Africans studying from the Portuguese territories who have also been arrested in Brazil. There should be particular concern for the case of Jose Lima de Azevedo, who was one of the Angolan students who left Portugal two years ago. He made his way to Brazil, hoping there to complete his medical degree and to continue the work for Angolan independence. He has been in and out of prison and has been rather badly treated. His health is seriously impaired and his continued imprisonment gives cause for serious concern. Although the court in Rio de Janeiro pronounced that Angolans in Brazil are not subversives, Jose Lima and a number of other Africans are still being held in prison at the behest of the political police.—Yours faithfully,

Richmond, Surrey COLIN LEGUM

Le Highlife

MONSIEUR—Où est mon stylo, dans mon blue-jeans mon dufflecoat ou mon secrétaire régency, que je vous congratule, au sprint, sur le flash dans votre magazine á [illegible] de votre building [illegible] band, ainsi qu'un crooner chantant des blues, et des clowns. Je ne parle pas des drinks et des sandwiches servis au bar par des barmaids en pull-over ou twin set, dont les snow-boots étaient toutes [illegible], près du hall, gardés par [illegible] le fumier. Ce fut, sur, [illegible] chaque [illegible] o'clock. On y voyait [illegible] chocolat [illegible] waters. [illegible] interviews [illegible] votre [illegible] votre Premier).

Hip, hip, hip, hurrah pour [illegible] langue anglais et le [illegible] *l'Economist*), car il [illegible] suspen[illegible] et [illegible] Channel (nous [illegible] partme[illegible] happy end.—Sin[illegible]ent votre [illegible] AURICH [illegible]

Saint [illegible]r, Fran[illegible]

Britons Will Be Slaves

SIR—You may be rig[illegible] the resis[illegible] to chang[illegible] and may even be right to find [illegible] trait w[illegible] in the upper class, but I have [illegible] to see [illegible] in your publication resp[illegible] blaming a general reconsideration [illegible] the evil is that your [illegible] (as well as Labour) [illegible] of the incentives for capital investment. Your economy is labour oriented [illegible] capital oriented. Capital is the only thing that can provide the changes which you at least recognise are needed.

I would bet the value of new office buildings under construction in New York is many times that of London, and New York [illegible] I'll bet the value of output per worker at any British auto plant is a fraction of that of a GM worker—or an Opel worker. And that isn't because the Britisher knocks off for tea; it is purely a function of capital goods—scale of manufacture, automation and operating efficiency.

Yours faithfully, E. NEWBOLD SMITH

Wilmington, Delaware

EIU Quarterly Economic Review

UNITED KINGDOM

Information: new government machinery—how will it deal with the economy?
Analysis: the sterling crisis—what does sterling need now?
Prediction: economic trends in 1965—can growth be sustained?

These and other vital questions are discussed in the latest Quarterly Economic Review of the United Kingdom.

Docks PROGRESS

SCOTLAND
GRANGEMOUTH METHIL BURNTISLAND
AYR TROON

N.E. COAST
HARTLEPOOLS MIDDLESBROUGH

EAST COAST
HULL GOOLE GRIMSBY IMMINGHAM
KING'S LYNN LOWESTOFT

SOUTH COAST
SOUTHAMPTON PLYMOUTH

SOUTH WALES
CARDIFF SWANSEA NEWPORT
BARRY PORT TALBOT

N.W. COAST
GARSTON FLEETWOOD BARROW
SILLOTH

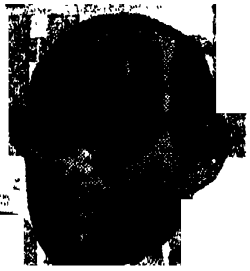
To keep pace with expanding trade, British Transport Docks are carrying out many modernisation and development schemes. In 1964 an expenditure of £10 million was authorised for such work, including the provision of new berths and transit sheds suitable for up-to-date cargo handling techniques; cranes and other mechanical appliances; and improved facilities for road transport. Some of the schemes are for specialised berths, including containers and roll on/roll off operations. Technical and operational research is also being stepped up as is education and training for members of the Board's staff.

Information from
Docks Manager, or Traffic
BRITISH TRANSPORT DOCKS
Melgate House, London, N.W.1

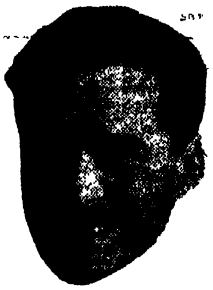
Do you use SLAVE LABOUR

...We do!

Managing Director:
"Our Slave gives me instant information!"



Office Boy:
"Jack of all trades—Now master of one . . . in seconds!"



Organisation & Methods Chief:
"He's so flexible! Works for any Department—that's why we recommended him—now we borrow him when we want our reports reproduced in a hurry (there's method in our . . .)"

M.D.'s Secretary:
"He keeps me up-to-date . . . and now I keep my dates!"

Our Slave is the lowest-paid and hardest worker in the office . . .

. . . BOUGHT HIM FROM SCM—cost less than a typist's wages! He didn't ask for luncheon vouchers, holidays or sick leave . . . wasn't bothered with a pension and said he'd work 24 hours a day if needed.

Cool, calm, collected . . . never gets overheated about any job—will tackle it straight from cold, and so far, he's done everything we've asked him to do in about 6 seconds flat! Tell him what to do and he gets the message right away. Handsome brute—you don't have to hide him away . . . you can show him off to everyone—and oh . . . is he reliable!

His name? . . . He is the SCM ELECTROSTATIC COPIER—renowned the world over because he obeys any master who learns how to press a switch, and will, in return for any document up to 17" x 11" (*without prejudice to colour*), give you back one **facsimile** copy (*unless you prefer ten*) for a penny-pinching one (*quarter cost will cost less than the stamp you will use on your letter to SCM asking more about him*) and he will make that copy whilst you are sealing the envelope and sticking the stamp (*ugh!*).

He uses a cunning new technique which gives you electrostatic copies without heat fusion. Any self-respecting document (*legal or illegal*) would be happy to expose itself to the SCM because there is no risk of being scorched or destroyed due to baking . . .

All you have to do now is to ask your Secretary to put that letter in the post—and you too will find out in six seconds why . . .

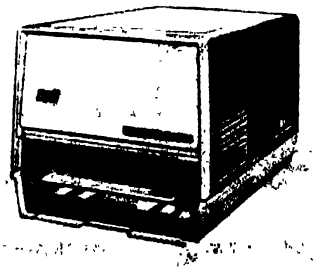
SCM's ARE ON MORE DESK-TOPS THAN ANY OTHER ELECTROSTATIC COPIER IN THE WORLD!

SCM SMITH-CORONA LIMITED

DIVISION OF SCM CORPORATION

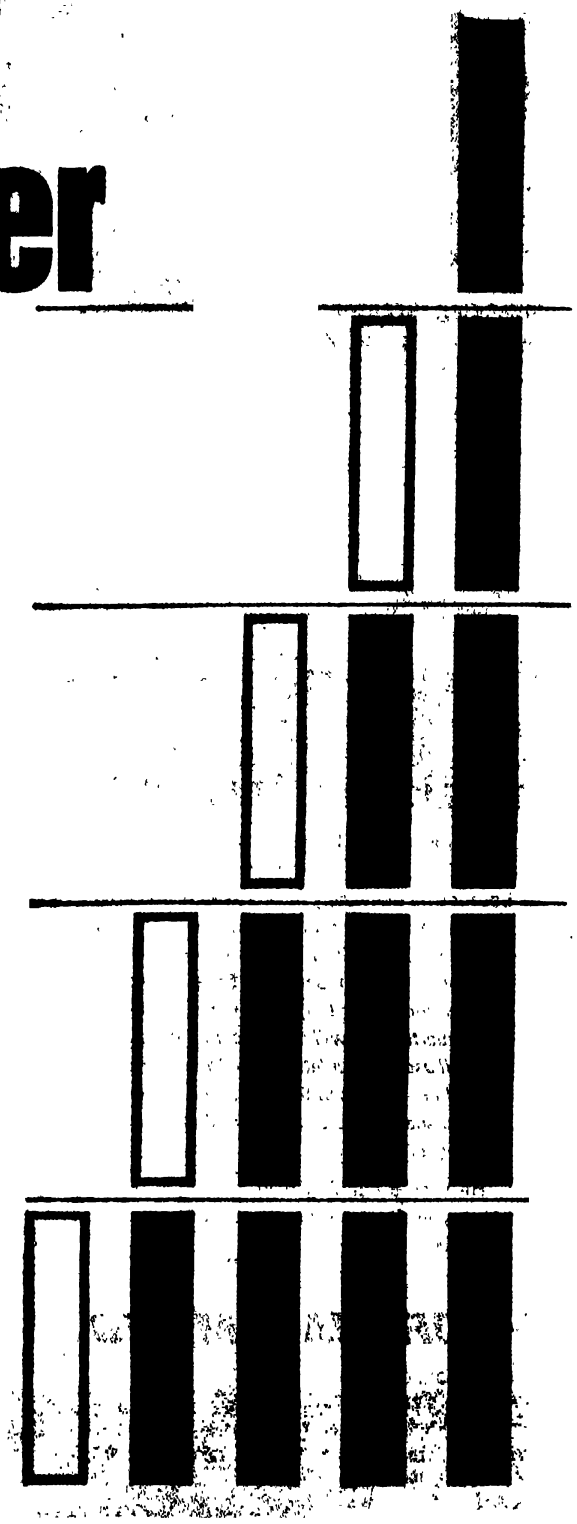
Manufacturers of Electronic Data Processing & Telecommunications Systems, Electrostatic Copying Equipment, Smith-Corona Typewriters, Marchant & Monroe Calculators

SMITH-CORONA HOUSE, 248-250 TOTTENHAM COURT ROAD, LONDON, W.1.
Tel.: LANGHAM 0021



building better quicker

Quality and speed in construction is vital to owners and users of new buildings alike. In a rapidly changing industry, the combination of quality with quantity and speed with efficiency demand the latest methods of mechanisation, close control of quality and proved methods of system building, backed by a continuing programme of research and development. This is achieved in the Laing Organisation by good workmanship and a progressive attitude to modern constructed techniques, on which are based a reputation for high quality construction and completion on time—a reputation for building better quicker.



LAING

for completion on time

GREAT BRITAIN AND OVERSEAS

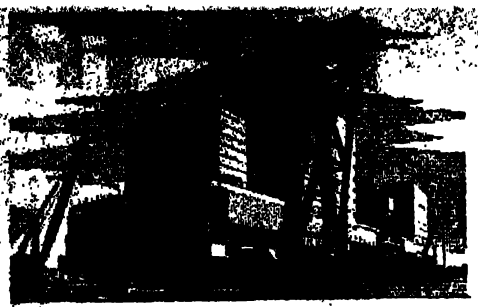
Steel SHOWS THE WAY

In the home, in industry and in transport, the demand for electrical power grows and grows. By the 1970's it will have doubled. That means building more power stations quickly—and building them economically to keep down electricity costs.

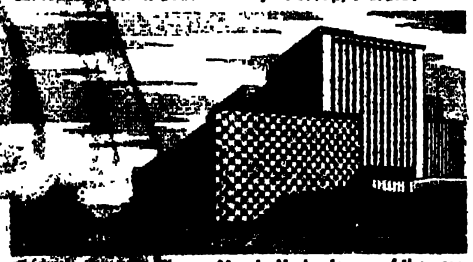
Steel is playing an important part in this programme, for it enables power station structures to be built quickly and in all weathers. The new super-strength steels simplify the tasks of the architect, the constructional engineer and the erector. And of course, specialised steels are widely used in power station equipment, from turbine rotors and castings to immense high-pressure vessels.

In building the power, as in so many other ways, steel is meeting Britain's needs.

TO BUILD FOR MORE POWER



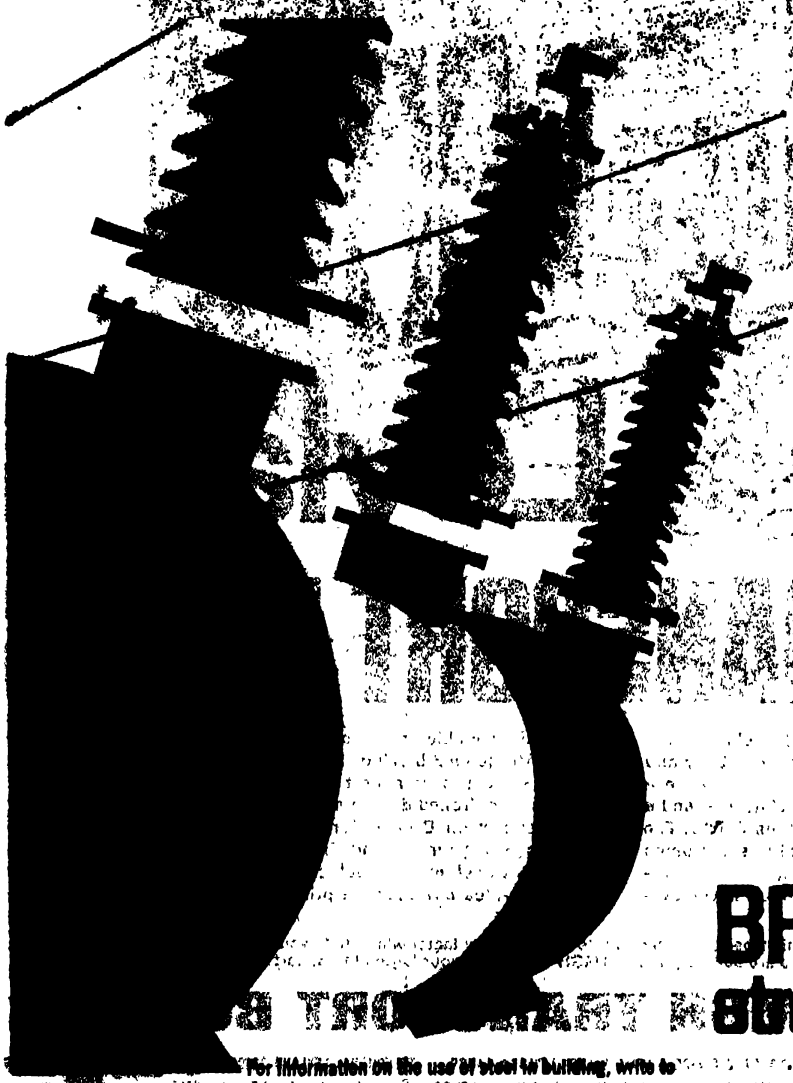
NUCLEAR POWER AT DUNGENESS The steel industry plays a vital part in any power station project. At the new nuclear power station at Dungeness, Kent, steel is used not only in the structure, but also as 4" thick steel plate in the spherical reactor vessel. Southern Project Group, C.E.G.B.



[illegible] Thorpe Marsh, Yorks, is one of the new power stations now in use, that have been designed and built of steel as part of the C.E.G.B.'s development programme. Northern Project Group, C.E.G.B.

FAST ECONOMICAL CONSTRUCTION The design of Eggborough Power Station, Yorks, makes possible rapid progress with the use of BS968 high yield steel and the latest erection techniques. Plastic-coated sheet for roof decking provides further economies. Northern Project Group, C.E.G.B.

HIGH YIELD STRESS STEEL BS968 steel, recently used in transmission towers for the first time, reduces weight and provides a less obtrusive structure. These towers have been designed and erected for the C.E.G.B.



BRITISH STEEL
strong in new ideas

For information on the use of steel in building, write to
BRITISH IRON & STEEL FEDERATION STEEL HOUSE TOTHILL STREET LONDON SW1

HIT THE JACKPOT

Leyland

GIVE YOU A TRANSPORT BONUS

Hit the jackpot every time—with a Leyland. The chances are loaded in *your* favour with Leyland economy, reliability and service. For example: the Freightline Badger. You have a choice of four different haulage and tipper chassis—and a tractor chassis which is now uplifted to 26 tons G.T.W. The economy 0.600 diesel is a winner too . . . and turns up trumps where pulling power with fuel saving is required. The six-speed gearbox with built-in overdrive, spiral bevel two-speed axle, variable ratio steering and direct air pressure braking (triple-line braking for tractors) are the perfect winning system for transport economy. The Ergomatic cab provides a controlled driving environment for greater safety and efficiency on Britain's crowded roads. Add up your winnings with your Leyland Freightline range of 4-wheel, 6-wheel, 8-wheel and artic vehicles built for payloads of 10, 15, 22½ ton-plus payloads—a prize-winning transport bonus.

Leyland

*TMGH—ton miles per gallon per hour is a productivity factor which tells you how well your trucks are paying. Leylands are built to give top TMGH—as part of your Leyland transport bonus.

A *TMGH TRANSPORT BONUS

LEYLAND MOTORS LTD. HEAD OFFICE & HOME SALES: LEYLAND, LANCS. TELEPHONE: LEYLAND 21400 & 21401.
OVERSEAS SALES: BERKELEY SQUARE HOUSE, BERKELEY SQUARE, LONDON, W.1. TELEPHONE: GROsvenor 6050

Ⓜ L188

Travel while you sleep

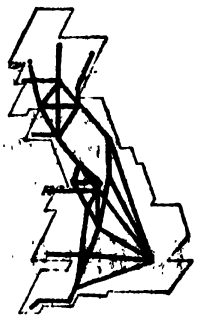
Turn that long journey into a good night's rest—go by sleeper from centre to centre. No crawling through endless suburbs, no glare of headlights. No hotels to book, no meals to buy. And the whole day ahead to do your work.

Your modern sleeper is a bedroom on wheels

Interior-sprung mattress ■ Crisp, fresh linen ■ Lashings of hot water ■ Mirrors ■ Towels ■ Morning tea and biscuits ■ Service only a bell-push away

FROM 20/- 2ND CLASS UP TO 40/- 1ST CLASS

Network of over 100 Sleeper Services
Sleepers run the length and breadth of Britain, linking business centre to business centre and serving many distant holiday areas. Get the FREE Sleeper Services Colour Folder TODAY from any British Rail Station, Town Office or Appointed Travel Agent.



sleep as you go-overnight

Rail

Enjoy this ergonomic miracle on the BOAC Super VC10 across the Atlantic

It's a seat. And it's the economy seat in the BOAC Super VC10. *But such a seat!* It took eighteen months to design. Its first, last and most important requirement was sheer, luxurious comfort. And because these superb seats are so cunningly designed, you get more room to stretch your legs. Enjoy this ergonomic miracle on the superb Rolls-Royce powered BOAC Super VC10 across the Atlantic from April 1st.

TRIUMPHANTLY SWIFT, SILENT, SERENE

BOAC and BOAC-CUNARD—SERVICES OPERATED BY BRITISH OVERSEAS AIRWAYS CORPORATION

THE B·O·A·C VC10

The Economist

JANUARY 23, 1965

Churchill ... 303
He Should Have Gone ... 305
Breaking the Mould ... 305
A Legislative Memo ... 307

COMMENTARY 308
Parliament; Germany; Britain and Germany; By-Elections; Trade Union Inquiry; Press Leaks; Law Reform; United Nations; Higher Prices; Two Irelands; Salaries; Who's Better Off?; Japan.

THE WORLD
AMERICAN SURVEY
Inauguration of a Practical Man 315
Priorities Begin at Home; Congress's Musical Chairs; Slow March to Rights; Helping Hand for Chile; Mr Connor's Example; Long Odds in the Senate; Troubled New York; 1. *Feuding Democrats*; 2. Welfare's Farewell?
INTERNATIONAL REPORT
Malaysia: No Bridge Across the Straits 326
Germany and Europe; France and East Europe; France and Germany; Commonwealth; Warsaw Pact; Italy; East Africa; Somalia; Japan; Guiding the Innocent Consumer

BRITAIN
What's to do with Transport House? ... 339
Hard Way Back; Prospect for Peers; Doctors on the Left; In and Out; Town Hall Technocrats.

BOOKS
A Question of Supremacy ... 345
LETTERS ... 293

BUSINESS
Middle East Payoff ... 351
What the Host Governments Get ... 352
Mortgaged Illusions ... 354
BUSINESS BRIEF ... 355
BRITAIN ... 357
Concord; Business Attitudes; Cars; Sub-Contractors; Fringes of Aviation; Computers; Paper Making Machinery; Shorter Notes.
INTERNATIONAL ... 361
American Business; Euro-Mergers; Europe's Biggest; Japan; European Currency; Entertaining the Customers; Cars; Common Market; Too Many in Pursuit; International Banking.
INVESTMENT ... 369
Bank Rate; Stock Market; New Taxes; Burmah Oil; IDV; Swiss Companies; Woolworths/Marks & Spencer; Investment Analysts.

Annual Postal Subscription by ordinary mail UK £6; overseas £6 10s.; by air see page 382
VOLUME CCXIV NUMBER 6335

Churchill

We will boast all our lives that we lived when Winston Churchill was alive. For a week his last fight has hushed the world's news. Even the inauguration in Washington of the new leader of his Atlantic alliance has been muted. Millions of words are being written and spoken in his honour, and to describe and explain him. All we can do now, while he still fights on and before the roar of politics starts up again, is to add our own small testimony.

Winston Churchill, like Lincoln, need not wait for the verdict of posterity to be called great. The risk is rather that, as the legend of his lifetime freezes into a myth, he will be called great for the wrong reasons. What really was it that first made him, for all the false starts and frustrations of his wayward career, stand out from two generations of politicians; and then made him take on world size by natural right, when the chance and the challenge came a quarter of a century ago? The legend already shows two skewed images of him. One is of the sage above the hurly-burly, making history with the same lofty mastery of events as his mastery of the words in which he wrote and spoke history. The other is of the captain-general, fallible perhaps in peace but mighty in his own element, war.

Neither image mirrors the man. Never, from the time he rode with the hussars at Omdurman, thrust himself into the Boer war, and went into Parliament first on one side and then on the other, was Winston Churchill out of the thick of things; where the hurly-burly was, there was he, calling busily, impulsively and impatiently for action by every trick of persuasion and rhetoric—for words were always his way of thought. Certainly he himself never claimed, even at his power's height, to be sagely aloof from the public and polemical affairs that were his lifetime's diet.

Twenty years ago, before the postwar election, the editor of *The Times* decided that his paper should say that Mr Churchill ought to carry himself in the campaign not as a partisan but as the national and world leader that he was; and that, afterwards, he ought not to make the mistake of staying too long on the scene, but should pass at the apt moment into a dignified and fruitful retirement. Being both brave and fair-minded, the editor felt that he must tell the great man beforehand what he proposed to say. Mr Churchill's retorts to the two propositions were characteristic and illuminating: to the first, the reply was simply "Mr Editor, I fight for my corner"; to the second, it was "Mr Editor, I leave when the pub closes." This was no elder above the battle—which, as it happened, he lost. It was Churchill.

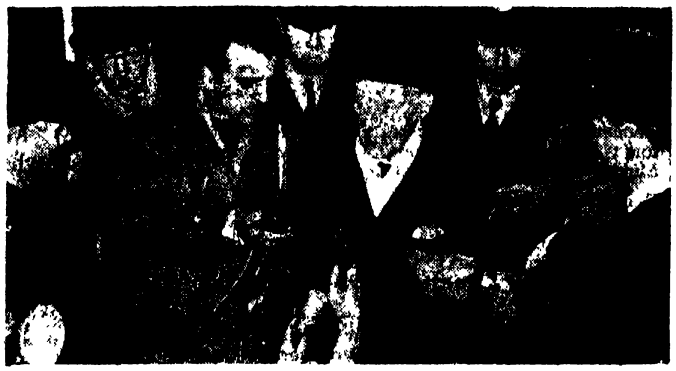
Nor is it truer or fairer to fix him for history as a man of war. He lived, and he led his country, in an age of wars. He did what he had to do, with gusto and pugnacity. But, from that maiden speech in the House of Commons, when he frankly said that, right or wrong, the Boers too were bound to fight for their country, the purpose of his patriotism, as he saw it, was peace and the realm's defence. This was the spring of his naval plans before 1914; of his fertile stratagems to shorten the bloody conflict when it came; of his apocalyptic and unheeded warnings before 1939; of the unique intensity of his conduct of the war; of his new warnings, after the victory, of the cold war's perils; of his prayer that the balance of nuclear terror might perhaps preserve the peace, but also of his deeply-felt insistence all the time that "we arm to parley." Warmonger was Hitler's word for him; it should never be ours.

Historians, indeed, may say that the crown of Winston Churchill's political life was in fact its last act: not even the victory of the grand alliance in 1945, but the transformation of the Tory party afterwards, from looking backward to looking forward, over which he presided. It would be a misreading of the character and career of the man to say that this last act followed in a straight line from his beginnings as a pushing young minister, forty years before, in the great Liberal reform administration. He did not transform the Tory party. He concerned himself only little with the new processes of social and economic reckoning. But he was the essential catalyst that allowed, and encouraged, the transformation to happen. Then as always, because he believed in the processes of history, he was still ready to face the future (in this it was Macmillan not Eden who was his heir). There are in fact no straight lines, either in party allegiance or particular policies, in Winston Churchill's long career. He was never a man of doctrine or definition. He was always a man of purpose and principle—and so he was, above everything else, a man capable of decision.

No doubt those who wrote him down right up to May, 1940, as a man of little judgment had evidence of the small sort on their side. On this or that specific issue he could be right or wrong; his pugnacious pragmatic energy could carry him hotheadedly (and wrongheadedly) astray, in office or out, in home or foreign or imperial attitudes; he was not an understanding chancellor of the exchequer. But on the great issues he had the instinct of a great moralist; that is what the lesser men did not see until they fell at his feet on the revelation. If he had lived no longer than his father he would have stayed misjudged. But the straight line in his late-fulfilled career was precisely this steady conviction of a simple moralist, splitting right from wrong, good from bad, fair from foul as he saw them—in the frame he fashioned for himself from the unfolding drama of the English people, in which he felt himself, always and passionately, to be a player with the great ones, and the little ones, of the past. Dogmatic he could indeed be, and petulant when opposed or contradicted. He could be outraged when intellectual persons wanted to strip bits from the fabric of English society, for their own rational wartime or peacetime reasons, or to "liquidate" the Empire. But he was never a reactionary and always, in the end, a realist. His mind was never closed, and he was on history's side, because it was to history that he felt he belonged. If the word "intellectual" has a broad as well as a narrow meaning, Winston Churchill was one himself, self-made. He has touched no theme in discourse, familiar or not and whatever his forthright prejudice, without lifting it up beyond the pundit's horizon. And, if decision was demanded, he would—unlike the intellectuals by profession—make it, right or wrong, fairly and unfearfully.

Detached sage then or only man of war and Empire, Churchill never conceivably has been. Yet, for all his perpetual involvement in the smallest squabbles of British politics throughout the twentieth century, detachment is one clue to Churchill's triumph, and his legacy, in the end. Lincoln he admired most among leaders of the English-speaking peoples, but unlike Lincoln he was himself neither a man of his times nor a man of the people whom, nevertheless, he came to symbolise as he led them. Cadet of a noble family, born in Blenheim Palace in the middle of Victoria's reign, he had to make his own thrusting way in the Edwardian world, socially and politically. He owed nothing to the vested ideas or interests of the nineteenth or twentieth centuries. He had his group of friends and colleagues to whom (including Lloyd George) he was devotedly loyal. But until he became the nation's leader in 1940, he had no following, and he had no debts to pay to anybody. Committed always to politics, he was never committed to persons or to programmes. So he was able to transmute the nation's forced struggle to survive in 1940 into a positive act, almost (as he made it seem) a deliberate and historic choice.

That, surely, is his lesson for us now. We have to ride with history, but we must make our choices as we ride. And the first quality of leaders, as the winds of change drive us along, should be precisely the capacity for decision that was Churchill's. Since he ceased to be Her Majesty's First Minister, there have been three Tory leaders—Eden, Macmillan and Home—and three Labour leaders—his colleague Attlee, Hugh Gaitskell and the present new Prime Minister. History will judge them, and especially in the present hard moment Mr Wilson, by test against the true legacy of the grand old man: the capacity for decision, over-ridingly first of all; the feeling behind every decision for what in fact is happening in history, what it threatens and what it offers, to the English people, to their friends—and to their foes; the faith that men still make history not history men; the sense that, whatever befalls, duty has to be done, not prudentially or puritanically but needfully and understandingly and hopefully. Look the world over, at defence, diplomacy, even economics, at the Atlantic community, at Europe (where he would altogether understand, and entirely disagree with, President de Gaulle) and, above all, at fumbling Britain, the best lessons from Sir Winston Churchill still ring like new coin.



As The Economist *goes to press on Thursday evening the world is still watching and waiting—and even hoping against hope that Sir Winston may beat the doctors and .... prophets as he has beaten so many people before. But the near end of the long life, and the hard fight, seems sure.*

Should

It is a hard thing to say, but Mr Wilson's visit to Bonn this week should not have been put off

IT was a mistake for Mr Wilson to announce on Tuesday that he was postponing his visit to west Germany. The illness of Sir Winston Churchill has been overshadowing British politics this week, but there are matters of national importance that Sir Winston himself would certainly not have wanted to be laid aside. Whatever happened, Mr Wilson could not have been blamed for pursuing the nation's urgent business in Germany from Thursday to Saturday. It is unlikely that his presence in London on any of the three days would have been indispensable; if it had been, he could have called back. The nub of the question is whether Mr Wilson really thinks it urgent to be in Germany now, or not.

One can understand his desire to believe that it is not. Herr Erhard's decision to go to Rambouillet at mid-week for a fireside chat with President de Gaulle just before Mr Wilson was scheduled to arrive in Bonn was very much a statement of priorities in German policy. For Britain, it is not a flattering statement. For months, President de Gaulle has been putting immense pressure on the Germans not to go ahead with anything that remotely resembles Atlantic integration in nuclear policy. For weeks the thunder rolled; then, at the first sign that the Germans might be willing to "postpone" a decision on Atlantic nuclear reform—which probably means to let it die—the sun suddenly shone out on Franco-German relations and on Herr Erhard's long frustrated plans for political co-operation among the six countries of the European common market. Herr Erhard badly needs a success on this front to silence his critics at home. It looks pretty plain that President de Gaulle's condition for giving him his success is simply that Herr Erhard should veer off his old Atlantic course.

The implications of this are sufficiently worrying for Mr Wilson to have been tempted, humanly no doubt, to put off the hard battle of trying to pull Herr Erhard back on course again. But this misses a very important point indeed. The present atmosphere in Bonn is one of confusion and uncertainty, not calm fixity of mind. The gap between British and German views on Atlantic nuclear reform, though wide, is not so wide that compromise is impossible. The Germans have been pleased to find, for instance, that the British government has not completely closed the door on a mixed-manned surface fleet as one part of an Atlantic nuclear force. Though other points, such as London's desire for a separate British veto over the use of the force, raise serious problems, there is enough flexibility in his negotiating position for Mr Wilson to give the Atlanticists in Bonn a basis from which to argue their case. By staying away, he deprives them of support at the very moment when Herr Erhard is coming back from Rambouillet with his head full of very different ideas that will tend to crystallise in German policies in the following days and weeks.

Les absents, as the French say, *ont toujours tort*. It will be the easiest thing in the world for hostile men to argue that if Mr Wilson had really cared, he would have gone to Bonn. Doubts about his determination to sell his own proposals on an Atlantic nuclear force will be an extra factor in the heart-searching that is now going on in Germany and Europe. He has made his decision and it is too late to change it. But if he does not want to strengthen the impression that he is willing to bow out of Europe, he had better fix a new date as soon and as near as he possibly can, and keep it.

Breaking the Mould

All over communist eastern Europe economic reform is breaking out

ALL the evidence is that things are still encouragingly on the move in the communist half of Europe. In one very important matter indeed, the pace of change seems to have been accelerating, not slowing down, since the fall of Mr Khrushchev. The Poles, following the example of the Czechs and the east Germans, have announced this month that they intend to alter their system of economic planning so as to allow more scope for profits as a test of a factory's efficiency. In the whole area only isolated little Albania is still stubbornly averting its eyes from these new economic techniques. Yet if one leaves on one side the rather different Jugoslav experiments, it is Russia—which started the trend towards greater flexibility—where the fate of the new economic thinking will be decided. And in Russia the ideas associated with the name of Professor Liberman are clearly gaining ground.

A decree published on January 13th revealed that in 1965 four hundred clothing and shoe factories in the Soviet Union will be switched over to the system that was tried as an experiment in a few enterprises last year. For these 400 factories, detailed production targets will no longer be fixed by the central planners. Instead, enterprises will decide what to produce on the basis of contracts with the shops and other bodies who have the job of selling the goods. If the new method proves as successful on the larger scale as it seems to have been in last year's first experiments, it will probably be extended throughout the whole range of consumer goods industries—and maybe to some parts of heavy industry as well.

Professor Liberman inevitably rejects any suggestion that these reforms, with their emphasis on profits, involve any "conversion to capitalism." As few westerners know exactly what "capitalism" means nowadays anyway, he is as justified in saying this as the Bishop of Woolwich is in denying that

his modernistic views about the spirit are in any sense anti-God. Russia's economic reformers can also point out that, in theory, profitability has always had a part in Soviet planning. In practice, however, when prices were fixed by the central planners, who also set all targets for output and sales, there was little scope for the individual manager; and profit was an inefficient incentive. Certainly it was unable to encourage most of the innovating functions that a progressive economy should want from an efficient managing class.

The pre-Liberman Soviet economic system has been similar in some ways to the system of wartime economy practised by Britain in 1939-45. That system had something to be said for it when the main job was conceived to be to develop the basic production of the country, and so long as consumer demand could be neglected in an almost perfect sellers' market. But as the economy grew more complex and more sophisticated, and as Russia's consumers began to show the first signs of sales resistance, the system of rigid controls ran into serious difficulties. The idea of greater freedom for the individual manager, and greater reliance on profit as a test of efficiency, was first launched in 1962 and then revived again in Russia last autumn. The theories are now beginning to be put into practice.

To list the shortcomings of the present planning system it is no longer necessary to go to western critics. The Russian reformers have provided plenty of material in the last few months. Their main criticism—in addition to the obvious "businessman's objections" to red tape and the waste of labour in filling up unnecessary forms—is that under the present system a manager does not have sufficient incentive, when carrying out the plan allotted to him from above, to introduce more efficient, up-to-date methods and to deliver the goods that consumers really want. The growing stocks of unwanted consumer goods piling up in shops and factories—while other goods in short supply are snapped up by queues of shoppers, and sometimes re-sold at a handsome profit—are the most tangible proof that something has gone wrong.

The formula that is now to be applied to the 400 clothing and shoe factories was first tried in two clothing factories, one in Moscow and one in Gorky. Under this scheme the central planners still lay down each year the minimum output a firm is expected to achieve in terms of value (not in actual numbers of suits and so on). But the individual manager has the right to determine exactly what he will produce, in order to make up this total, by agreement with his purchasers. The price is fixed by contract between the two within the limits prescribed by an official list, allowing for variations to take into account changes in style, the introduction of new processes and so on. The manager of a successful enterprise—one that sells a lot at a good price—will be allowed to use some of the resulting profit for small-scale investment and for adding to his workers' pay packets. But not all; major investments, and the standard wage levels, will still be fixed by the central planners.

Professor Liberman is perfectly entitled to argue that this system "does not weaken central planning, but rather strengthens it" by allowing the planners to get on with their proper job instead of involving themselves in unnecessary details. But much depends on how far the scheme will be allowed to develop. The system is likely to spread vertically from consumer to producer goods industries. At each stage successful managers are likely to claim, in the name of efficiency, that since their factories are profitable they should be allowed a greater share of the profits for further expansion. They may also ask for still more freedom in fixing prices. Indeed, when the debate started in Russia in 1962 the reformers had more ambitious changes in mind, and some of the east Europeans are being more daring than the Russians. The Czechs, for instance, have decided that the prices of some goods should be left entirely to the workings of supply and demand; they also intend to abolish detailed annual plans drawn up by the central authorities in favour of five-year and even longer-term "indicative" plans. Pushed to its logical conclusions, the new system could lead to a conflict between central planning and local enterprise.

If it is pushed further, what results can be expected? One result is, quite simply, that Russians should get richer. At present the Soviet Union has an educated industrial labour force, working with progressively more modern capital equipment, often (though not always) with a greater sense of dedication than in the West. But it is still producing a visible standard of living far below the level that it surely ought by now to be achieving, on any sober view of the investments and sacrifices the Russian people have been making. To western observers, looking first at Russia's scientific achievements and then at the standard of its consumer goods, the economic miracle behind the iron curtain has long seemed to be hanging fire: waiting on some such reforms as men like Liberman—cautiously, and all the time within the limits of the communist system—are just now beginning to propound.

There will be some people in the West who will not welcome the prospect of communist countries growing richer, if these overdue reforms are indeed effected and do in fact succeed. But they should look, secondly, at the possible social effects. If economic reforms of this sort gather momentum, more kudos and therefore more power in the communist countries are likely to go to men who use their brains in innovating, to men who experiment, to men who look outward on the modern world, but also inward on their own absorbing business tasks. On most experience, a Russia influenced by these new, thinking men should be a progressively more comfortable industrial giant to live with.

But will these managerial adventurers, if they do thus fully emerge, be allowed to gain preponderant influence in the crusted existing order? They would have the advantage, compared with other societies which have reached this stage before, that the overlords of the old order are not buttressed by the power of inherited wealth; they have the disadvantage that the overlords of the old order, thanks to the unhappy stalinist legacy, have a greater degree of autocratic political power than they ever held in the democratic, or ex-plutocratic, powers of the West. Looking back on our own history, western optimists can fairly believe that the new class may break through in a peaceful transformation towards greater affluence for the Russian working man within a much more desirable sort of society; but there have been great minds and prophets in the past who have disagreed about the ease of any such peaceful transformation. This, in at least one sense, looks rather like the stage on the great turning wheel of history where Karl Marx first came in.

A Legislative Memo

In the next two months, the Government seem committed to introducing a controversial new bill almost every week

DESPITE this week's hush at Westminster, there is no point in blinking the strong probability that a peculiarly bad-tempered session of Parliament is about to begin. The Conservatives have got off to a somewhat accident-prone start, as Sir Alec Douglas-Home bounced back from Scotland last weekend, told an army of waiting newsmen that basically his health had never been sounder, and then went down the same evening with raging 'flu. The Government has been cheered by this week's much more encouraging indicators of the state of Britain's economy (see page 355)—mainly as this stood before it introduced its own restrictive measures ; but ministers can be under no delusion that " bunglers " is the favourite word for describing their economic performance so far.

The tone of this session will be determined mainly by whether this impression of ham-fistedness in day-to-day economic policy persists. If Labour can recover its lost image of even semi-competence, it is the knights errant on the Conservative back benches who might yet earn the most unenviable reputation as the *moutons enragés* of this Parliament ; some of them seem capable of making the Tories in opposition look almost as horrible as they did in 1906-14. But the public's political mood will also depend on whether ordinary, reasonable men feel that the Conservatives are given some genuine causes to get enraged about. It is here that the legislative programme becomes important. Between now and the end of March, if last November's parliamentary timetable is to be satisfied, the Government is faced with the prospect of introducing a new and fearfully controversial measure almost every week. At the time of the Queen's Speech in November, *The Economist* argued that six of Labour's adumbrated nineteen measures looked like being bills that the Conservatives would generally be quite right to attack. All of these bills are still due to appear, and it is appropriate to return to comment on them again.

OF the six two are liable to be short measures. One is the bill to put trade union officials who break contracts when calling strikes back into the position above the law which they thought that they enjoyed before the legal decision in Rookes *v* Barnard ; views on this will be coloured by whether the coming royal commission to inquire into matters affecting the trade unions (see page 309) has any chance of being an effective commission. The other is the bill to make Conservative party finance more difficult by requiring companies to disclose political contributions in their accounts ; failing any wider and much more important reforms of company law, we say again that a government which took time out for this isolated piece of coat-trailing would give the impression that it has not quite grown up.

Three more important measures relate to land and housing. Since October Mr Willey's orphan Ministry of Land has been sitting in Gwydir House wondering how on earth to implement Labour's pledge to set up a Crown Lands Commission. Mr Willey should have learned by now that if this commission really is told to nationalise *all* building land as it comes up for development, then the supply of land for development will simply dry up ; property owners, looking at Labour's dodgy parliamentary majority, will have every incentive to hang on to their land until after the next general election. The obvious compromise (which has seemed sensible from the start, on many other grounds) will be to say that the commission should merely purchase land required for integrated schemes of development, reinforcing the powers of compulsory purchase already possessed by local authorities. Since this would immediately introduce a two-tier price system—with land compulsorily bought by the commission getting the lower price, and land sold for private development getting the higher price—Mr Callaghan should introduce a betterment tax on private deals for development land in his April budget. The bill might then become almost non-controversial.

Next, it looks as if Mr Crossman's major rent control bill will operate by freezing existing rents for a period, and saying that those who want particular rents lowered or increased must apply to local rent tribunals. The big need here will be to establish some case law so that, as circumstances in the housing market change, it will become generally known that the tribunals will allow certain necessary rises in rents automatically. As Mr Crossman recognised in November, in the modern world there tends to be

> a continuous growth of wages, of prices and of profits, and if we try to freeze rents when the cost of everything else is rising the result is to create more problems than we solve.

Immediately after this rent control bill, Mr Crossman has said that he intends to introduce his leasehold enfranchisement bill, which will " enable householders with an original lease of more than 21 years to purchase the reversion of their leasehold interest." There are some " complex problems of a technical nature " in the way of this undoubtedly popular measure, one of which is the value to be put on the freehold. The electoral argument for near-expropriatory terms is simply that there are many more people living in leasehold houses than there are ground landlords ; this is not an argument which honest men ought to support.

THE sixth controversial commitment is to steel nationalisation. When Mr Wilson included steel in the present session's programme, he was more frightened of a possible revolt by his own left wing than he was of adverse reactions abroad to his government's economic policies. Circumstances have changed greatly since then. The parliamentary timetable has also become even more crowded than it seemed likely to be in November, because Mr Callaghan's emergency Finance Act took up so much extra time ; the processes of political posturing which have caused Labour to become stuck with steel have thereby become more inconvenient as well as more damaging. It will be a crying pity if Labour decides

instead to squeeze out of its programme some of its more worthwhile proposals, such as a bill for a British ombudsman.

Heaven knows, nobody should wish to urge Mr Wilson towards further vacillation on questions that really matter, like cutting prestigious defence spending, and improving industrial and transport efficiency. But it will be ridiculous for him, while backtracking on these, to press on obdurately with projects having no relevance to his real tasks, and which will merely send zig-zag lightning flashes of righteous wrath across the whole political and industrial scene. Unfortunately, Labour's mood about its parliamentary tactics in the period ahead may depend partly on the results of the present series of by-elections; Mr Gordon Walker's and Mr Cousins's results were due just after *The Economist* went to press.

COMMENTARY

PARLIAMENT

Delayed Action

It is not at all obvious why Sir Winston Churchill's illness should have been thought last Tuesday to oblige Mr Wilson to put off his statement on exports. Cessation of a practical announcement on important public business at a moment of bedside vigil cannot really be called a sign of respect. One possibility is that the new export incentives decided upon were not really going to be very important in themselves, but that the original projected strategy was to make a great *éclat* about them in the hope that people would think that they were; and that Tuesday's calculation was simply that the great shadow in the headlines would rob them of the desired publicity. In that case, the Government's approach to the problem of export encouragement is wrong. Another possible explanation is that Mr Wilson, who intended to follow his parliamentary statement with a television speech, originally had his eye on stirring up political controversy, with yet another attack on the "economic mess the Tories left behind them." That explanation would be more depressing still. In any event, any idea of avoiding unseemly controversy when Parliament reassembled did not succeed. Immediately on reassembly the House erupted into controversy over the Government's extraordinarily ill-conceived attack on building societies (discussed on page 353); and over Mr Thorneycroft's attack on Mr Healey's recent remarks to a private press conference (see page 309).

GERMANY

Elephant Footsteps

When it comes to war crimes and the pursuit of Nazis responsible for them, west German ministers have a habit of making things more difficult for themselves. The remarks made on January 17th by Herr Bucher, the minister of justice, are just the sort to tarnish his government's quite respectable record on this issue. Opposing any extension of the deadline which, as things now stand, will prevent any more cases being brought against war criminals after May 9th, Herr Bucher told his fellow-countrymen that they must get used to living "with a few murderers" and that he himself would be unmoved by demonstrations in Washington and Tel Aviv. Herr Bucher was doubtless irritated by the spate of accusations in a recent Russian note on the subject. But, even allowing for the usual political insensitivity of lawyers, the brutality of his words can only generate more muddled emotion on an issue that could do with a cold douche of common sense.

There are certainly difficulties in extending the 20-year statute of limitations which applies to war criminals like everyone else. If you make an exception for this category of evildoers, what about others? Quite probably many men who did villainous things in the war are now quite honestly horrified by what they did. But it is hard not to feel that those accused of atrocities should at least be brought to trial (what sentence they should be given is perhaps less important) so that people can be reminded of what happened in those days. Instead of huffing and puffing, Herr Bucher would do better to heed the recommendation of the legal committee of the Council of Europe that the statute of limitations should not cover war crimes. On this issue Bonn must walk delicately, not with the elephant footsteps of its minister of justice. It is good to hear that fifty Christian Democrat deputies have demanded a ten-year extension of the time limit.

BRITAIN AND GERMANY

Love and Money

Mr Callaghan, the Chancellor of the Exchequer, confirmed on Tuesday that in 1965 only about a third of the cost of keeping the Rhine Army in Germany will be covered by German purchases in Britain. In the last two years the proportion has been about two-thirds. The difference will cost Britain an extra £30 million or more in foreign exchange this year. This depressing evidence of Britain's difficulties in getting German orders for British equipment gives added interest to some German figures that appeared in *Le Monde* on January 16th. These say that from 1955 to now, the Germans have placed military orders worth $3,500 million in the United States, $1,200 million in France, $500 million apiece in Britain, Holland and Belgium, and $400 million in Italy.

The absolute figures, putting Britain on a level with Belgium and Holland, are interesting enough. Still more so is the relative coverage of the various countries' military expenditures in Germany. It is known that recently the Germans have been fully matching American costs in Germany. But if, as *Le Monde* says, half the purchases in France have been made in the past two years, it looks as if French costs (for an army about the size of Britain's Rhine Army) have been more than covered, despite a balancing item of $200 million of French purchases in Germany since 1955. There is political symbolism in this willingness to do more than meet the French, to meet the Americans and to do less than meet the British. But perhaps it should not be taken too absolutely: the Dutch and Belgians seem to have done best of all.

BY-ELECTIONS

First Tests

The results of Mr Gordon Walker's and Mr Cousins's by-elections will have been announced before this issue is in readers' hands. The main point to watch should be whether Labour's majority is above or below last October's 16.8 per cent at Leyton, and 23.7 per cent at Nuneaton. Both the principal nationwide public opinion polls are now reporting a pro-Labour swing since October of about 3 per cent, which would serve to put up Labour's percentage majority in the average Labour-held constituency by 6 per cent. If, contrary to these indications, the Labour majority in both these constituencies has dropped, the political situation will be

transformed; with its present tiny parliamentary majority, Labour cannot afford to start to lose any ground in by-elections. There has been a tendency to say that the expected drop in turnout in Leyton—an area from which there has been a continuing outflow of population—must naturally be expected to hit Labour. But Mr Gordon Walker cannot reasonably blame any disappointing result on this; all previous experience has suggested that it is the local Conservatives who suffer most from the pattern of migration out of East London.

The other way in which politics could be transformed is if both seats show a pro-Labour swing of much above 3 per cent. In a fortnight's time there are to be by-elections in three Conservative constituencies (Altrincham-Sale, East Grinstead, and Salisbury). The least safe of these three for the Conservatives is Salisbury, which would go to Labour with a swing of 7 per cent, and where a local ex-Conservative MP has announced his intention of splitting the vote against the official Conservative candidate. He will not be a popular character in official Conservative circles during these next two weeks if Mr Gordon Walker and Mr Cousins really have coasted comfortably home.

TRADE UNION INQUIRY

But Which Inquirers?

It looks as if agreement is in process of being reached between Mr Gunter and the Trades Union Congress on the terms of reference for a royal commission into trade unions, management and industrial relations. Presumably, the commission will include some members with experience in, and ties to, the trade union movement. The next question is whether it will also include some people who have in the past been critical of it. If it does not—if the commission merely includes supporters of the existing structure of trade unionism, flanked by people of neutral (rather than inquiring) minds—this will bring the whole name of royal commission into disrepute. The subjects are too vital to the whole future of the British economy for it to be tolerable for them to be put under cosy wraps.

PRESS LEAKS

Speak Up

Several layers of humbug overlay the little argument about confidential briefings for journalists that followed a question in the Commons from Mr Peter Thorneycroft on Tuesday. First, Mr Thorneycroft implied that the Minister of Defence had leaked confidential information to the press. He had not. In fact, in the course of a general briefing for defence correspondents, he gave so little away that some journalists felt constrained to bulk out their slim stories with references to one of Mr Healey's brighter phrases. His ministry is concerned with defence rather than with subsidising certain industries; Mr Healey vividly protested that it is no part of his assignment to "act as wet-nurse to overgrown and mentally retarded children." (This new-minted phrase, incidentally, caused some envy among the staff of this paper).

It now seems naive for Mr Healey to affect surprise when such a phrase creeps forth from the curtain of confidentiality: he was speaking to a large audience, several of whose members are openly committed to the anti-Labour cause. He might have reflected, before speaking, on the way politically intriguing gossip has of getting about—and on the built-in huffiness, and commercial self-interest, of people in the aviation industry who might take this remark (as in context it clearly was not intended) to be a rudeness to themselves.

It is quite as unrealistic for Mr Thorneycroft, who knows something about relations with the press, to adopt a moralistic tone about all this. The government of which he was a member was indeed more expert, by the end of its tenure of office, than the present one in its use of off-the-record chats with groups of informed commentators—the point of these being, of course, that the views there expressed should eventually get on to the record without formally committing their originator. A fault of the present government has been to leak what it wants leaked through the parliamentary lobby correspondents, who are rightly specialists in parliamentary infighting but not in much else. Mr Healey's words were hasty, and they were yet more hastily divulged by journalists who (by the strict letter of a frequently broken rule) should certainly never have divulged them at all. It would be a shame if this led ministers, when they meet the specialist press, to confine themselves to boring propaganda harangues, or to meaningless discretion. It would not just be a shame for the newspapers, but for the public.

LAW REFORM

Green Fingers

Lord Gardiner's potted biography in *Who's Who* informs one that his recreations are law reform and the theatre. There are lawyers who wish that his recreations were theatre reform and the law. For law reform can mean two things at once, and usually does. The first, which nobody can decently appear to oppose, is the process of tidying up the clumsy network of statutes and precedents, old and new, that make up the law of England. The second, which is far more controversial, is the process of liberalisation which—in the law as elsewhere—is a concomitant of modernisation. Nobody can doubt that a really determined fulfilment of the Labour party's commitment, under Lord Gardiner as Lord Chancellor, to carry out law reform under the first head would be accompanied by law reform of the second kind.

This makes it all the more unfortunate—for those who sympathise with both objectives—that the Law Commissions Bill and its accompanying white paper, published this week, would seem to go only three-quarters of the way to setting up a really dynamic law reforming body. Five lawyers will be appointed to the commission by the Lord Chancellor (the set-up will be slightly different for Scottish law), with an adequate staff and with the job of reviewing the whole of the law, submitting proposals for reform, and pressing forward the task of consolidation and statute law revision. The commissioners will also do research for and provide advice to government departments contemplating legislation—certainly an excellent thing. The commissioners will be drawn from the judicial bench, from practising lawyers, and from law dons. But the existing law reform committee for civil law, and the criminal law revision committee, will both be kept in being. Certain projects raised by the new commission will be referred to these bodies. For the criminal law, the Home Office will remain the parent body of the criminal law revision committee; and everybody must know that the Home Office has an extraordinary and persistent talent for finding good reasons for not doing desirable things. This, therefore, does not look like the wholly dynamic Gardiner approach that had been hoped for. All reformers, although not all lawyers, will be sorry.

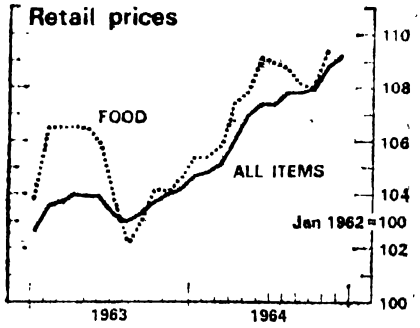
UNITED NATIONS

Prospect of Pickle

Since the New Year, the United Nations has enjoyed a rear view of President Sukarno poised in its doorway, voluble but motionless. The latest indications are that Indonesia may actually get around to withdrawing from the organisation by March 1st (although, despite a shower of contradictory statements from Jakarta, it now seems anxious to remain a member of

Higher Prices

The retail price index jumped nearly half a point in December mainly because of seasonal increases in the prices of household coal. Averaged over the twelve months, 1964 prices were up 3.3 per cent; over the year the rise was 4.8 per cent. The food index was almost consistently higher than the all-items index.



those UN agencies that it finds profitable). But the more pressing question is: what sort of an organisation will exist, on March 1st, to make a withdrawal significant?

The General Assembly, meeting on January 18th after a fruitless three-week break, was at once told by the Secretary-General that funds in hand now barely sufficed to keep working balances in the various accounts from which the organisation has to draw salary payments and other immediate liabilities. The Assembly president then gave warning that on Monday, January 25th, when the random speech-making known as the "general debate" should be over at last, the delegates would have to brace themselves and elect committee chairmen and other officers. Any such voting implies an immediate challenge to the voting rights of the sixteen members who are now two years behind with their dues because of their failure to contribute to peace-keeping costs. As well as Russia and its associates, these include France, South Africa, Yemen, Cuba, Bolivia, Haiti and Paraguay.

Lord Caradon's appeal on Tuesday, when he made his maiden speech in the Assembly, evoked no encouraging response. The Russians gave no sign of accepting his assurance that they would gain prestige, not lose it, if they gave ground. *Pravda* has stiffened the Russian position by arguing, on the basis of some highly selective statistics, that the United States has been making money out of the United Nations rather than putting it in. And there has been no indication that the Americans will flinch from the test of wills that at least seems unavoidable any longer.

To abandon the nineteenth Assembly session altogether may now appear an attractive alternative to facing the critical showdown on voting rights. Some interesting calculations can be made about which member governments would be pleased rather than horrified if this session lapsed into silence. But the underlying issue goes much deeper than the question whether the largely ritual Assembly debates are to be put off until the autumn. The financial clash really poses the question: can the UN retain and develop an active peace-keeping role, or is it to survive merely as a spectacular talkathon, pickled and powerless? It is the mass of member states, who have helped to get it into its present pickle by letting its finances depend so decisively on the two superpowers, who now face the real challenge.

TWO IRELANDS

Eireann Go Bragh

A QUIET luncheon last week brought together, for the first time since 1922, the prime ministers of the Irish Republic and of the province of Northern Ireland. Mr Lemass and Mr O'Neill were brought together by a native of Ulster who is also secretary of the department of finance in the Dublin government. (The corresponding civil servant in Belfast is a native of Dublin.) This was a meeting of Irishmen to discuss Ireland's own inimitable problems, which are among other things very much economic problems. Bluntly, neither a population of 1.4 million north of the border, nor a population of 2.8 million to the south, makes a reasonable home market. The chances of success for Northern Ireland's economic development plan, which is expected to be revealed before the end of this month, would certainly be improved if cross-border trade were eased.

Only a few extremists, north and south, have shown the predicted dismay at this meeting. The same extremists, in the Republic, have been increasing the ridicule in which they are held by their behaviour over Princess Margaret's private visit; Mr O'Neill's extremist critics in the north harmed their reputation during the pre-election riots in Belfast. What should outsiders now do to help the Irish majority along the sensible path of economic co-operation? The British government can hurry up, for the sake of Irish as well as other sufferers, the removal of the 15 per cent surcharge on imports that has so menaced growth in the Republic. Some immediately friendly gesture, such as the return of the remains of Sir Roger Casement to Dublin, would cost nothing and could only increase the general euphoria. Towards the north the best economic gesture would be in favour of the forthcoming development plan (but only if it deserves such favours). The position of Mr O'Neill *vis-à-vis* the sternly Protestant supporters whom he cannot afford to offend would doubtless be strengthened if a British minister chose to point out the obvious—that the United Kingdom would not impose upon its own subjects certain laws, say on censorship or on contraception, that are willingly accepted by the citizens of the Republic. Talking their way to wealth is the job for the Irish now. There is no need to spoil the party by talk of national unity. Yet.

SALARIES

Leap-Frog in Whitehall

A DISCUSSION in *The Economist* last May suggested that Britain's salariat had much less to moan about since 1955 than they had in the early fifties. It now seems that perhaps some of them have been doing even better than our figures then suggested.

About 1,500 civil service administrators and statisticians in Whitehall—all those except the higher grades—have recently benefited not only from the 3½ per cent central pay award but also from an additional special award of, for most of them, about £150 a year. A man appointed at the age of 28 as a civil service principal or civil service statistician in January, 1960, at £1,500 a year, now, at the age of 33, earns £2,714; his pay has gone up 80 per cent in five years, or 12½ per cent a year. This latter figure is the more interesting when it is remembered that civil servants' pay is regulated by the rule of "fair comparisons" with outside. Apparently, therefore, the civil service investigators have discovered that a rise of this order for intelligent young salary earners has been quite normal.

This rule of "fair comparisons" does not

The Economist

JANUARY 21, 1865

THE HIGH PRICE OF MEAT

¶ The high price and comparative scarcity of meat are topics of universal interest, from the householder, who feels the pinch on his pecuniary resources, to the cabinet minister, who feels not altogether easy as to possible pressure on the resources of the country. We regard the modern rise in the price of meat, not only without apprehension, but as one of the means by which British husbandry will by-and-by come to take its proper place in the various industries of the nation. Meat is dear because the labouring classes are earning good and constant wages, and they expend a considerable portion of such wages in better food than they formerly bought, thus creating a largely increased and effective demand for meat. And with this increased demand for meat there has been no equivalent increase in the supply. We find in society and in the press some surprise expressed that an effective demand has not produced a more adequate supply, and some not always complimentary allusions are made to the unreadiness of farmers in meeting the increased demand. But such remarks only prove how very little knowledge of the state and operations of English agriculture exists in the mind of the non-agricultural public. . . . The first increase must, of course, consist of breeding stock, which ought to be kept on many farms where only feeding stock have hitherto been kept, or where there has heretofore been little stock of any kind. This at once involves a considerable outlay of capital in addition to that already employed. . . . But the farmers already complain that they have no security for the capital they at present employ, that they are yearly tenants, that they are overrun with game and game watchers, and in many cases they require their land to be drained and extra buildings put up before they can hope to breed stock profitably. We need scarcely suggest to the reader, especially if he has any practical knowledge of English agriculture, what an amount of obstacle to be overcome is here indicated. And he will experience very little difficulty in understanding why even the actual prices of meat and wool fail to provide the consuming public with that extra supply of meat the exigencies of our society demand.

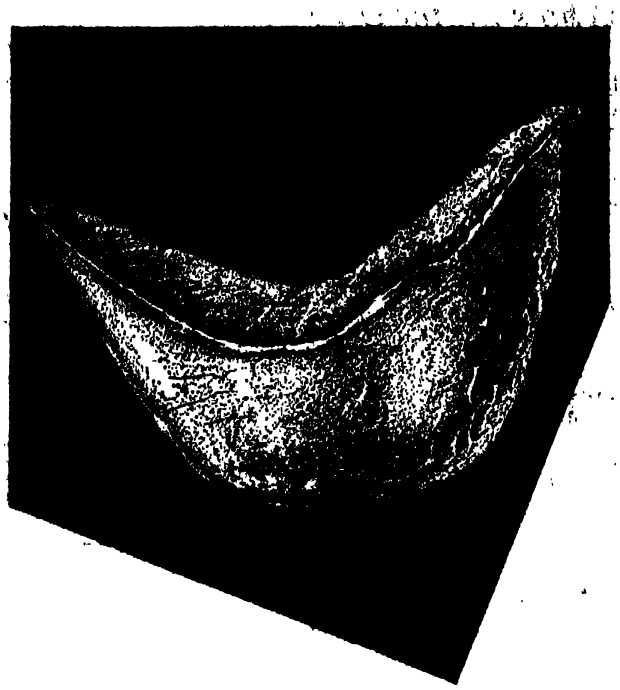
EUROPE *Caravelle*

The Air France Caravelle network for 1965 is the best yet, with frequent flights from London to NICE *(direct or via Paris)*—MARSEILLES for the Côte des Maures, the Calanques and the Camargue — MILAN for the Italian Lakes and Dolomites — PALMA for Majorca *(and sea connections to Minorca and Ibiza)* —BARCELONA *(air connections to Palma and Ibiza)* for the whole of the Costa Brava and Costa Dorada. Also services to ROME, NAPLES, VENICE, GENEVA, MADRID, LISBON, ATHENS and NORTH AFRICA. There are also direct flights from Manchester to Paris, connecting with services to the above destinations. Ask your Travel Agent or nearest Air France office for the free 50-page Summer Programme, which also gives details of Air France's exciting long distance Welcome Tours.

a Service

AIR FRANCE, 158 NEW BOND STREET W1
London GRO 9030 Birmingham CEN 9251/4 Manchester DEA 7881/5
Glasgow CEN 8054/5/6 Dublin DUBLIN 78073

AIR FRANCE
THE WORLD'S LARGEST AIR NETWORK



Solid silver "Shoes" were used as a form of currency throughout China until early this century.
Times and Customs change.
Today, trade and finance with the East require the full facilities of great international banking organisations. The Hongkong Bank Group offers such a service and can provide, immediately, the latest information and expert advice on all aspects of trade and finance in these areas.

THE HONGKONG BANK GROUP

THE HONGKONG AND SHANGHAI BANKING CORPORATION
HEAD OFFICE: HONG KONG
LONDON OFFICE. 9 GRACECHURCH STREET EC3

THE HONGKONG AND SHANGHAI BANKING CORPORATION OF CALIFORNIA
80 SUTTER STREET SAN FRANCISCO
212 WEST SEVENTH STREET LOS ANGELES

MERCANTILE BANK LIMITED
HEAD OFFICE 15 GRACECHURCH STREET
LONDON EC3
WEST END BRANCH: 123 PALL MALL LONDON SW1

THE BRITISH BANK OF THE MIDDLE EAST
HEAD OFFICE: 7 KING WILLIAM STREET
LONDON EC4

Who's Better Off?

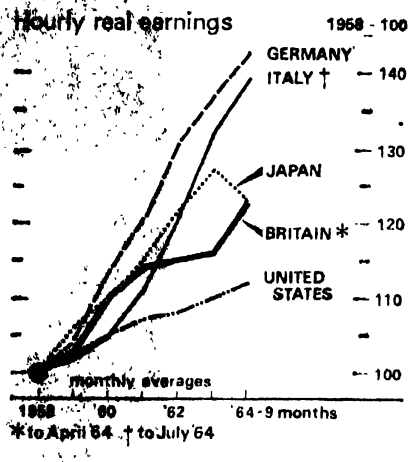
In terms of rises in hourly pay over the last six years, our table shows Italy at the top of the league of five industrial countries.

It takes second place to Germany, however, when increases in consumer prices are taken into account, as in the chart.

*PERCENTAGE INCREASE 1958-1964**

	Hourly earnings	Cost of living
United States	20	7
Britain	**39**	**13**
Germany	63	14
Italy	70	22
Japan	63	32

** Monthly average in first nine months of 1964 (except Britain up to April and Italy to July) compared with 1958 average.*



entirely satisfy civil servants; they complain that they are always a step behind industry, as shown by the backdating of awards (this year's is retrospective to January, 1964). They may also complain that our example is misleading because the young principal has benefited not only from an improved salary scale but from progression up that scale. The more usual comparison is of scales only; for a principal or statistician, £1,500-£2,120 was considered appropriate in October, 1958, £2,185-£2,985 in January, 1964 (now uplifted by the latest central pay award to £2,259-£3,087). This increase is equivalent to between 7 and 8 per cent a year at both top and bottom of the scale, compared with the 3 to 4 per cent of central pay awards. The next move in the Whitehall leap-frog game must come from Lord Frank's advisory committee on the pay of the highest ranks of civil service. Another big rise for them seems quite inevitable; the gap between the maximum in the principal's scale, which is outside the Franks committee's purview, and the start of the assistant secretary's scale, which is within it, has narrowed to only £48 a year.

JAPAN

Honourable Activity

After a twenty-year eclipse, Japanese foreign policy is at last emerging from the shadows. The visit to Washington of the Japanese prime minister, Mr Sato, which ended on January 13th, shows how Japan is coming back to a certain independence. During his talks with President Johnson, Mr Sato stuck firmly to the view that his country must strengthen its economic and cultural ties with communist China.

In fact, it is clear that Mr Sato's thinking on relations with China goes beyond the simple development of commercial exchanges. His emphasis on the need to take "an Asian view" of Asian affairs, and his belief that his country can provide a useful link between the communist and non-communist worlds, point in the direction of a mediating function for Japan in the Pacific. As the most powerful industrial country in Asia—see the next article—Japan needs Asian markets. As an island off the Chinese land mass it needs good relations with its giant neighbour, as well as with America. To reconcile these two requirements Mr Sato is developing in connection with China a theory already implicit in the practice of Japanese governments: the idea that commercial relations can be kept distinct from political ones. But it seems doubtful whether he will be able to keep this up for very long. It is clearly in the interest of the Chinese communists to force Japan to choose between Peking and Taipeh, and trade could be a powerful lever to force the choice.

The arrival in London on January 15th of the Japanese foreign minister, Mr Shiina, is another sign that Tokyo is growing more active. It was accompanied by rumours that Japan is willing to mediate in the dispute between Indonesia and Malaysia. Such an offer would be in line with Mr Sato's policy of damping down the fires of south-east Asia; from the British point of view, it could serve the useful purpose of enabling soundings to be taken of President Sukarno's intentions without involving Britain directly. Quite possibly Mr Sukarno is not interested in serious negotiations, but it is worth while seeing. It is natural that Japan should wish to have a foreign policy proportionate to its real strength in the Pacific area, and Mr Sato's caution and realism can probably prevent him from over-estimating the cards he has in his hand. Japan could be a steadying influence in an area badly in need of steadying.

World's Third Power?

It is hard to make statistics speak politically, but those that the Japanese iron and steel federation put out on January 13th (see *The Economist* of January 16th, page 243) shout. Japanese steel production has risen by more than eight million tons in one year, from 31.5 million tons in 1963 to 39.8 million in 1964. This may not sound much, but it is the highest increase any steel industry, bar the much larger American one, has ever managed in a single year, and it has hoisted Japan above Germany as the world's third steel producer. By any standard, Japan's performance is amazing. It now produces as much steel as all the six countries of the European common market put together did only eleven years ago. Since 1958 alone, it has increased its output by an amount larger than the entire production of Britain's steel mills in 1964.

It often happens that significant events are played down because people are waiting on greater ones that do not necessarily come off. It took decades in the 19th century to discover that the industrial revolution might be still more important to the world than the French revolution. France was still being written off as the Sick Man of Europe when the dying Fourth Republic bequeathed a modern country to President de Gaulle as the instrument of his present policies. And now everyone is looking to China, while the comparatively little man beside the giant is, almost unnoticed, performing prodigies. Japan now outpaces Germany in producing ships, electricity, textiles and commercial vehicles, as well as steel, even if Germany is still ahead on passenger cars, coal, cement and foreign trade. Given its rate of growth, Japan should soon be economically the world's third greatest power, or the fourth if the common market develops into a power in its own right. That too could be a major political fact.

The Economist

Subscription and Gift Orders

If you would like to receive The Economist regularly please fill in your name and address and hand this order to your newsagent—or send it direct to the publisher at the address below. If you would like to give The Economist to a friend, we will gladly arrange for a gift card to be sent with the first copy.

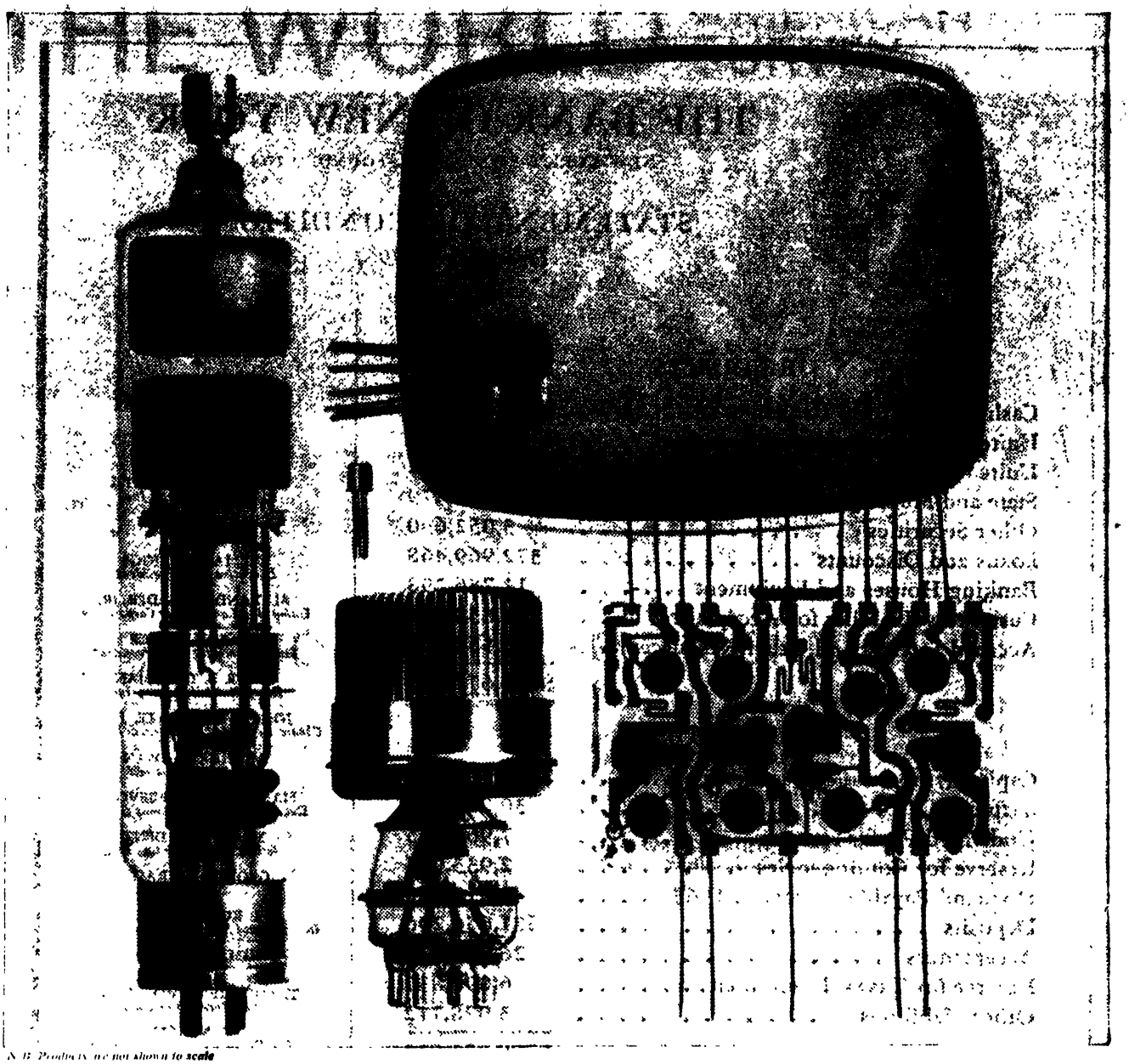
Annual subscription by ordinary mail UK £6 0 0d; USA $19.50; elsewhere overseas £6.10.0d. By air see page 382

☐ Payment enclosed ☐ Please send bill

The Economist, 25 St. James's Street, London, S.W.1

NAME .....
(BLOCK CAPITALS)

ADDRESS .....



N.B. Products are not shown to scale

the product is only part of the deal

An electronic component is a valve or a transmitting tube; a photo-electric cell or a magnetic memory core; a transistor or an integrated circuit; or one of a hundred devices which are at the heart of modern electronics.

But to the equipment manufacturer it is not the components alone which are all-important. He sees them only as part of a transaction which should provide him with research and applications know-how, technical data and assistance in many forms, and an assurance of dependability which can only come from exceptional experience in production and quality control.

This is the kind of support that goes with Mullard products, and with emphasis on quality and performance. The plants in which the products are made are purpose-built; much of the intricate machinery and test gear is designed and engineered on the spot: even glass is specially made and metals processed from the basic raw materials so that quality may be controlled from the earliest stage.

Fourteen separate plants, twenty thousand employees, serving the Electronics Industry . . . if we are not serving your Company already, please let us know if we can help you.

Mullard

MULLARD LIMITED MULLARD HOUSE TORRINGTON PLACE LONDON W.C.1

ORGANIZED BY ALEXANDER HAMILTON

THE BANK OF NEW YORK

NEW YORK'S FIRST BANK—FOUNDED 1784

STATEMENT OF CONDITION

December 31, 1964

RESOURCES

Cash and due from Banks	$232,281,785
United States Government Securities	95,725,756
United States Government Agency Securities	17,701,474
State and Municipal Securities	25,763,479
Other Securities	3,052,690
Loans and Discounts	372,969,468
Banking Houses and Equipment	11,786,298
Customers' Liability for Acceptances	24,838,654
Accrued Interest and Other Resources	5,552,309
	$789,671,913

LIABILITIES

Capital (750,000 Shares—$40 Par)	$ 30,000,000
Surplus	30,000,000
Undivided Profits	7,967,385
Reserve for Contingencies	2,933,944
Dividend Payable January 2, 1965	1,012,500
Deposits	681,656,296
Acceptances	26,925,239
Reserve for Taxes, Interest, etc.	6,097,837
Other Liabilities	3,078,712
	$789,671,913

Reserves deducted from:	
Securities	$ 3,445,216
Loans and Discounts	2,148,696
Securities pledged to secure U. S. Government Deposits and for other purposes as required or permitted by law	$21,770,690

48 Wall Street

New York 10015

Fifth Avenue Bank Office at 44th Street

Park Avenue Office at 52nd Street

Madison Avenue Offices at 63rd Street and 73rd Street

CBS Building Office at 51 West 52nd Street

(Opening March 1965)

TRUSTEES

SAMUEL H. WOOLLEY
President

CHARLES M. BLISS
Chairman

H. ADAMS ASHFORTH
Albert B. Ashforth, Inc.

JERVIS J. BABB
New York

WILLIAM R. BIGGS
Executive Vice President

ALEXANDER CALDER, JR.
Union Bag-Camp Paper Corporation

HUGH R. CHACE
Senior Executive Vice President

ALGER B. CHAPMAN
Beech-Nut Life Savers, Inc.

JOSEPH H. CHOATE, JR.*
Choate Reynolds, Huntington & Hollister

ARTHUR H. DEAN
Sullivan & Cromwell

ELI WHITNEY DEBEVOISE
Debevoise, Plimpton, Lyons & Gates

MAGRUDER DENT
Joshua L. Baily & Co., Inc.

GEORGE C. FRASER
New York

J. ROY GORDON
International Nickel Co. of Canada, Ltd.

THOMAS F. MILBANK
New York

THEODORE G. MONTAGUE
The Borden Company

M. NIELSEN
The Babcock & Wilcox Company

H. LADD PLUMLEY
State Mutual Life Assurance Company of America

HENRY J. SCHULTE
New York

HOWARD E. SIMPSON
Baltimore

HOWARD C. SMITH*
New York

HANS STAUFFER
Stauffer Chemical Company

JOHN FAIRFIELD THOMPSON*
New York

JOHN C. TRAPHAGEN
New York

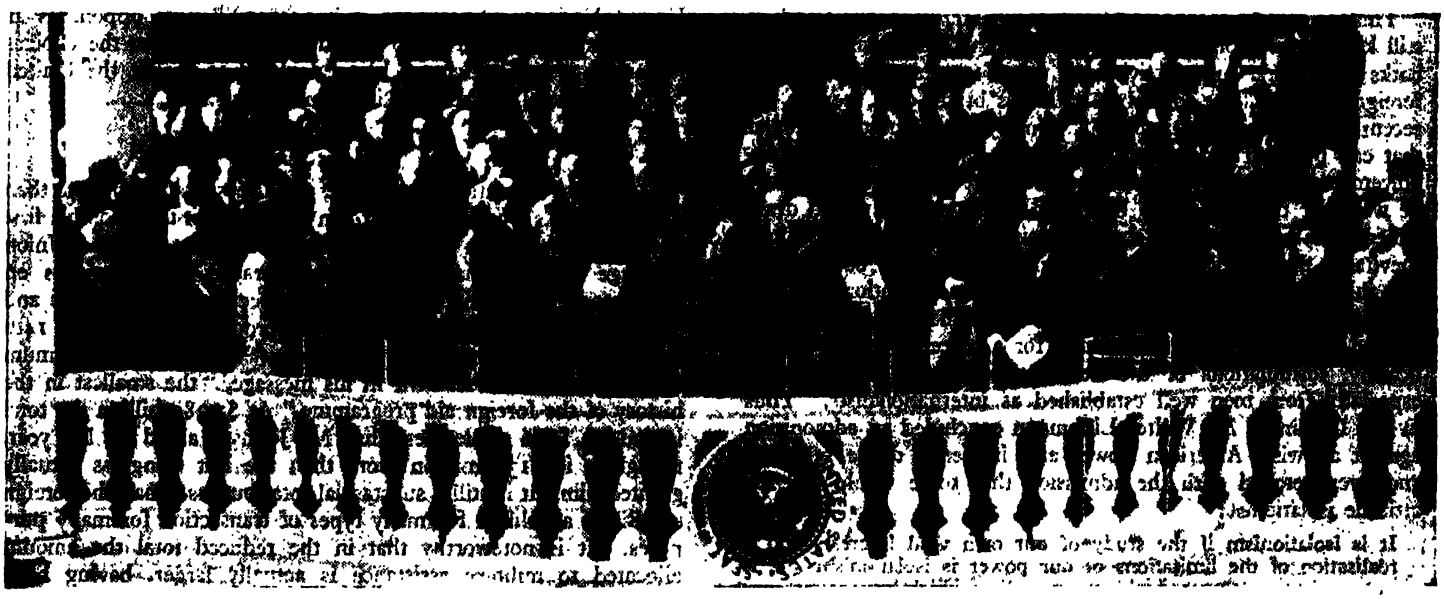
FRANKLIN B. TUTTLE
Atlantic Mutual Insurance Company

STEPHEN F. VOORHEES*
Smith Smith Haines Lundberg & Waehler

*Honorary Trustee

NEW YORK CLEARING HOUSE MEMBERSHIP NUMBER ONE • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION • MEMBER FEDERAL RESERVE SYSTEM

THE WORLD AMERICAN SURVEY



Inauguration of a practical man

WASHINGTON, DC

PRESIDENT JOHNSON'S Inaugural Address at the Capitol on Wednesday read and sounded like a homily, traditional and stylised, but it did make some points of substance. On a comparison with Mr Kennedy's ringing address of 1961 what is most striking is Mr Johnson's vastly greater emphasis on the pursuit of social justice at home. Mr Kennedy's "struggle against the common enemies of man—tyranny, poverty, disease, and war itself" was propounded as an enterprise for all the world.

With tradition on his side, Mr Johnson brings the principle of equality and the right to the pursuit of happiness back home. "A land of wealth" must not put up with poverty, hunger and illiteracy within its own borders; "for thirty years I have believed that this injustice to our people, this waste of our resources, was the enemy." In his hands, similarly, the principle of union becomes a law of domestic harmony and tolerance and a recognition of the common interest of all groups of the American nation—"not without differences of opinion but without the deep and abiding divisions which scar the union for generations." An unexpectedly philosophical passage—the brief vestige, one supposes, of a more formidable body of prose in some early draft—offered a view of the Great Society as not a finite thing but "the excitement of becoming—always becoming, trying, probing, falling, resting, and trying again—but always gaining." Perhaps this was the most difficult concept that Mr Johnson offered to his listeners. But if he took the Great Society out of any particular framework of time he placed it firmly, in the next sentence, in a framework of geography: "in each generation, with toil and tears, we have had to earn our heritage again."

What is for export is liberty: this too is traditional. The liberation of man, said the President, "is still our goal" but he made clear at once that in his mind the torch-bearing mission must know its bounds, keep within the practical and distinguish aspiration from action: "if as a nation there is much outside our control, as a people no stranger is outside our hope." By the side of Mr Kennedy's audacious pledge to the world—"let every nation know that . . . we shall pay any price, bear any burden, meet any hardship"—this is a muffled trump indeed, the utterance of a leader to whom only the attainable is of interest. Lest this practical spirit should be misunderstood abroad, Mr Johnson added "we can never again stand aside prideful in isolation."

Priorities Begin at Home

WASHINGTON, DC

PRESIDENT JOHNSON has marked the season of his inauguration with a rapid stream of messages to Congress. These outline policies and propose legislation. They also create the appearance of a capital astir with activity and purpose, an impression which Mr Johnson plainly finds congenial. Beneath the bustle, however, is a prudent deliberation so far as he is concerned. No modern President has been better placed to take his time and feel his way. Where the late Mr Kennedy was elected by a hair's breadth, Mr Johnson won the biggest ever percentage of popular votes and his party a two-thirds majority in each house of Congress. The Republicans are making efforts to close ranks and organise to make good some of their congressional losses; but they are far from getting into shape to deny Mr Johnson a second elective term. At 56 he can reasonably plan for a Presidency to last, barring some turn of fate, until January, 1973.

Being the man he is, when he thinks of those eight years he sees problems enough crowding in and is disinclined to go out looking for more. In his presumptive two terms he can expect a growth of 23 million in the population of the United States, a need for 8 million new places in the schools and colleges, a demand for 10 million more jobs and 8 million more houses and for the expanded and remodelled urban life and services that such a growth, superimposed on to the arrears from the past, makes urgent. Matched with reality, the Great Society may sound

like the empty promise of a golden age; but at least, while providing a sonorous phrase for those who want phrases, it is a serviceable cover-all for the mass of social, economic and administrative donkey-work that ought to be tackled.

This, as closely as one can fix it at a time when guesswork is still king, is the spirit in which the Johnson Administration embarks on its first full elective term. It does seem to mean that foreign policy will be looked at with less bright eyes than in the recent past. Plainly it implies a primacy for domestic policy if that can be contrived. Also implied is a drawing-back from involvements that seem to promise more trouble than they may be worth or that can safely be left to others or that would drain off energies and resources that are going to be needed at home. Inevitably the reproach of "isolationism again" has been raised. But this is superficial. Between globalism and isolationism there is extensive middle ground and it is somewhere in this middle ground that Mr Johnson is looking for a place to stand. Significantly, formulations of the new attitudes have been coming especially from men well established as internationalists. Thus in late December Mr Walter Lippmann concluded an admonition against allowing American power and influence to be scattered and overstretched with the admission that some would call his attitude isolationist:

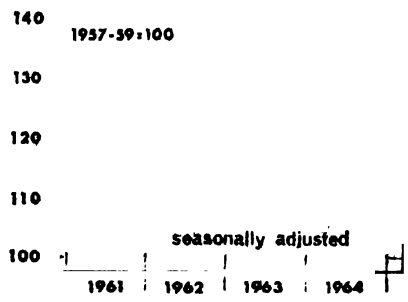
> It is isolationism if the study of our own vital interests and a realisation of the limitations of our power is isolationism. It is isolationism as compared with the globalism which became fashionable after the second World War.

Mr Lippmann's point was that, with clearly vital interests in Europe and in North and South America, the United States should beware of Asian and African entanglements. Last week Senator Fulbright, chairman of the Foreign Relations Committee of the Senate and a not less noted internationalist, put the same thesis in a framework of home policy in a speech at Miami. Mr Fulbright said that the cold war had been "an excuse as well as a genuine cause for the diversion of our energies from domestic well-being to external security"; that the solution of domestic problems had a bearing on a nation's success in its foreign relations; and that it was time to turn to "slums and crime and poverty and inadequate education."

These and similar voices make explicit what President Johnson by his silences and his omissions has been allowing to be inferred. So different is Mr Johnson from the late Mr Kennedy—by origin, experience, education, associations and temperament—that the moment was bound to come when he would stamp American policy with his own branding iron, if only events would stand still to allow him to do so. The new brand begins to be visible. There is no need to fear that the American head is burrowing back into the sand or that Mr Johnson wants this to happen; he is not a man to waste breath sighing for the impossible. There will be no conscious neglect of alliances, so long as they are serviceable. There is no intention of allowing American military supremacy to be weakened or lost. The attitude to the United Nations provides a useful acid test of American foreign policy as, curiously enough, it did in domestic politics in last year's election campaign. In that campaign the opponents of the United Nations were defeated by the supporters. Mr Johnson may conceivably introduce a hard-headed note one day in his dealings with the General Assembly, but he will not join the opponents of the United Nations, who are, as it happens, his own opponents as well. Mr Johnson seems to intend, in sum, to make the choices in foreign policy which are best calculated to permit the United States to attend in safety to its domestic business.

INDUSTRIAL PRODUCTION

The output of America's factories shot up in December as the automobile manufacturers made up for production lost by strikes during the autumn. But other important industries also did their bit. For 1964 as a whole the index stood at 132, 6 per cent above 1963.



Like most theoretical statements, this is easier to formulate than to apply. Something of it can be traced in this month's first flock of messages to Congress. After the State of the Union Message with its mainly domestic character, the messages on health and on education opened up perspectives of innovation and reform. By contrast, the foreign aid proposals of January 14th breathed defensiveness and frugality: "This is a minimum request," said the President in his message, "the smallest in the history of the foreign aid programme." At $3.380 billion the total is, indeed, $136 million less than Mr Johnson asked for last year, though it is $130 million more than the last Congress actually granted him. It is still a substantial total but, as usual, the foreign aid Bill is a hold-all for many types of transaction for many purposes. It is noteworthy that in the reduced total the amount allocated to military assistance is actually larger, having been allowed to rise to $1.170 billion from $1.055 billion requested and granted last year. Between military assistance and aid in support of military efforts, South Vietnam takes more than $500 million; (the President indicated that it might have to have even more and that he would ask for an additional stand-by authority for the purpose). In setting his request for money for development loans as low as $780 million, the President virtually accepted last year's severe cut as a precedent.

Admittedly, it takes no new philosophy of government to see that the established pattern of American foreign aid has lost many of its natural friends without in any way conciliating its enemies. One of the natural friends, Professor Frank of Johns Hopkins University believes that bilateral development aid should now be done away with as far as possible and that, instead, the International Development Association should be expanded. This device would meet the common criticism that well-off European countries are not carrying their share of economic aid. It would also take the funds out of the detailed control of Congress and their administration to a substantial extent out of American hands. There is still much resistance to be worn down before Congress settles for this or some similar means of escape from a policy that it has long been weary of.

On January 15th the President asked Congress to give the arms control and disarmament agency another four years of life with a modestly expanded budget. His defence of its usefulness to date was routine but, without doubt, sincere. What is now hoped is that, with the improvement of seismic detection, it will soon be possible to extend the treaty banning nuclear tests to cover underground tests and that this may be followed up by something more difficult and ambitious, an agreement to prevent the dissemination of nuclear weapons. Mr Johnson's defence message, which went to Congress on Monday, contained nothing revolutionary. It does mark, for the present, a levelling-off of defence expenditure after the steep increase pushed through by Mr Kennedy. The defence budget, which rose from $43 billion in 1959-60 to more than $51 billion in 1963-64, has been successfully cut back in the current fiscal year to $49.3 billion and the estimate for the next one is down by a further $300 million. This is the fruit of Mr McNamara's diligent pruning and rationalisation; but what made it possible was the completion of most of the costly re-equipment programmes of the past presidential term. Monday's message spoke of two new missiles but

BROWN BROTHERS HARRIMAN & CO.

BANKERS

NEW YORK BOSTON PHILADELPHIA

Business Established 1818

Correspondents throughout the World • No Foreign Branches or Affiliates

Partners
J. EUGENE BANKS
MOREAU D. BROWN
PRESCOTT BUSH
WILLIAM R. DRIVER, JR.
FIBRIDGE T. GERRY
E. R. HARRIMAN
FRANK W. HOCH
STEPHEN Y. HORD
R. L. IRELAND, III
F. H. KINGSBURY, JR.
ROBERT A. LOVETT
JOHN B. MADDEN
THOMAS MCCANCE
L. J. NEWQUIST
ROBERT V. ROOSA
L. PARKS SHIPLEY
JOHN C. WEST
KNIGHT WOOLLEY
Limited Partners
LOUIS CURTIS
GERRY BROTHERS & CO.
W. AVERELL HARRIMAN

Statement of Condition, December 31, 1964

ASSETS

CASH ON HAND AND DUE FROM BANKS		$ 99,112,666.55
U.S. GOVERNMENT SECURITIES, DIRECT AND GUARANTEED		47,153,985.64
STATE, MUNICIPAL & OTHER PUBLIC SECURITIES		51,143,510.11
OTHER MARKETABLE SECURITIES		2,946,622.20
LOANS AND DISCOUNTS		100,196,149.93
CUSTOMERS' LIABILITY ON ACCEPTANCES		18,468,165.23
OTHER ASSETS		4,809,578.58
		$323,830,678.24

LIABILITIES

DEPOSITS		$283,251,685.11
ACCEPTANCES: LESS AMOUNT IN PORTFOLIO		20,505,387.13
ACCRUED INTEREST, EXPENSES, ETC.		868,322.46
CAPITAL	$ 4,000,000.00	
SURPLUS	15,205,283.54	19,205,283.54
		$323,830,678.24

Complete Banking Facilities • Investment Advisory Service • Brokers for Purchase and Sale of Securities

MEMBERS OF PRINCIPAL STOCK EXCHANGES

Licensed as Private Bankers and subject to examination and regulation by the Superintendent of Banks of the State of New York and by the Department of Banking of the Commonwealth of Pennsylvania. Subject to supervision and examination by the Commissioner of Banks of the Commonwealth of Massachusetts.

An ocean-going chemical plant?

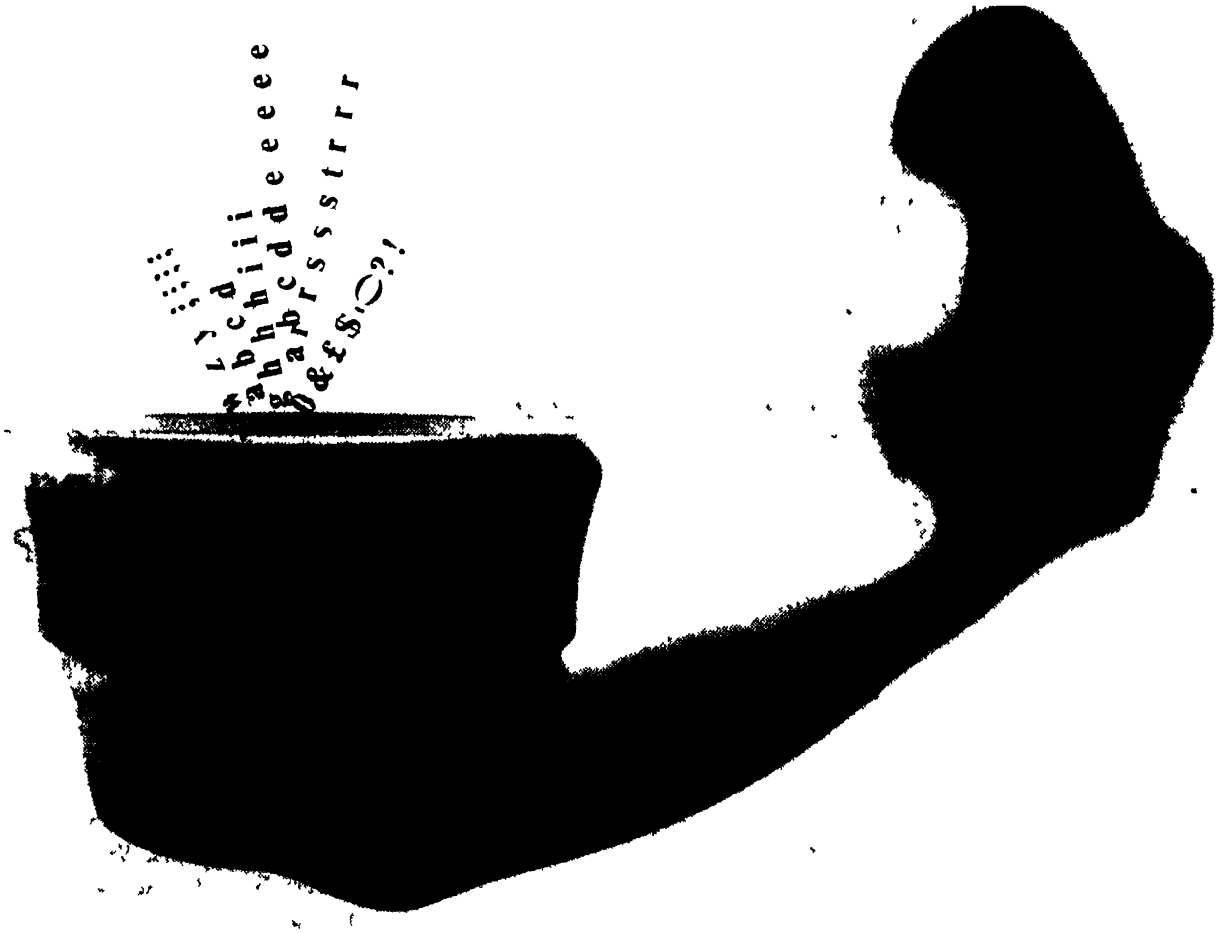
Unfortunately, no one has sent us that kind of order. *Yet.* But the idea is not without merit. No rent to pay. Ready access to raw materials. And markets. And no worry about contaminating rivers, beaches, or harbors with industrial wastes.

Until we get such a challenging order, we'll have to content ourselves with building superior ships and chemical plants. *Separately.* We take pride in our ability to use imagination in the solution of difficult engineering problems. *Example:* Our leadership in the application of modern automation systems to cargo-liners and tankers. We also excel in such fields as engines, land development machinery, electrical machinery, steel structures, and industrial machinery and equipment. May we help *you?*

B & W Diesel-Engine Senior Licensee

MITSUI SHIPBUILDING & ENGINEERING CO., LTD. Tokyo, Japan

HEAD OFFICE: Mitsui Main Bldg 1-2 chome, Nihonbashi Muromachi, Chuo-ku Tokyo, Japan Telex No TK 2821. Cable Address: MITUIZOSEN TOKYO NEW YORK SPECIAL REPRESENTATIVE: 17, Battery Place, New York 4, N.Y., U.S.A. Telex No RCA NY 222761 Cable Address. MITUIZOSEN NEWYORK. DUESSELDORF SPECIAL REPRESENTATIVE Versorgehaus Duesseldorf, Berliner Allee 22 Duesseldorf, West Germany. Telex No 08-58199 LONDON SPECIAL REPRESENTATIVE. c/o Mitsui & Co. Ltd., Bucklersbury House, 83 Cannon Street London E.C. 4, England. Telex No UK 28881 Cable Address: MITSUI LONDON. OVERSEAS AGENTS: Branch Offices of Mitsui & Co., Ltd. in all major cities abroad NORWEGIAN AGENT. P. Kopaas Shipping Agency A.S., Pilestredet 33 Shipping Bldg., Oslo 1, Norway Telex No OSLO 1378. Cable Address. BAILINOPO.



No back-chat—just the right answers

. . . from the quick-witted Honeywell H-200 computer. And a performance that leaves rivals standing.

Four firsts go to this prodigy: First computer in this new generation to prove itself in actual performance. First with a realistic delivery time. First computer with the exclusive "Liberator" concept which makes it compatible with other manufacturers' machines. No expensive reprogramming! First low-cost, high-speed model to read, write, punch, print and compute simultaneously—something computers planned for the future can't match!

There's more: The H-200 is one of the Honeywell family of computers designed to grow with your developing needs. You just add to it, never have to stop and start again.

We don't know precisely what the Honeywell H-200 can do for you—yet! But come and talk to us and we'll tell you.

Honeywell
COMPUTERS

Contact Honeywell Electronic Data Processing, Moor House, London Wall, London, E.C.2. Telephone: MET 9581

one of these, the Poseidon, is not quite as new as it sounds, being apparently the Polaris B-3 announced last May but under a new name, while the other, the SRAM, an airborne stand-off missile with a range unofficially estimated at 150 miles, is new enough but not yet near production.

The big question is whether the levelling-off of defence spending can really be maintained into the future and this still depends, above all, on the President's ability to resist military and industrial pressure for an anti-missile missile system. Mr Johnson discussed this briefly and vaguely, pointing out that a comprehensive programme would cost "tens of billions of dollars." He said that he would not shrink from the expense for proposals that were justified by their effectiveness, but "we must not hastily expend vast sums on massive programmes that do not meet this test." Thus the fateful decision about the Nike-X system, with its stupendous cost and its vast implications, is deferred once more, while research and development go on.

In a message to Congress on January 13th Mr Johnson requested yet again the reform of the immigration laws which President Kennedy asked for but which he and Mr Johnson both failed to get from the last Congress. The problem is to get rid of the system by which the national origins of today's Americans act as a yardstick for deciding the number of visas for immigrants from the various countries concerned. Instead, it is proposed that, by the end of a five-year transition period, the national quotas should be pooled and divided equally between relatives of immigrants already in the country and people likely to be useful because of their education, training or skills. The attempt to preserve the existing "national" or "ethnic" character of the United States has been the basis of American immigration law since 1921. Successive Administrations have been clear that nowadays this will not do but they have never been able to get Congress to agree upon what should be done instead. Mr Johnson, in putting the new immigration law so high on his list, is fulfilling an election pledge; his success or failure with it will be a good test of the complexion of the new Congress.

Congress's Musical Chairs

ANXIOUS to get down to work and reluctant to cast any shadow of disunity over Mr Johnson's inauguration, the Senate voted to postpone until March 9th the perennial struggle to make it easier to bring filibusters to an end; the support of two-thirds of the Senators present and voting is now required to shut off such attempts to talk Bills to death. Liberals acquiesced enthusiastically in the arrangement because it preserved "all existing rights"—a reference to their contention that at the beginning of a new Congress only a majority vote is needed to change the rules. When this issue comes up in March liberals expect that Mr Humphrey, who, from this week onward, will be presiding over the Senate, will decide in their favour. Other difficult problems have been impossible to postpone. For Senate Republicans the thorniest has been how to give Mr Strom Thurmond, of South Carolina, their new recruit from the Democratic ranks, committee assignments sufficiently important to maintain his face with his constituents—and to encourage other southern defections.

The Republican leaders were helped in this by the decision of party members to follow the Democrats' example and make a small dent in the strict rules of seniority which govern committee assignments; from now on Republicans holding seats on one of the four most highly prized committees—Appropriations, Armed Services, Finance and Foreign Relations—may not have a second such "blue ribbon" assignment until it has been offered to all those Republicans without even one. This reform—designed primarily to put more limelight on Senators who must seek re-election in 1966—helped to give Mr Case, a progressive from New Jersey, the seat on the Foreign Relations Committee which he has long coveted; (it has been strengthened on the Democratic side by the addition of Senator Clark and Senator Pell). As Mr Case had to give up his seat on the Armed Services Committee, Senator Thurmond was enabled to remain on one of the committees on which he had served as a Democrat and even to step up in seniority. But his attempt to remain on the Commerce Committee or to join the Judiciary Committee was frustrated by angry liberals.

In the House of Representatives the new Republican leader has come a cropper in his effort to loosen the grip of midwestern conservatives on party posts by putting a new, fairly liberal easterner in the job of whip. Mr Ford overestimated his own influence and underestimated the popularity of Mr Arends, of Illinois, who has been Republican whip for over twenty years. Mr Ford also overestimated the Republican desire for a clean sweep; as Mr Arends put it, "we don't want blood all over the floor." How handsomely House Republicans will reward their defector from the Democrats—Mr Watson of South Carolina—is not certain. He took the plunge when he was stripped of all his Democratic seniority for having supported Mr Goldwater in the campaign.

Slow March to Rights

CLEARLY the city of Selma, Alabama, is not worried about public relations. The day after it reached international fame as the place where the Negro leader, Dr Martin Luther King, was attacked while signing the book in a hitherto all-white hotel—Selma's sheriff arrested 62 Negroes who wanted to register as voters. The next day he arrested 200 more. The demonstrations in Selma were the first led by Dr King since he won the Nobel Peace Prize in November; the object was to force the city, known as the capital of the Black Belt, to comply with the Civil Rights Act of 1964, first by allowing Negroes into previously segregated restaurants, theatres and hotels, and then by permitting them to get their names on the voting rolls. The first goal was reached—although at the cost of some injury to Dr King. The second was not.

So goes the progress of civil rights—some steps forward and some back. The pursuit of justice in the case of the three young civil rights workers who were murdered in the backwoods of Philadelphia, Mississippi, last summer has jerked forward on its uncertain course. The Department of Justice, twice thwarted, has succeeded in having a federal grand jury return indictments against the local men who are suspected of having shot the three youths. These include 17 of the original suspects, among them the Neshoba County sheriff, Mr Rainey, his deputy, Mr Price, and the two

Suspect Sheriffs

men who are said to have confessed. The Justice Department hopes for an early trial on the charges that the men deprived the three volunteers of their civil rights. Chances are not high that they will be found guilty. An even stronger test of the conscience of Mississippi is yet to come, however. In the first week in February the state grand jury meets. Unlike its federal counterpart, it can bring charges for murder. Its members will have at their disposal all the voluminous evidence collected by the Federal Bureau of Investigation and can make of it what they will.

In Georgia, a federal judge has set aside the convictions of twelve Negroes who had been arrested for trespassing—that is, not leaving a restaurant at the request of the owner. But most of the signs that progress in civil rights is steady are to be found outside the South. The Supreme Court has overturned the conviction of a Negro leader arrested in Baton Rouge, Louisiana, in 1961 for a breach of the peace at a racial demonstration. The Democratic National Committee has set up a group to "aid" (or to put pressure on) state organisations of the party to root out discrimination in their ranks. If any state Democratic party has not done so by 1968, its delegates will not be seated at the presidential nominating convention. But perhaps the biggest impetus to change is the determination of federal agencies to enforce the section of the Civil Rights Act denying federal funds to programmes from which people are shut out because of their race. So seriously do southern Governors regard this threat to the schools, hospitals and military projects in their states, all dependent on federal funds, that they took time from the inaugural festivities in Washington to talk about it.

Mr Connor's Example

THE smooth-as-silk confirmation by the Senate last week of Mr John Connor as Secretary of Commerce should make it somewhat easier for the President to recruit successful businessmen for posts in the government; Mr Johnson may well have planned it that way for his first major Cabinet appointment. Twelve years ago other industrialists shivered at Mr Charles Wilson's congressional ordeal before he became Secretary of Defence. The Secretary's power to allocate defence contracts makes the Armed Services Committee particularly severe; Mr Wilson had to sell all his shares in the General Motors Corporation. But more recently Mr Franklin Roosevelt, Jr, the Under Secretary of Commerce, had to sell some shares in a shipping company; he placed the proceeds in an irrevocable trust. This is the device chosen by Mr Connor, until last month the president of Merck and Company, a big pharmaceutical firm, to insulate himself from suspicions that his private interests might influence his public decisions—although he retains his pension rights.

He is putting his shares (mostly in Merck), worth over $2 million, into trust, irrevocable as long as he remains in government, to be managed by the Morgan Guarantee Trust Company. The trustee will have absolute authority to buy and sell shares and will even make out Mr Connor's income tax returns so that he will remain ignorant of the sources of his income. The *New York Times* suggests bluntly that it would be a fine thing if the trust

Helping Hand for Chile

FROM A CORRESPONDENT IN CALIFORNIA

The Chile-California Programme is a unique experiment in which one of the most highly developed areas of the United States is extending a helping hand to a much less developed but very similar one abroad. The scheme was launched officially last May with the opening of a headquarters in Santiago, Chile, but until Senor Frei won last autumn's presidential election in Chile the experts from private industry, the universities and state agencies in California could do little more than draw up blueprints. Now, with the assurance of a sympathetic government in Chile, they are converting them into practical measures; in so doing they are establishing a new "first in foreign aid."

True, the funds for the programme are coming from Washington and the host country is financing both the technical and research assistance and the housekeeping and travel expenses on the spot. But California is supplying all the technical experts. The state's initiative was inspired by the striking resemblance between California and Chile, thousands of miles apart and very different culturally, but both lands bathed in the western sun, hugging long coastlines and cut off from the rest of a continent by mountain ranges. Both depend heavily upon irrigation to make their deserts bloom with fodder for beef and dairy cattle, all kinds of vegetables, citrus groves, nuts, avocadoes, figs and wine grapes. In both regions the population is congregated in a few centres; of Chile's 8 million or so inhabitants, 70 per cent live in the four largest cities, with 25 per cent in Santiago; with the Port of Valparaiso this is in embryo a metropolis which could rival the urban spread of Los Angeles and Long Beach.

But on this foundation California has long ago built up a highly sophisticated urban and industrial society which Chile is only now struggling to emulate. Memories of their own growing pains make Californians sympathetic and so do historic ties dating from the days when both Chile and California were Spanish colonies and the best way to reach California from Europe was round Cape Horn. Sentiment aside, the technical experts in economics, agronomy, marketing, water development, transportation and the like believe that they are exceptionally qualified to advise Chileans on how, starting with roughly identical resources, to rival California's achievement. The projects range from studies of the need for some method of telling the unemployed where jobs are to be found, in an economy where availability is often advertised by a sign hung outside the worker's house, to large-scale development schemes, such as the Maule River Basin Project.

The latter, which is engaging the talents of specialists from the Californian Department of Water Resources and Stanford University, is a grand design to convert a fertile inland area of Chile into a counterpart of California's teeming San Joaquin Valley, where almost every imaginable foodstuff is raised in abundance. But in the long run the most significant scheme may prove to be the Budget Bureau Project, in which Californians are instructing Chilean government officials in the techniques of planning investment. In Chile, public investment accounts for some 50 per cent of all capital outlays and to date it has proceeded on a hit-or-miss basis. Now for the first time the Chileans have begun to assign priorities to those investment projects which are most urgent and to abandon some bad ones.

In terms of the vast appropriations for foreign assistance approved annually by Congress, the Chile-California Programme is mere chicken feed—$600,000 last year, rising to an estimated $1.4 million in 1965. What makes it noteworthy is that one of the fifty states has taken a hand, on its own initiative, in making American foreign economic policy. Unfortunately, other states have difficulty in finding partners with such close natural affinities as that between Chile and California.

THE CHASE MANHATTAN BANK

Incorporated with Limited Liability under the laws of the State of New York

Head Office: 1 Chase Manhattan Plaza, New York 15, NY

CONSOLIDATED STATEMENT OF CONDITION, DECEMBER 31, 1964

ASSETS

Cash and Due from Banks	$3,005,406,194
U.S. Government Obligations	1,236,673,394
State, Municipal and Public Obligations	1,159,163,592
Other Securities	35,249,128
Investment in Subsidiaries not Consolidated	19,223,533
Mortgages	769,230,787
Loans	6,391,100,292
Banking Premises	148,206,173
Customers' Acceptance Liability	167,090,839
Other Assets	86,807,628
	$13,018,151,560

LIABILITIES

Deposits		$11,357,072,387
Funds Borrowed		312,033,605
Reserve for Taxes		39,048,059
Acceptances Outstanding		170,187,224
Other Liabilities		115,785,397
Reserve for Possible Loan Losses		167,480,514
Reserve for Contingencies		45,631,262
Capital Funds:		
Capital Stock (Par Value $12.50 Per Share) 20,951,331 Shares Outstanding of 21,622,848 Shares Authorized	$261,891,637	
Surplus	500,000,000	
Undivided Profits	49,021,475	
		810,913,112
		$13,018,151,560

Of the above assets $1,218,730,520 were pledged to secure public deposits, and for other purposes, and trust and certain other deposits are preferred as provided by law. Securities with a book value of $10,967,672 were loaned to customers against collateral.

LONDON BRANCHES
6 Lombard Street EC3 · 46 Berkeley Square W1

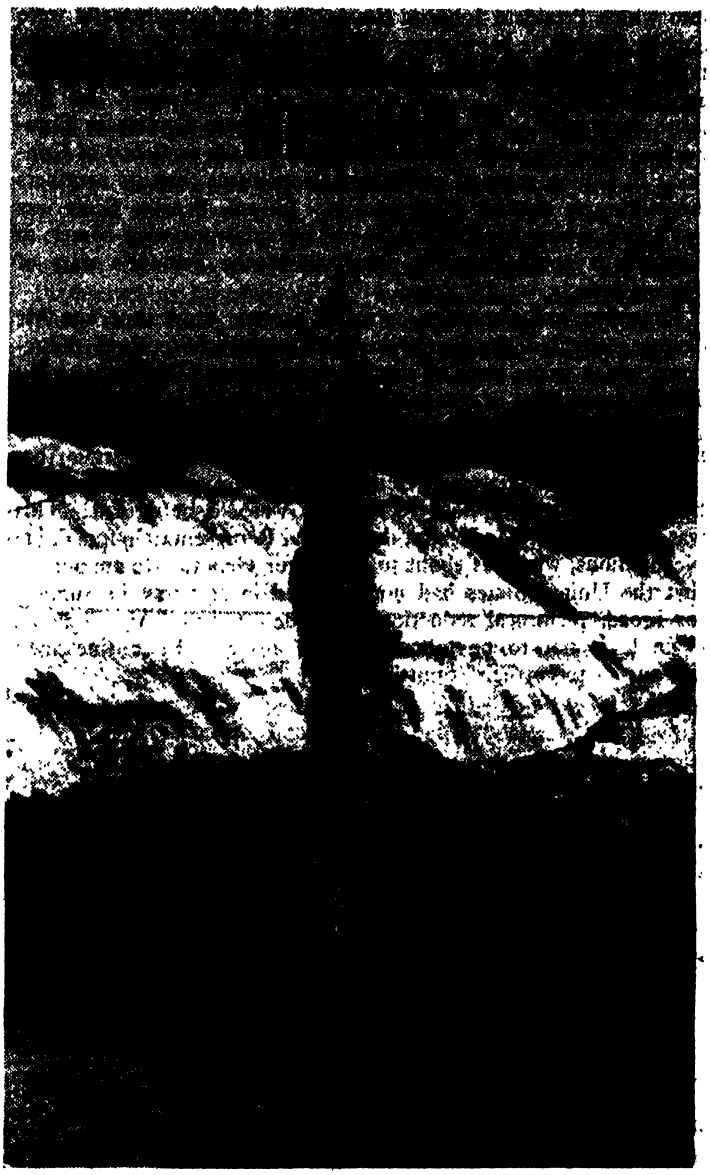
Overseas Branches: London · Paris · Frankfurt/Main · Monrovia · Lagos · Beirut · Tokyo · Osaka · Hong Kong · Bangkok · Kuala Lumpur · Singapore · San Juan · Bayamon · Rio Piedras · Santurce · Panama · Chitre · Colon · David · Balboa · Charlotte Amalie · Christiansted · Frederiksted · Cruz Bay · Nassau · Santo Domingo · Santiago de los Caballeros · Port-of-Spain

Offices of Representatives: London · Berkeley Square (Senior European Representative) · Bogota* · Bombay · Buenos Aires · Geneva* · Madrid · Mexico DF · Rio de Janeiro · Rome · John F. Kennedy International Airport, New York NY · Washington DC
*Chase Manhattan Overseas Banking Corporation

The Chase Manhattan Bank (South Africa) Limited Republic of South Africa
JOHANNESBURG · CAPE TOWN · DURBAN

The Chase Manhattan Trust Corporation Limited, Nassau, Bahamas

Associated Institutions Banco Lar Brasileiro, SA Brazil, Banco Mercantil y Agricola, Venezuela · Banco Continental, Peru



—just about everywhere in the world of international trade!

In India --November 12, 1964 marked the opening of the Kiriburu Mining Project, developed by the Indian government as part of its long-term economic development plan. In addition to providing an essential crushing plant, Nissho, as principal importer, concluded an agreement for the purchase of £100 million worth of Kiriburu's ore over a period of ten years.

In over fifty of the world's principal trade centers there are experienced Nissho trade experts ready to talk business with you – whether your business be ships, metals, machinery, textiles, foods or general commodities. Why not have a talk with your local Nissho representative sometime soon. It could well be the most profitable chat you'll ever have.

General Importers and Exporters
THE NISSHO CO., LTD.

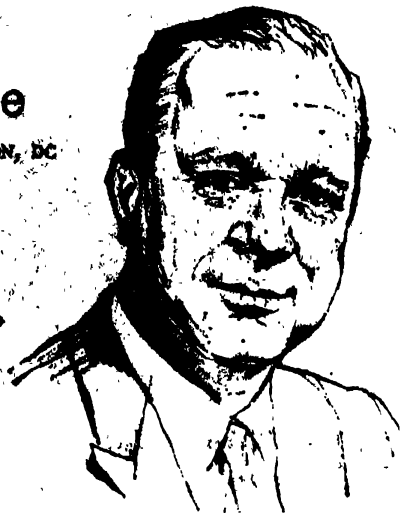
Head Office: Higashi-ku, Osaka, Japan Cables: NISSHOCONY OSAKA Telex: OS3264, OS3265, OS3361, OS3481 **Tokyo Office:** Tokyo Boekikaikan Bldg., Tokyo, Japan Cables: NISSHOCONY TOKYO Telex: TK2233, TK2234, TK2460, TK2538 **London Branch:** 14 Finsbury Circus, London E.C. 2. Tel: LONdon Wall 9891/5 Telex: UK 28302 Cables: NISSHOCONY LONDON **Overseas Offices:** Hamburg, Düsseldorf, Paris, Barcelona, Antwerp, Lisbon, Milan, Athens and 45 other major cities throughout the world.

into which President Johnson has put his television interests were equally "blind." Mr Connor has also promised that he will not take part in decisions on patents and export controls—two fields in which Merck and Company is deeply concerned. All this more than satisfied the members of the Senate Commerce Committee; Mrs Neuberger even apologised for the tendency of Congress to require more of presidential appointees than its members are willing to require of themselves. Indeed, Senator Scott was not above asking Mr Connor to use his influence with Merck to persuade it not to move a plant out of the Senator's state of Pennsylvania.

Fireworks had also been expected because some time ago Mr Connor criticised the across-the-board approach to tariff reductions, which is the heart of the Kennedy Round. These fireworks did not materialise in committee although Mr Connor stuck to his position that reductions in tariffs should be made industry by industry product; he even tried to argue that the American negotiators in Geneva had come round to his position because certain exceptions to the rule were to be agreed. This was too much for Mr Herter, the Special Representative for Trade Negotiations, who was about to depart for Geneva. He announced that the United States had not modified in any way its support for broad, reciprocal reductions in trade barriers. Mr Connor's example is not to be followed in all respects by businessmen anxious to serve their countries.

Long Odds in the Senate

WASHINGTON, DC



The most improbable event during the first weeks of the new Congress seemed to be the election by the Senate's Democrats of Senator Russell Long of Louisiana as their whip or second-in-command below Mr Mansfield of Montana, the leader of the Democratic majority in the Senate. On any rational basis, it seemed preposterous to elevate a man who had opposed consistently the most important measures submitted by President Kennedy and President Johnson and who has never been able to maintain cordial relations with either Mr Johnson or Mr Mansfield. Besides this, Mr Long's sixteen-year career in the Senate has been marked by a mercurial desire to play the maverick, an inability to get down to sustained hard work and a lack of any solid accomplishment.

Although the whip is charged theoretically with the duty of corraling votes for party programmes, the office is really what the occupant makes it. When Mr Mansfield held it for six years under the authoritative majority leadership of Mr Lyndon Johnson, it was largely honorific. As whip under Mr Mansfield for the past four years, Mr Humphrey functioned as assistant majority leader. But Mr Long intends to be neither a figurehead nor a deputy but the *de facto* leader of the Senate, eclipsing the ascetic, often wavering Mr Mansfield. Indeed within a week after becoming whip he startled fellow Senators by imposing his will upon Mr Mansfield over the size of the Finance Committee.

Mr Long was not elected whip to challenge Mr Mansfield's faltering rule but for a variety of petty reasons stemming from the internal politics of the Senate, including a pronounced lack of personal enthusiasm for his major rival, Senator Pastore of Rhode Island. The disparate coalition of southern conservatives and midwestern liberals which elected Mr Long may get more than they bargained for. Throughout his political career, Mr Long has been misunderstood and generally underestimated. He is not, as colleagues variously describe him, merely a southern conservative in liberal's clothing, merely an agrarian radical or merely a confirmed political eccentric but rather a volatile concoction of all three with a great deal more ambition than has been suspected until now.

Any appreciation of Mr Long must begin with the enormous impact on him of his late father, or rather the memory of his late father, Senator Huey (the Kingfish) Long, the absolute dictator of Louisiana and perhaps the most successful demagogue in American history, who was assassinated in 1935. When the son was elected to the Senate in 1948 he told friends of his firm intention to vindicate his father, mainly by behaving himself in the Senate.

As a result, Mr Long has been more of a conformist than was his madcap father, but not a complete conformist by any means. The family heritage has asserted itself periodically with Kingfish-style oratory on the floor of the Senate, replete with high-pitched wails and foot-stamping. Usually, this has been called forth by issues of less than central importance on the national scene, such as Mr Long's desire for a larger Marine Corps, his objection to the financing of communications satellites by private capital or his desire to give more government life insurance to ex-servicemen. Furthermore, he has demonstrated an unfortunate tendency for bizarre personal vendettas against top government officials. For instance, to show his unalterable opposition to foreign aid he tried unsuccessfully to block the appointment of Mr Douglas Dillon (now Secretary of the Treasury) as Under Secretary of State during the Eisenhower Administration. Even less successful have been his periodic attempts to emulate his father in controlling Louisiana politics. Recently he was thoroughly repudiated in his efforts to win the Governorship for a cousin. On balance, the public career of Mr Long has not been impressive.

Yet, during the past two years, there has been a subtle change not readily perceived by his colleagues and certainly not a factor in their decision to elect him as whip. The change began in January, 1963, when Senator Kerr of Oklahoma, the mighty uncrowned king of the Senate, died. This created a power vacuum on the Finance Committee, which considers all tax legislation, that Mr Long hastened to fill. Given a position of leadership for the first time, Mr Long showed a modicum of responsibility for the first time. Previously a favourite of the lobbyists in securing tax concessions for special interests, Mr Long became the ally of President Kennedy in securing tax reforms. Previously the champion of the doctors in opposing government hospital insurance for old people, Mr Long made certain that the Senate insisted upon its plan for "medicare" being included in any revision of social security legislation passed by Congress. More important, Mr Long, who used to be absent without leave from the Senate for great stretches, became remarkably diligent.

The long-range importance of Mr Kerr's death was that it created a power vacuum in the Senate at large that has not been filled to this day. From his strategic position on the Finance and Foreign Relations Committees and now as majority whip, Mr Long's great ambitions to follow in Mr Kerr's steps are by no means as improbable as they might seem at first glance. There is really nobody else. If Mr Long becomes the *de facto* leader in the Senate, the liberals who elected him out of personal pique with Mr Pastore, may regret it for years to come. For in spite of his greater diligence and responsibility, Mr Long remains a

highly unsuitable spokesman for the Democratic party. Although instinctively a liberal and hostile to big business, his economic views are naive and antiquated; they are little different from his father's populism. Although not personally antagonistic to the Negroes, as a Louisiana politician he cannot champion their cause on behalf of the Democratic party. In foreign relations, Mr Long tends to be alternately isolationist and jingoistic. For all of these reasons and because of his personal hostility toward Mr Johnson, the rise—present and future—of Mr Long in the Senate is viewed with some trepidation in the White House. Although Mr Johnson could have defeated him for whip a few weeks ago if he had chosen to do so, Mr Long will be a difficult man to stop now.

Troubled New York

1. Feuding Democrats

NEW YORK

FOR the first time in thirty years the Democrats are in control of both houses of the New York State Legislature, but they have yet to control themselves. Bitter fighting between the forces of Mr Wagner, the Mayor of New York City, and those of his opponents, from outside it, has prevented the Democrats so far from choosing their leaders and getting down to business. At stake are more than five hundred patronage appointments, as well as the power to make important assignments to committees and to decide on the Bills to be adopted. The Mayor's opponents seem to have a majority among the Democrats but if a vote were taken at present on the floor the Republicans would outvote both wings of the divided majority. A decision will have to come soon but Democrats know that this is only the first round in a fight for control of the state organisation and for the power to pick the Democratic candidate for Governor in 1966. Senator Robert Kennedy has been staying out of the fight, as he promised Mr Wagner he would, although he owes his nomination to the Mayor's opponents and may well be in the end the instrument through which power in the party is wrested from New York City.

Traditionally most of the Democrats' leaders (and most of their votes) have come from the big city. But in the elections this autumn it was the Democrats from "upstate" (outside the city) who swung behind Mr Kennedy at once, while Mayor Wagner waited until the last possible moment. Moreover, this year it was the upstate Democratic vote which proved decisive. Now these leaders want an equal voice in the party's inner council, if not control of the state organisation itself. Their argument is that upstate New York is no longer one vast rural reservation that casts its vote automatically for the Republicans. Fewer than 15 per cent of its population can be classified as rural; the majority live in cities such as Albany, Binghamton and Buffalo and their suburbs. But such cities, which normally would be heavily Democratic, are, with the exception of Albany, only marginally so, because voters in them identify the Democratic party with New York City's interests, not with their own.

Now, around the figure of Senator Kennedy, decidedly not a New York City candidate, the upstaters have begun to develop some strength. Moreover, their opposition to Mayor Wagner has attracted several of the political bosses from New York City and its suburbs who have opposed the Mayor in the past and lost; some reform Democrats have also been weakening in their loyalty to Mr Wagner. Late last week the Mayor dropped a bombshell —the charge that one of his opponents, Mr McKeon, the state chairman, had tried to bribe members of the Legislature. This charge, on top of the deadlock in Albany, will hurt Democrats from marginal districts all over the state. It is also likely to cost the Mayor Mr Kennedy's neutrality.

2. Welfare's Farewell?

NEW YORK

IN New York City public welfare rates on the dimensions of big business. There are some 500,000 residents on assistance who receive $40 million monthly from city, state and federal funds and the number keeps growing every day. To administer this sizeable programme the city maintains a staff of more than 12,000; 7,500 of them have been on strike since January 4th. As a rule white collar workers in America shy away from strikes and trade unions, partly as a way of indicating that they do not think of themselves as members of the working class. Moreover, under New York State law municipal employees are prohibited from striking against their employers. This week the leaders of the two unions involved have been sentenced to thirty days in gaol.

The welfare workers' unions are demanding more money and better conditions. Their members, most of whom are social investigators or case workers, have starting salaries of $5,150 a year with a maximum after nine years of $7,190—quite modest by city standards. They want substantially more and also a lightening of case loads, that is, a reduction in the number of "clients" (in some instances as many as a hundred) which each investigator must handle. The city's response has been a terse offer of an addition of $300 to salaries and negotiations have broken down.

Thus far both the city and the clients have survived. Ten of the city's twenty-five welfare centres have closed down but the others have dealt successfully with all of the paper work. Cheques have been sent out to the needy; "special" emergency cases have been advised to appear in person when, after a cursory examination, the city employees have been empowered to hand over cash. In short, what is by-passed is the checking or investigating that is conducted by those on strike (and that is required by law).

The municipality's success has stymied the strikers temporarily. But a still greater fear looms ahead, which they are only now beginning to comprehend. Their function—and with it their jobs—may soon be outmoded. The Commissioner of Welfare, though he sympathises with the plight of the welfare workers, would like to see any additional funds spent on higher-paid specialists: psychiatric social workers and psychologists, men and women trained to deal with the essential tasks of rehabilitation and counselling. The clerks on the one hand (if the law can be changed to dispense with on-the-spot checks) and the specialists on the other (should the city get funds to employ them) may soon squeeze out the investigators who come in between.

On Being Well Informed Internationally

The Economist Intelligence Unit Quarterly Reviews cover more than 120 countries.
The EIU Reviews analyse and interpret economic, business and political conditions and prospects.
There are fifty eight reviews each published quarterly. Annual supplements to each review give essential data for each country.
The reviews are published by EIU International Division in London working closely with experts in each country. The EIU has its own offices companies and experienced representatives in all countries of commercial importance.
Available, on annual subscription, or singly for each country or group or for the whole series. Full particulars of this series and of many other EIU services in "International Services for Business" available from

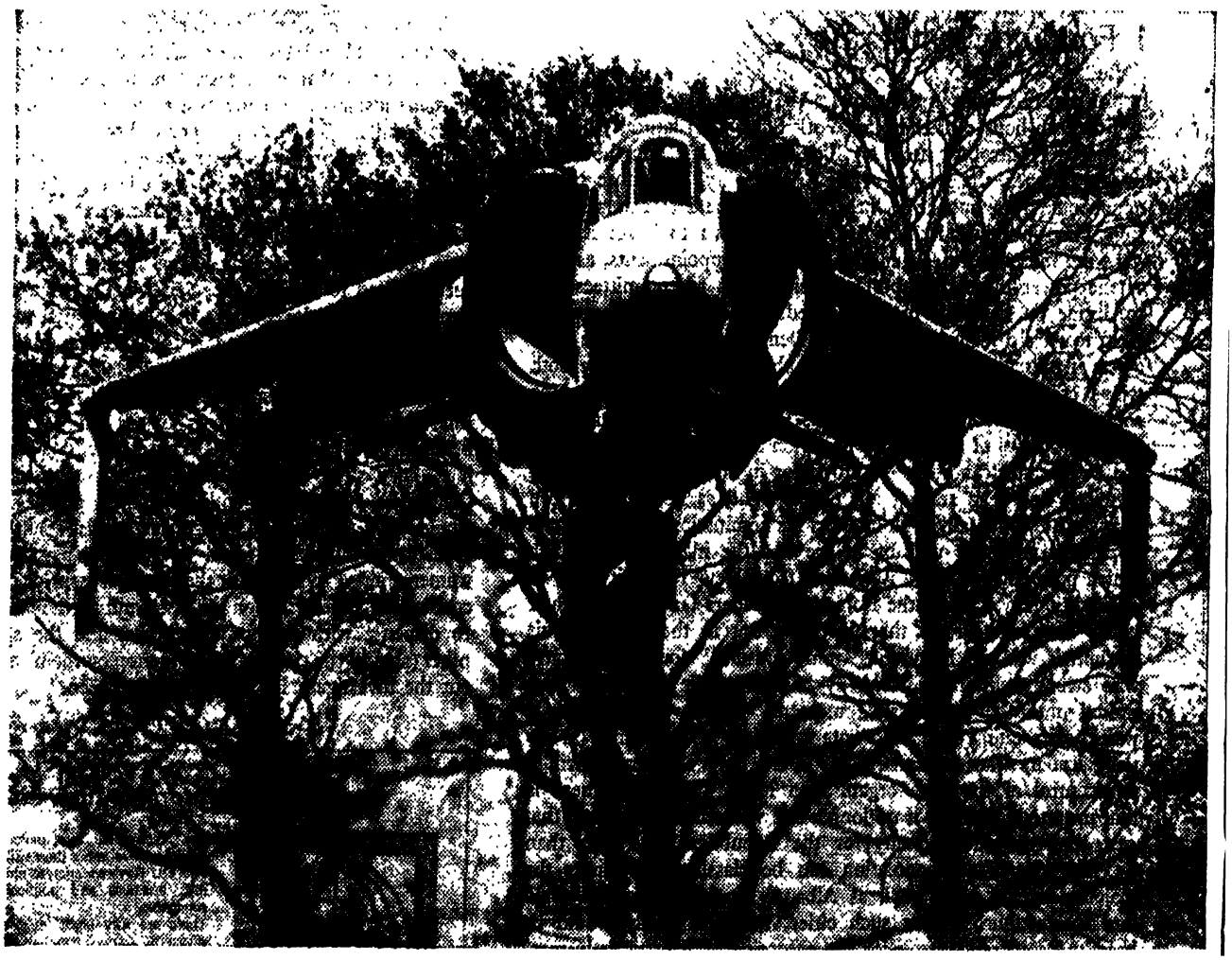
THE ECONOMIST INTELLIGENCE UNIT

60 East 42nd Street New York 17 NY
Telephone Murray Hill 7-6850

London Headquarters:

27 St James's Place London SW1
Telephone HYDe Park 6711 ext 27

Earning currency improving service



P.1127 The world's first operational V/STOL tactical strike fighter. Powered by a single Pegasus vectored thrust engine, the P.1127 will equip an Anglo-American-German evaluation squadron, now being formed.

Logical extensions of Hawker Siddeley V/STOL technology have resulted in development of the P.1154 tactical strike aircraft and the H.S.681 transport.

A product of Hawker Siddeley Aviation.
Engine by Bristol Siddeley, a Hawker Siddeley Associated Company.

Two world firsts

abroad:

at home

CONCEIVED BY BRITISH SCIENCE,
DESIGNED AND DEVELOPED
BY BRITISH ENGINEERS,
BUILT BY BRITISH CRAFTSMEN.

Hawk Another first by Brush; an experimental diesel-electric locomotive incorporating an entirely new design of transmission which eliminates the bugbear of diesel-electric locos – the commutator. Developed in collaboration with British Railways.

A product of Brush Electrical, a Hawker Siddeley Company.

HAWKER SIDDELEY

THE WORLD □ INTERNATIONAL REPORT

Mr Lee

Tunku Abdul Rahman

Malaysia: No Bridge Across the Straits

FROM OUR FAR EAST CORRESPONDENT

Singapore

BOTH words are horrible, but to Singapore's prime minister, Mr Lee Kuan Yew, "communalisation" is far worse than "confrontation." He does not disdain President Sukarno's threats to Malaysia, but he has always sagely rated it—whether Bung Karno was blowing hot or cool—as a lesser peril than Malaysia's built-in racial strains and communal stresses. The inherent weaknesses of the Malaysian federation, clearly seen at the outset, have been obscured by Indonesian smoke and bluster. Romantics have tended to argue that confrontation has helped to weld the Malay, Chinese, Indian and Dayak communal groups into a united nation. While it is true that a common danger has been recognised and is being resisted, it would be prudent to consider the possibility that it is abhorrence of Sukarno rather than new-found blood brotherhood that has closed the Malaysian ranks.

Malaysia was a hopeful attempt at a mathematical solution of a racial problem: when Sarawak and Sabah (North Borneo) were added to predominantly Chinese Singapore and predominantly Malay Malaya, the Malaysian mixture was Malay 40 per cent, Chinese 40 per cent, Indian *et al* 20 per cent. Mr Lee has always grimly insisted that this Malaysian mixture was stratified in layers rather than smoothly blended. So has Malaysia's prime minister, Tunku Abdul Rahman—if characteristically more moderately.

The two leaders—Chinese and Malay—themselves typify the enduring stresses inside Malaysia. They do not at heart really like or trust each other. "Trust" may be a strong word but they are, after all, political rivals. One is a patrician, the other a tough socialist machine politician. The Tunku is alarmed at the democratic intrusion of Mr Lee's well-knit Political Action party (PAP) across the Straits of Johore into the Malayan peninsula. Mr Lee, condemned, it would seem, to be always the Singapore bridesmaid and never the Malaysian bride, is resentful of Malaysian counter-intrusions into the well-administered state economy of Singapore.

The Tunku, it is said, thinks Mr Lee opportunist and dangerous. Mr Lee, it is said, thinks the Tunku still suffers from colonial instincts and lacks the eye-gouging realism to cope with Mr Sukarno, communists and domestic problems. The tragedy for Malaysia is that the concept of federation cannot be reflected in the central government and that Mr Lee, being in political opposition, cannot as a Chinese Malaysian join the Tunku's basically Malay-Bornese administration. When the two have to work together they perforce get along; when the vigorously anti-colonial Mr Lee speaks as Malaysia's emissary at Afro-Asian meetings, the Tunku is the first to salute his skill and success. But too often they appear at odds—still separated by the Straits of Johore which Malaysia must bridge if it is to survive.

Mr Lee wants more mixed Chinese-Malay-Indian units in the Malaysian armed forces. He also wants more Malaysian embassies abroad, and more vigorous Malaysian diplomatic effort and international propaganda. These demands seem elementary and blameless; all the same, they raise political hackles. They also tend to exacerbate racial rivalries; for one thing, there is a lack of trained Malays to take on the rough-and-tumble work of foreign diplomacy.

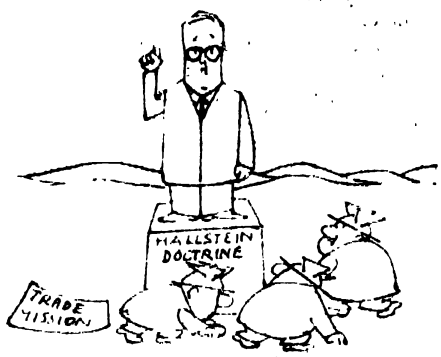
On the economic side, Mr Lee denounces the proposed Malaysian taxes which will bear heavily and, he believes, unfairly on Singapore's strained economy. Because of the Indonesian confrontation, Singapore's economic base is having to shift painfully from trading to local industry. He is also resisting Malaysian pressure to close the Bank of China in Singapore. The reasons he gives for this are expedient and logical; it is the circumstances that make him vulnerable to pro-Chinese accusations.

President Sukarno having predictably reverted to a mood of injured reasonableness as British reinforcements pour into Malaysia, the pattern of suspended but oscillating and continuing crisis has hardened and is clearly one that Malaysia and its allies must learn to live with. Internal weaknesses, therefore, demand a higher priority than external threats. As Mr Lee has just said, "Indonesia won't win but Malaysia can lose. Sukarno's confrontation bluff succeeds so long as it is allowed to deepen the racial wounds which divide us."

None of this means, of course, that all the Malaysian heroes are Chinese and all the villains Malayan. Mr Lee, on the record, is always punctilious in his personal tributes to the Tunku but some of his PAP boys are rash and inflammatory in their political utterances and aspirations. There are uneasy whispers that there may be demonstrations when the Tunku, in his capacity as head of the United Malay Political Organisations, comes to Singapore next month to open a new party headquarters and apartment block in the PAP stronghold.

On the bright side, Malaysia is prospering despite the burdens of defence, the call-up of men and the dislocation of trade. This prosperity is the federation's strongest line of defence—and the sharpest goad to President Sukarno. The areas for the abortive Indonesian raids were carefully chosen because of the Indonesian descent of the local population. But nobody collaborated with the invaders and the vigilante volunteers along the coast are eager and effective. Sabah is suffering from confused state election troubles and Sarawak is still infected with Chinese communist minorities. All the same, the British army minister, Mr Mulley, and his mission—soaked and miserable in their trilby hats, Whitehall tailoring and incongruous wellington boots—discovered last week at first hand in the monsoonal quagmires along the jungle frontier that the reinforced British and Malaysian units now have the upper hand—at least against the existing Indonesian forces. There is no doubt that if another plebiscite were held both Sabah and Sarawak would again vote strongly for Malaysia. But, in taking a longer view, the vital challenge to Malaysia is to find some means of harnessing Mr Lee's energy, talents and influence to help the federal government ride the long haul of external confrontation and the longer haul of Malaysian integration.

GERMANY AND EAST EUROPE



Flora in *Die Zeit*

Trade Tiptoes round Hallstein

FROM OUR BONN CORRESPONDENT

A HEARTENING, if modest, straw in the east wind is to be detected in the team of Krupp specialists preparing to set off for Warsaw on January 25th. Their business will be to explore the possibilities of Germany's largest privately owned firm playing a substantial part in the development of Polish industry. If they return to Essen with reports encouraging enough to induce Krupp to make new commitments in Poland, they will have accomplished more than a mutually advantageous business deal. They will also have set an important precedent for other east European countries, notably Hungary and Rumania, which are thinking about making similar arrangements with west German firms.

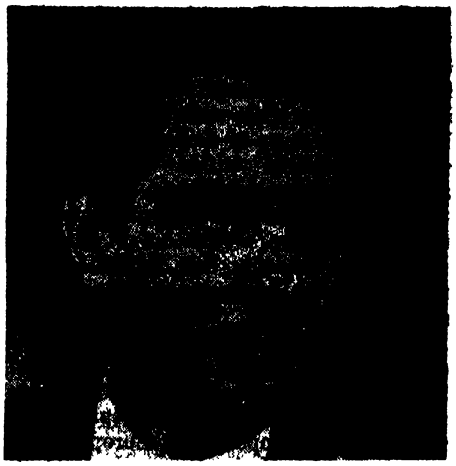
The personal force behind Krupp's new eastward sounding is again Herr Berthold Beitz, who, as "plenipotentiary-general," handles the firm's day-to-day affairs on behalf of its withdrawn single owner, the seemingly world-weary and one-time prisoner Herr Alfried Krupp von Bohlen und Halbach. Herr Beitz's civilised conduct while he was managing the Borislav oilfield for German Shell during the war, and Poland's continuing gratitude for this, are one of the few relieving features of the bleak German-Polish scene. There is no other highly placed German whom the Polish leaders trust as they do Herr Beitz. When he heard, in the course of a visit to Warsaw last month, of two of their major economic worries he was able to put forward some practical suggestions for helping to solve them. These proposals envisage Krupp installing large-scale industrial plant in Poland, manned by Poles under German direction.

The first major problem that the new factories would help to solve is the threat of unemployment. Poland's birthrate rose steeply after the war, and the generation bred with patriotic purpose in the late forties is now ready to earn its own living. To enable it to do so, a million and a half new jobs must be quickly found. Krupp reckon that the biggest version of the sort of industrial plant they can offer to build might employ 15,000 people, to provide for whose needs another 10,000 would be working in the neighbourhood. Second, the plant's production would help to ease Poland's other major problem: that of supplying the right kind of exports to pay for imports, especially of machinery.

Poland has been earning much of its foreign currency since the war by selling farm produce. But this outlet is being narrowed by the emergence of the European common market with its protective devices for home-grown food. Krupp are intimating that industrial goods of one kind or another manufactured by Krupp plant in Poland could also be profitably exported.

The project bristles with technical and political difficulties. Krupp's negotiators in Warsaw will be wanting to clear up questions concerning the ownership of German plant installed in Poland, the legal status of German specialists stationed there, payment dates, and guarantees. What to make and to whom to sell it (to the Russians?) are other controversial issues. But Krupp, tacitly anxious to live down the darker years of the firm's past, are convinced they are serving Europe as a whole in trying to achieve co-operation of this kind with Poland. Here, for the time being, they are going it alone. But at Essen they stress the firm's preference for joint undertakings, citing as commendable examples its present collaboration in Bulgaria with Humphrey and Glasgow, a British gas engineering company, and the building of the synthetic fibre plant in the Soviet Union near Kursk.

A successful outcome of the Warsaw talks might help to pump more blood into the German-Polish trade agreement of March 7, 1963, which provided for an exchange of



Herr Beitz

trade missions (achieved the following September) and for west Germany to import 468 million marks' worth of Polish goods a year in return for purchases from Germany to the value of 390 million marks.

In practice the total value of trade in both directions has been running at only 560 million marks a year. Since signing the agreement with Poland, Bonn has made similar arrangements with Hungary and Rumania. All three east European governments splutteringly swallowed a clause stipulating that the agreements would be valid throughout the mark currency area—a virtual acknowledgment of west Berlin's ties with west Germany.

Prague's reluctance to accept this clause is one of the three chief obstacles delaying progress in the current German-Czechoslovak negotiations. These began in Bonn on December 7th and after a Christmas adjournment were resumed last week. The second obstacle is Prague's demand for a formal repudiation of the Munich agreement of 1938 which ceded the Sudetenland to the Reich. The third is its insistence that the two governments should exchange not "trade missions," but plain "missions." To the German official mind such unqualified simplicity would suggest diplomatic goings-on: an activity prohibited by the Hallstein doctrine, which forbids west Germany to recognise countries that recognise the east German regime. Happily, it looks this week as though the negotiators, seduced at last by the promise of economic interdependence, will soon be ready to compromise and sign.

FRANCE AND EAST EUROPE

Just Catching Up

FROM OUR PARIS CORRESPONDENT

ONLY the Poles are missing from the list of distinguished east Europeans who have been visiting Paris in recent months. That is, except the east Germans, who are still unrecognised, and the Albanians, who do not really count. The foreign ministers of Hungary and Rumania were here last week; they had been preceded by their Czech and Bulgarian colleagues, and by the Rumanian prime minister, Mr Maurer, who inaugurated the series when he visited Paris last July. Because of General de Gaulle's singular position within the Atlantic alliance, his eastward glances have tended to be built up into something more momentous than they are.

There is no doubt that, in the last six months or so, France has been trying to recover part of its pre-war influence in central and eastern Europe. The government is attempting to revive old cultural links and to strengthen its position economically. For while the general spreads his message of a Europe that is European and extends to the Urals, France is, in fact, lagging behind its west European partners as a builder of economic bridges between West and East.

In 1963, the last full year for which comparative statistics are available, French exports to Russia and east Europe averaged $18.8 million a month, only half the level of west German exports. The British average was $31.2 million; even the Italians, at $22.6 million, did more trade with the communist countries than did the French. As a share of France's total exports, its trade with Russia and east Europe in 1963 accounted for 2.8 per cent (the comparable figures are rather more than 3 per cent for Britain and Germany, and more than 5 per cent for Italy). The proportion of total French exports going to the area was even smaller last year.

All the agreements signed in recent months are designed to increase this trade. France's policy of expansion, however, meets two traditional obstacles: how much is a western country willing to import from its eastern partner and how much credit is it ready to give? The French have now slightly loosened the restrictions on the import of Russian and Rumanian oil. In the Franco-Russian agreement, signed last October, they have also, for the first time, extended credits for a seven-year period. All this should help to strengthen France's economic ties with eastern Europe. But any spectacular development waits on major political changes in France's relations with its western allies.

The revival of French interest in eastern Europe coincides with General de Gaulle's disappointment with his German partner. This is not accidental: French governments have always looked further east when they found themselves at odds with Germany. True, as early as 1959, the general proclaimed that a reunited Germany would have to recognise the Oder-Neisse line. But his statement was not followed by any moves that could worry Bonn.

However, in the last year or so the mood has been less cordial. And so, as at all times when relations between Paris and Bonn are strained, the French capital has been buzzing with rumours about a possible French recognition of east Germany. The rumours are then hotly denied as absurd; their very existence is a sign of the changed climate.

As the chief opponent within the alliance of all variations of an Atlantic nuclear force (a project translated in Rumanian, Hungarian and all the Slav languages as the "nuclear rearmament of Germany") General de Gaulle is now highly popular in the east European press, and, if he wanted to, he could make a successful tour of the area. Yet, his popularity is closely linked with the state of Franco-German relations. Should these improve, the general's stock would slump. Only if Herr Erhard fails to pass the "European" test set by the general will there be wide scope for gaullist diplomacy, and French trade, in eastern Europe. For the time being, France has been doing nothing more than to try to catch up on the eastern economic front with its western allies and competitors.

FRANCE AND GERMANY

Love in a Cold Climate?

FROM OUR PARIS CORRESPONDENT

ON Wednesday evening, at the end of the west German chancellor's two-day visit to Rambouillet, all was smiles, friendship and understanding. Admittedly, the official spokesmen did not announce any striking results. General de Gaulle and Herr Erhard agreed to ask their four partners in the European common market to call a conference of foreign ministers to discuss the problems of political union. The French gave their blessing to the German proposal that the United States, Britain and France should suggest to the Russians the setting up of a permanent committee to study the problem of German reunification. There was, on the surface, no clash on the decisive question of nuclear integration in the western alliance. The German spokesman expressed his government's wish to take part in "allied planning and nuclear strategy." The French spokesman admitted that this wish was "perfectly legitimate."

All this is not as strange as it looks. Only a short time ago, Herr Erhard and Herr Schröder, his foreign minister, seemed to be heading in the direction of an Atlantic nuclear force without caring too much about French reaction. General de Gaulle was preparing his retaliation. But since then, things have changed: Mr Khrushchev has been removed, Mr Wilson has made his counter-proposals and President Johnson has chosen to play for time. Herr Erhard seems, therefore, to have decided that there was no need for him to hurry and run the risk, in an election year, of a conflict with his own "gaullist" opposition. General de Gaulle could have tried to force his hand. It is reported that he did not, but chose instead to flatter Dr Erhard.

"Too good to be true," whispered German diplomats amid the rejoicing. But outsiders do not know what the two men said to each other in the six hours when only the interpreter was there. In particular, the enigmatic reference to a German share in western nuclear planning is open to two interpretations. One could be that the Germans, insisting on negotiating Mr Wilson's proposals for Atlantic nuclear reform in depth, have persuaded General de Gaulle to be neutral. In view of recent French pressures on Bonn, this seems unlikely. The other is that Herr Erhard told General de Gaulle that the Germans are now aiming at closer consultations of a general sort in Nato, without any specific attempt to create an Atlantic nuclear force. But the Germans are certainly not admitting publicly to any such retreat, and have probably not even privately decided to make it.

Observers seem to agree that this was not as decisive a visit as Mr Macmillan's visit to Paris in December, 1962, which culminated in the general's veto on Britain's entry into the common market. But the Germans remember another Rambouillet meeting, in 1960, when Dr Adenauer emerged all smiles—and the agreement proved a misunderstanding. Was it, this time, love in a cold climate?

DISCOVER THE WORLD'S FASTEST-GROWING BUSINESS FUTURE IN SOUTH AFRICA

The South African economy is one of the fastest-growing in the world. Business opportunities are unlimited. Fly South African Airways to investigate the golden chances this rich, sunshine land holds for you —and enjoy the holiday of a lifetime while you're there.

THE FACTS South Africa has a large and prosperous population — [illegible] enjoying far and away the highest standard of living on the African continent — that forms a rich market for products of every kind. This is especially true of late, since a new wave of prosperity has been sparked off by a potent combination of stunning foreign investments (mostly from Britain), a huge influx of new immigrants and an impressive round of wage increases for all African workers. South Africa is, by U.N.O. standards, *one of the only three developed countries in the Southern Hemisphere* — and the only one in Africa. The U.S.A. already has investments of £500-million in South Africa (General Motors and the Ford Motor Company are currently building engine plants there — total cost £16-million). Britain has £1,000-million invested. South Africa has a fantastic growth rate — the average yield on the top 50 industrial shares on the Johannesburg Stock Exchange in 1960 was 7.54%. The U.S. equivalent was 3.36%, the U.K. 4.71%.

THE FUTURE In this bounding, vigorous [illegible] country a profitable field for your business activities. You owe it to yourself to investigate the possibilities as fully as possible — on the spot.

South African Airways Boeing 707 Stratojets leave London Airport regularly, wing you over to this land of prosperity and opportunity lapped in the splendid ease of true South African hospitality. Combine business with pleasure, and make the most of your chance to enjoy the holiday of a lifetime.

GETTING AROUND SOUTH AFRICA

The South African Railway Administration operates a vast, co-ordinated network of rail, road and air services throughout the Republic and to neighbouring territories.

By using this modern, comfortable transport service, you can be sure of seeing and enjoying all that South Africa has to offer, even on quite a brief visit — especially if you plan your itinerary in advance.

The South African Railway Office, South Africa House, Trafalgar Square, London, W.C.2, can advise you on the easiest way of getting around the country.

SOUTH AFRICAN AIRWAYS WITH B·O·A·C

S.A.A. IN ASSOCIATION WITH B.O.A.C. & C.A.A. OFFER DAILY JET SERVICES BETWEEN LONDON & JOHANNESBURG

For further information consult your travel agent or South African Airways, 107 New Bond Street, London W.1. Telephone HYDe Park 3464 or, after office hours, VICtoria 2323. For full details of the fascinating and varied tourist attractions of sunny South Africa, contact the South African Tourist Corporation, 70 Piccadilly, London W.1. Telephone GROsvenor 6235/6.

Come . . . see for yourself.

A heavy lay at the works of DAVID BROWN PRECISION EQUIPMENT (Pty) Ltd., Johannesburg

The fishermen's friend

Before you can even think of fishing here, you first have to smash a hole through three feet of ice. Then you have the tough, tricky business of getting your fish through it.

No wonder the Swedish fishermen give a big cheer when the *Belgulf Enterprise* pushes through the ice-blocked Baltic. In one slice it breaks more ice than they could in ten years.

In January, when this picture was taken, the tanker was returning from Stockholm. It had discharged thousands of tons of fuel oil, which would become the source of heat, light, and hot meals in countless homes throughout Sweden.

Gulf is breaking the ice, if you'll pardon the pun, and making friends all over Europe. And is hard at work building new refineries, terminals and service station chains.

Whether it's a big project or just a little thing, Gulf believes in giving service. And Gulf is busy putting this philosophy into practice. From worldwide resources it is putting more oil, more energy, to work for Europe.

Gulf Oil Corporation, Pittsburgh, Pa., USA, and throughout the world.

Gulf

GULF IS OIL

COMMONWEALTH

New Job for Old Boy?

A TWENTY-NATION conference which, after a week of working sessions and brisk lobbying, narrowly escapes looming deadlock and reaches its climax by achieving exhausted unanimity in the small hours of the morning, yet attracts only a bare minimum of public attention—could this be, in an alert city like London? It could and was. Between January 5th and the early morning of January 13th, at Marlborough House, a high-powered group of officials (in most cases, either the official head of their country's foreign ministry, or the secretary to its cabinet) thrashed out the terms of reference for the new international secretariat which will begin to serve the Commonwealth, it is hoped, before 1965 ends. The essential spirit of Cwthmanship prevailed, in more than one respect. Although there were some tricky moments, nobody made a row, and nobody blew the gaff. The British were, in the end, induced to give more ground than they had wished. And the divisions that appeared did not, fortunately, follow racial lines.

This conference of officials was, of course, neither the beginning nor the end of the story. It was the heads of government who, at the Commonwealth conference last July, took the decision in principle to create a secretariat. Their joint communiqué at that time said that their officials would "consider the best basis" for setting up this new organ, whose general purpose would be to bring about "closer and more informed understanding between their governments." The informal contacts that followed were marked by the defeat of a British attempt to convene, instead of last week's twenty-member meeting, a gathering of only about eight officials, nominated on a "regional" basis, in which the numerical preponderance of the African and Asian states would be reduced. Whitehall underestimated both the assertiveness and the complexity of the new Commonwealth.

The officials' unanimous recommendations now go, unpublished, back to the heads of government for final approval. Conceivably, if all twenty swallow the Marlborough House blueprint as it exists, a secretary-general might be chosen and a skeleton staff recruited even before the prime ministers and presidents meet again (which they now seem likely to do next midsummer). But is any one blueprint likely to satisfy all of them? Sir Robert Menzies, Sir Albert Margai, Sir Alexander Bustamante and Sir Abubakar Tafawa Balewa—to name but a few—are each entitled to second thoughts. And the particular problem of finding an acceptable individual to head the new organ may yet take quite a time to resolve.

The first secretary-general will not be recruited from Britain; nor from Australia (too "far out"—politically—for most Africans and Asians); nor from India or Pakistan (which would blackball each other's candidates); nor from—for a variety of reasons—Malaysia, Malawi, Malta, Cyprus or Gambia. The dozen states whose citizens remain at least in the running include New Zealand as well as Canada. Although it was an Afro-Caribbean initiative that conjured up the secretariat idea last July, and the main motive force then was, unmistakably, a desire to get Commonwealth mechanisms out of British hands, there has been no Afro-Asian insistence on a non-white chief official. More directly relevant to the problem of recruiting a really first-class man is the question of how much scope, and thus interest, the job will have.

This was precisely the point on which the hard slogging at Marlborough House developed. Nobody—not even the governments that had started the whole thing last July—proposed to equip the secretariat with functions or rights comparable to those acquired since 1945 by the United Nations secretariat, still less with the kind of powers wielded by the Eurocrats of Brussels. The new staff's primary jobs will be to take over from the British in regard to the staging of major Commonwealth conferences and the circulating of information. The issue that kept the officials up so late last week was, essentially, whether the secretariat's functions should be so narrowly defined that it could never evolve a more creative role, or whether at least a few doors might be left open for development. The restrictive school tended to argue that even expository telegrams of the kind hitherto circulated by Britain's Commonwealth Relations Office ought not to be issued by the new international staff, which would be permitted to circulate only factual information of incontrovertible objectivity.

The Indian attitude on these matters was at least as restrictive as the British; the Canadian attitude was as permissive as that of some of the Africans; Trinidad's contribution was less forceful than might have been expected from Dr Eric Williams's show of enthusiasm for the project last July, and the Australian position was less negative than most other participants had assumed. The tensest moment came when, at the weekend, an apparent trend toward compromise was unexpectedly checked by the British circulation of a draft paper reverting to the tightly restrictive ideas which, it had been generally thought, Whitehall had already modified. This relapse, however, provoked some strong reactions among the Africans and others. There were ominous mutterings about possible dissenting minority reports; and the British withdrew, with tact and aplomb, from their over-exposed position. As they now stand, the officials' recommendations leave enough doors open to make the work of the secretariat look reasonably interesting, and the task of heading it may tempt a surprisingly senior official out of one of the Commonwealth's twenty Whitehalls.

WARSAW PACT

United against Whom?

NOT surprisingly, some anticipatory stir was caused by the news that the political consultative committee of the Warsaw pact was to meet this week on Tuesday. It was the first meeting since June, 1963, and it brought together for the first time since the fall of Mr Khrushchev—as far as is known—the party leaders and prime ministers of all the member countries (except Albania). Even Mr Gheorghiu-Dej, the Rumanian leader, agreed to attend.

Clearly, this demonstration of unity (however skin deep it may actually be) will in Russian eyes be enough to make the whole exercise worthwhile. No communiqué had been published by Thursday afternoon; but even when it is, it may still not be possible to tell whether the parade of unity was designed chiefly to impress the West or the Chinese. To judge by the preliminary build-up, the meeting has been occupying itself with defence and relations with the West. Russian propaganda against the proposed Nato mixed-manned nuclear force has been stepped up lately; on January 16th *Izvestia* said it was the prospect of a "revanchist" Germany armed with nuclear weapons that was bringing the Warsaw pact members together this week.

It would be wrong to underestimate the genuine fear of Germany throughout eastern Europe. Yet this sudden access of alarm rings a little false at a time when the mixed-manned project's chances of being realised have been so obviously weakened. Maybe Russia's new leaders argue that a show of truculence on this issue might be a useful prelude to their efforts to improve relations with the West. It might also help to blunt the criticism of the Chinese. In any case, the problem of China is bound to have been very much at the front of Russian minds in Warsaw this week. Messrs Brezhnev and Kosygin will certainly not have missed this opportunity to try to paper over the cracks in east European attitudes on the best way of dealing with Peking.

ITALY

Round and Round They Go

FROM OUR ROME CORRESPONDENT

FOUR times in the last three weeks the Vatican daily *L'Osservatore Romano* has admonished the Christian Democrats to stay united. So too has the Jesuit paper *Civiltà Cattolica*. Such signs of anxiety in the Vatican have given rise to fears that the party, torn by factional strife and bitter personal antagonisms, might be heading for a split.

A loose amalgam of disparate economic interests and social trends, the Christian Democrat party is kept together less by religion than by its long enjoyment of power. This is now menaced, though not at once, by the encroachment of the Socialists and the Social Democrats who together make more formidable coalition partners for the Christian Democrats than did the Liberals and Social Democrats in the past. The well-founded fear that the two Socialist parties might reunite as a result of the election of the Social Democrat leader, Signor Saragat, as president of the republic, is an additional stimulus to Christian Democrats to defend what is left of their power —and it is a great deal.

Thus, in spite of the bitter quarrels provoked by the ill-advised way in which the party secretary, Signor Rumor, conducted the presidential election, it seems likely that a working compromise between the factions will be reached before the party's national council meets on January 28th. The real danger is that the compromise may be fatal to Signor Moro's already debilitated government.

By next Thursday Signor Rumor will need to have persuaded Signor Fanfani, the chief rebel, to accept a place in the government for himself, and places in the party executive for his friends, on terms honourable to both sides. Signor Rumor must also try to placate his trade unionist left wing, irritated by the disciplinary action he took against some of its members who refused to obey party orders during the presidential election. His declared aim is to give the Christian Democrats a new executive that will represent all party trends, including Signor Scelba's right wing, and at the same time will reaffirm the party's pledge to pursue the centre-left experiment.

In reality, however, such an executive would very soon allow the centre-right faction, headed by Signor Rumor himself and Signor Colombo, to recover their influence and, as they have done over the past twelve months, put the brake on the centre-left coalition. It is therefore highly unlikely that the Socialist party, whose "opposition" leader, Signor Riccardo Lombardi, is anxious to pull it out of the government, would be satisfied with such a solution; Signor Nenni himself seems convinced that the party must stay in the government, but a Socialist congress is due before the summer and the Lombardi "opposition" is preparing for the fray.

Unperturbed by outside factors—the Socialists' reactions and opinion in the country—the Christian Democrat leaders are engaged in an elaborate three-cornered fight; in one corner, there are Signor Rumor and Signor Colombo, in the other Signor Fanfani, while, manœuvring between the two, there is the prime minister, Signor Moro. To save his government, Signor Moro needs to have the Catholic Left strongly represented in the new Christian Democrat executive. But too severe a defeat of the faction of Signor Rumor and Signor Colombo would leave him at the mercy of the Left.

This is a game of power politics played —in slow motion—in the traditional manner. It is all very clever and amusing to the initiated but quite irrelevant to the country's most pressing need: this is for a strong government capable of relaunching the economy and carrying out the necessary long-term economic reforms.

EAST AFRICA

The Cauldron slops over

FROM OUR EAST AFRICA CORRESPONDENT

Nyerere, Gbenye, Kenyatta and Obote

FOR the first four years of the Congo's independence the optimists resorted, whenever they were pressed towards gloomy conclusions, to the comment: "Well, however nasty it is, thank goodness it is a cauldron that will boil on by itself and not spill over." But as soon as the comparatively steady hand of the United Nations was removed last June and a tugging began between the Americans and some African states, the cauldron slopped over its eastern neighbours. During the past fortnight there have been several signs of scalding. Those east African countries sitting across the communication lines to the two main areas of rebel activity—Paulis and Uvira—were bound to be drawn in at an early stage. The consequences, however, of their involvement may not yet be fully appreciated.

The fruits of the diplomacy of the subtle Mr Kanza, the Congo rebels' foreign minister, are beginning to be seen. The letters that were the basis of the allegations in November that the United States was plotting to overthrow the Tanzania government were the work of an amateur. Mr Kanza, more professionally, has concentrated on telling the east African leaders that the Congo situation does not represent an east-west struggle for influence in the heart of Africa, but an American attempt to get hold of the Congo's vast mineral wealth. This has found a response. Uganda's minister of state, Grace Ibingira, may have last week talked judicially about a "Monroe doctrine" by which African states would hold the Congo in their sphere of influence as Russia did Hungary and the United States did Cuba, and may have told the communist powers as well as the Americans to pull out of the Congo. But the prime minister, Mr Milton Obote, has been more partisan; he has accused the Americans of racialism and of yearning after the Congo's uranium.

President Nyerere of Tanzania, who once kept an aircraft ready to rescue Patrice Lumumba, who he believed had escaped from Mr Tshombe in Katanga, is deeply involved emotionally in the Congo. Alone of the three east African leaders who met Mr Christopher Gbenye at Mbale on January 14th, he spoke out afterwards in praise of the rebel leader. It seems, too, that the meeting caused him to decide to expel the two American diplomats, Mr Frank Carlucci and Mr Robert Gordon, who left on the 16th. No evidence has been offered to support Mr Nyerere's accusation of "subversive activities" by them and nobody believes any will be offered. The assumption is that Mr Gbenye found a ready ear when, primed by Mr Kanza, he pointed out that the bright Mr Carlucci was not so long ago working in Leopoldville. Mr Nyerere may have weighed the possible effects of expelling two top diplomats—in particular, the danger that the United States might cut off further aid to his needy country; if he did weigh them he apparently decided he must at any cost assert Tanzanian independence from this supposed American intrigue.

The Mbale meeting was the preliminary to Mr Kenyatta's decision to recall the *ad hoc* commission of the Organisation of African Unity for a session in Nairobi next week. If it was intended by this to give the Americans a fortnight in which to show they were moving away from support of Mr Tshombe, the Tanzania expulsions may well have had the opposite effect, because the American mood has toughened in return.

for stainless steel
in
your industry

Think of stainless! Think of Allegheny-Longdoz!
Allegheny-Longdoz is dedicated to stainless steel: our quality, our service, our technical resources, our comprehensive production programme - all are readily available to solve your technical and economic problems.

ALLEGHENY LO

6, Boulevard de Berlaimont, Bruxelles 1 - Tél. 18.39.08

Sole Agent for Great Britain
JOHN CASHMORE LIMITED
Great Bridge, Tipton, Staffs.
TIPTON 2800 (20 lines)

CASHMORES

JAL SHOWS WHAT TO SAY AND WHERE TO GO IN JAPAN

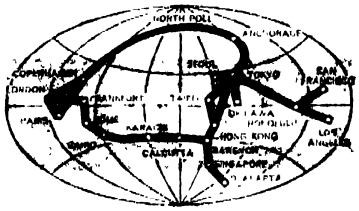
Nowadays, more and more British businessmen are going to Japan to open up new fields, forge new links with Japanese concerns. Yet the success of your trip can often hinge on your knowing some of the local customs.

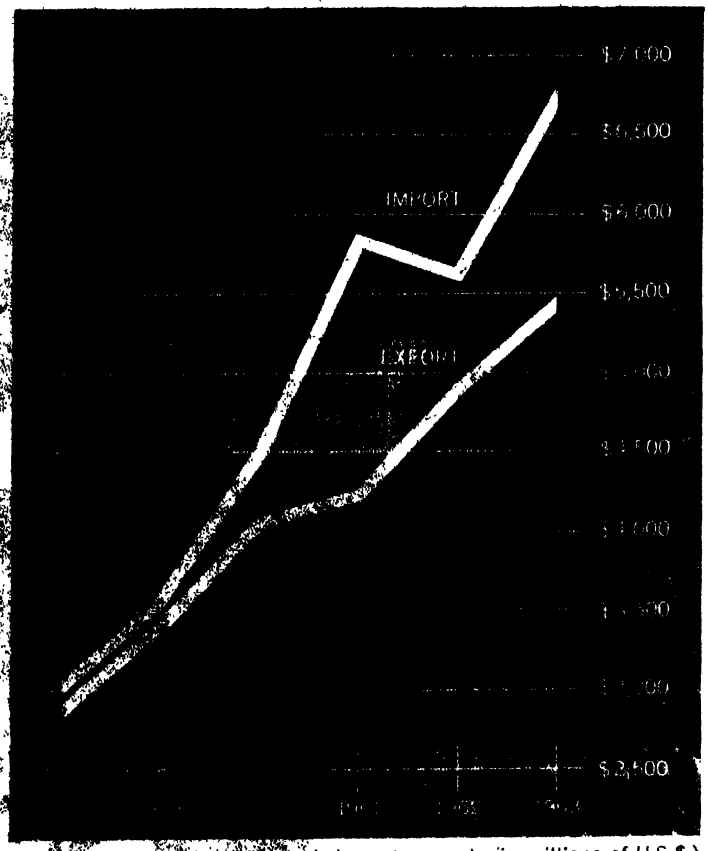
For this reason JAL have produced both a 'Businessman's Guide to Japan' and a gramophone record of Japanese phrases vital for the trip. In the guide you'll find lists of Banks and their addresses. Notes on importing and exporting goods. Good hotels. How to entertain in Japan and how you'll be entertained. Rules of etiquette. Everything. The record will help you perfect your Japanese phrases. And with every record comes a phonetic version of the phrases to give you even greater assistance.

Both guide and record are part of the superb JAL service you get when you intend flying to Japan. Also coming with the airline ticket is typically courteous Eastern service, comfort and marvellous food. You arrive in Japan feeling fresh and ready for work. *Please write for your FREE copies of the guide and record to Dept. 8.*

JAPAN AIR LINES

8 Hanover Street, London W1. Tel: Hyde Park 3831





Japan's imports exports (in millions of U.S $)

How to buy and sell in the billion dollar Japanese market

One way is to open your own office in Tokyo staffed with 3,000 experts on Japan's industries, commerce and foreign trade. In effect this is what you get when you deal with Japan's largest general trading company, Mitsubishi Shoji of Tokyo. From its head office with 100 branches and associates throughout the world, Mitsubishi Shoji helped over 5,000 overseas firms do $1,500,000,000 worth of import-export business in Japan last year. Mitsubishi Shoji handles everything from consumer goods to heavy industrial equipment. Long association with other Mitsubishi enterprises (30 of Japan's largest corporations) gives you a priceless advantage when either buying or selling in the Japanese market. Put Mitsubishi Shoji's proven ability to work for your firm. For complete information write to:

General Importers & Exporters

MITSUBISHI SHOJI KAISHA, LTD.

Head Office: Marunouchi, Tokyo, Japan

London Branch: Bow Bells House, Bread Street, London, E.C. 4

Overseas Trade Network: Dusseldorf, Hamburg, Paris, Milano, Madrid and 55 other major cities around the world

The nine-nation commission will endorse the action of the three east African leaders in giving an increased measure of recognition to Mr Gbenye: the rebels are active in four widely separated areas, but the east Africans seem to be satisfied that Mr Gbenye is the popular leader among these groups. But any attempt by, say, the Egyptians to have the OAU transfer formal recognition from President Kasavubu to Mr Gbenye would obviously be blocked by Nigeria, which feels deeply about the principle of legitimacy. So the diplomatic moves of the OAU states over the Congo are likely to proceed more slowly than the military moves made by some of them.

The effect of allowing in arms to the rebels in order to restore a military balance between them and Mr Tshombe and so encourage a political settlement—which is the most sympathetic interpretation that can be put on the action of some OAU states—may be very dangerous for several African countries. The Sudanese government is already worried lest these arms fall into the hands of its own southern rebels and is keen to divert the traffic through Uganda. In Uganda the Bakonjo secessionist movement in the Ruwenzori mountains is still not quelled after two years. The 100,000 Bakonjo, and the Tutsi refugees from Rwanda now encamped in Uganda and Burundi as well as in the Congo, will be happy to arm themselves better.

Another danger lies in what Mr Tshombe may do if he decides the game is up in Leopoldville. Assuming that he still relishes a fight and is not planning a final retirement to Spain, he has a much better chance of succeeding with Katangese secession than in 1960, perhaps even taking Albert Kalonji's part of Kasai with him. The return to check on Katanga of Mr Godefroid Monongo, his minister of the interior, and the visit to Brussels of Jean-Baptiste Kibwe, his old Katangese finance minister, seem to fit into a pattern that could lead on to a new secession.

SOMALIA

Tale of the Tallest Crane

FROM OUR CORRESPONDENT
LATELY IN MOGADISHU

FAMOUS as story tellers, the Somalis added a modern fable to their anthologies at Christmas time. It concerns the five cranes in Mogadishu harbour. The pride of them all was a small British crane acknowledged by everybody to "work like a watch" and lovingly cosseted by its driver. One December day, an overseer ordered the crane to perform deeds beyond its reach. Its driver protested, warning of tragedy. The overseer insisted, the driver bowed his head, the crane stretched its neck and fell into the harbour. Enter then a Russian technician

[illegible] bol of frie[illegible] tween [illegible] and hitherto [illegible] ered forward [illegible] effort, pulled the British crane on to dry land. The Somali crowd on the harbour wall applauded, shouting "The Russian crane has eaten up the British crane." The supremacy of the harbour has not been in dispute since then.

The importance of being Top Crane has exercised half a dozen countries since Somalia became independent in 1960. When Britain lost ground nearly two years ago by not handing over the Somali-inhabited north-east region of Kenya, the Chinese hurried in with substantial budgetary aid and more shadowy promises of credits. When the Americans and Germans paternalistically decided Somalia could not afford to run a huge army, the Russians took a more brotherly attitude by promising £11 million worth of military aid. But the Americans kept in the running with a second wave of peace corps teachers, a police academy and a harbour at Kislmayu. The west Germans, for their part, sent in Dr Gerstenmaier, the president of the Bundestag, who won acclaim in November when he said "We have the same problems as you. We are a divided people too."

Since Somalia's new government took over in the autumn, the pattern of this international juggling has substantially changed. The prime minister, Mr Abdirizak Haji Hussein, while denying he is pro-western has convinced everyone that his brand of non-alignment means favouring nobody. He has even quarrelled with the Egyptians who have long seen themselves as Somalia's big brothers. It is the Egyptians who support the view that the Somali language must be written in Arabic (in consequence it is still unwritten) and who insisted that the World Moslem Conference could not be held in a little place like Mogadishu (which it was this month, without the Egyptians). Meanwhile Chinese attention has wandered off to more succulent fish elsewhere in Africa.

Somali politicians seem pleased with the prime minister's assertions of independence and impressed by his extraordinary energy. In July, a month after he took over the leadership, the loyalty of the ruling, but sometimes unruly, Somali Youth League was divided equally between him and his predecessor Dr Abdirashid Ali Shermarke, and he was defeated by a vote of no confidence. But the president, Mr Aden Abdulla Osman, insisted on his forming a new government and Dr Abdirashid Shermarke has now the support of only a small rump in the party. Mr Abdirizak Hussein, a southerner who learnt English as a wartime sergeant after the defeat of the Italians, has bound the two parts of the republic closer by giving the northerners from former British Somaliland a share in government more proportionate to their merit than to their smaller numbers.

But he faces appalling problems, economic more than political. Perhaps his one purely political worry is to know how far some of the 400 army officers and NCOs who have been to Russia for training may succeed in subverting the army of 5,000 men. Propelled by a mixture of humanity and calculation, he put an amnesty bill through parliament this month to pardon and reinstate the 23 British-trained officers who muffed a coup in Hargeisa two years [illegible]

He has a strong constitution, a people wh[illegible] believe in democracy (the elections last March may have been venal but they were never violent) and an admirable police force of another 5,000 [illegible] Politically, Somalia is an example throughout Africa.

Economically, the prospects are far gloomier. The budget of £9 million would not balance even before three-quarters of the country was declared a famine area a month ago and relief work began on an expensive scale. Most of the expenditure goes on civil servants' salaries. By a curious Italian tradition, there are unnumbered and unregistered hundreds who have been "awaiting posting" for years while drawing salaries by voucher for their idleness.

This system the prime minister is determined to end soon, if need be by a radio appeal to all missing civil servants. In the meantime, the hospital built with European money lay empty for months and its doctors were idle because Somalia could not find the wages for the laundrymen and cooks. Unhappily this is not too exceptional a case. One result of Somali penury is that the army has not been expanded to the point where an arms race could begin with Ethiopia and Kenya. The new government has taken a more sophisticated approach to its claims for territory, counting the cost of last year's little war against Ethiopia in the Ogaden and discouraging violence by arguing that time is on Somalia's side.

JAPAN

Life without Father

FROM OUR TOKYO CORRESPONDENT

A SEVEN-MAN team from the International Labour Organisation is now in Japan investigating alleged infringements of trade union rights. To the outside world, Japan's reputation tends to be that of a country where workers are paternalised by their employers from cradle to grave. And it is true that the Diet has still not ratified convention 87 of the ILO, establishing labour's right to organise and granting to trade unions the full right of association. For their part the Japanese trade unions have not had any very high renown for maturity. Things, however, are changing.

One of the basic factors in the change is the arrival of Japan's first acute labour shortage. It has bizarre results sometimes. The president of a small textile company walked into his mill one day and asked a bunch of workers: "Why don't you start a labour union?" The workers were startled, but they followed his advice. The company

president then visited the works again and dropped another bombshell. He suggested they should take their union into the powerful national textile workers' federation. They again followed his advice. The riddle was solved some weeks later when the president set out on a recruiting campaign in the countryside to persuade girls to work in his factory. His brochures bore the words, in large type: "We offer the best working conditions. Our union is affiliated to a nationwide labour organisation."

The Japanese proletariat, like others in economically developed nations, is moving towards what used to be thought of as lower-middle-class standards. But the movement is taking place in a rather paradoxical context for trade unionism. In other countries, this rise in wealth often coincides with a reduced interest in union activities. In Japan, the workers are getting organised at the same time as they are growing richer.

Parallel with this, trade unionism has grown more moderate. Union demonstrators can still be seen marching through the streets with bright red flags; but the workers generally have little time for political slogans, tirades against the government and protest marches. They attach more importance to subjects of direct interest to a working man: pay, hours, working conditions, fringe benefits.

In the past couple of years, the 4,500,000-strong Sohyo (the largest Japanese trade union confederation) and other unions have begun to claim for their members the right to European levels of wages. The employers say that this would mean at least doubling the pay of most workers. Some workers—new recruits or employees of small businesses—would probably need their money tripled.

Up to 1959, a shortage of work weakened the unions' bargaining position. Since then, at the prompting of their members, and under leaders like Mr Akira Iwai, Sohyo's general secretary, the unions have been putting on the pressure. Wages generally have been levelled up. On average, a worker's pay doubled in the 10 years from 1953 to 1963. The salary that a secondary school leaver could get on starting work in a big firm went up from 5,700 yen (£5 13s.) a month in 1958, to 11,100 yen (about £11) at the beginning of 1964. Thirty-day strikes last spring in chemicals and shipbuilding resulted in 14 per cent wage increases.

Traditionally, Japanese workers have been very dependent on their employers, who, in turn, were committed to keep them on the payroll till the age of 55. Men usually stayed with the same company for life. Women were encouraged to marry and leave after a few years. Promotion was based on seniority and education, rather than efficiency. A worker who resigned for more pay elsewhere was thought ungrateful and unreliable. Young people are now throwing off these old bonds. The more progressive employers also are beginning to see they must base pay on efficiency if they are to hold on to the price advantage their goods have abroad.

One thing that is holding back ratification of Convention 87 in these circumstances is a fear among the ruling Liberal Democratic party that public service unions might grow too strong under some of its provisions and thereby attract communist infiltrators into their leadership. This fear could be well grounded. Not without foundation, either, is the Socialists' suspicion that the government is trying to modify related domestic laws in order to let Japan ratify the convention without actually relaxing curbs on the unions. So they are against the clutch of labour bills (which have already been six times before the Diet) that are needed to pave the way for ratification of the patiently waiting convention.

Guiding the Innocent Consumer

FROM OUR BONN CORRESPONDENT

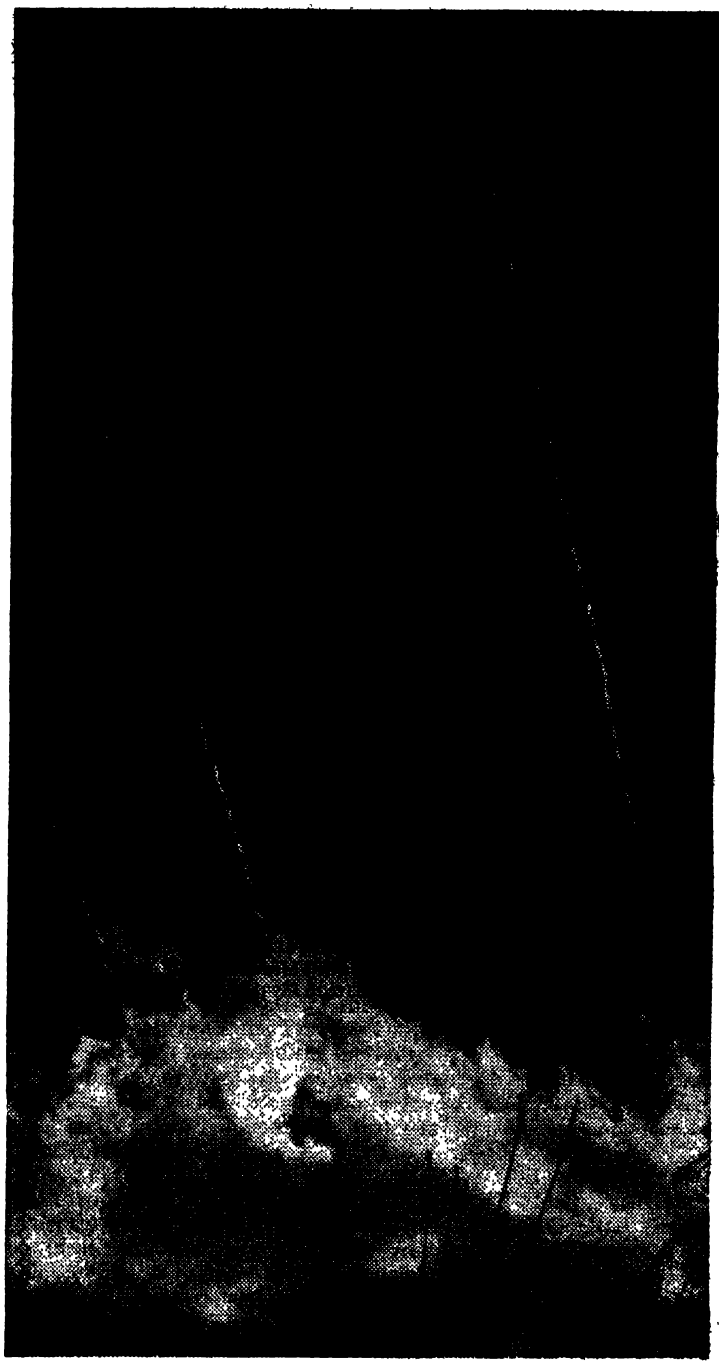
After years of brooding on the brink of troubled-looking waters, the west German government has plunged at last into the business of testing consumer goods. The minister for economics, Herr Kurt Schmücker (who looks every plump inch the domestic man he is, duly concerned with the efficacy of detergents, lawn-mowers, and household gadgets), went to Berlin on December 16th carrying documents of authority for the new foundation. More to the point, Herr Schmücker let it be known that his ministry had earmarked 400,000 marks for equipping the testers' headquarters in the Stauffenbergstrasse, two million marks for their first year's work, and four million marks a year for their researches in 1966 and 1967. The minister promised the consumer and taxpayer that in return the institute would conduct some 70 tests a year. These would help to guide the innocent, encourage skill and honesty in industry and advertising, and enhance the reputation of German goods in the European common market.

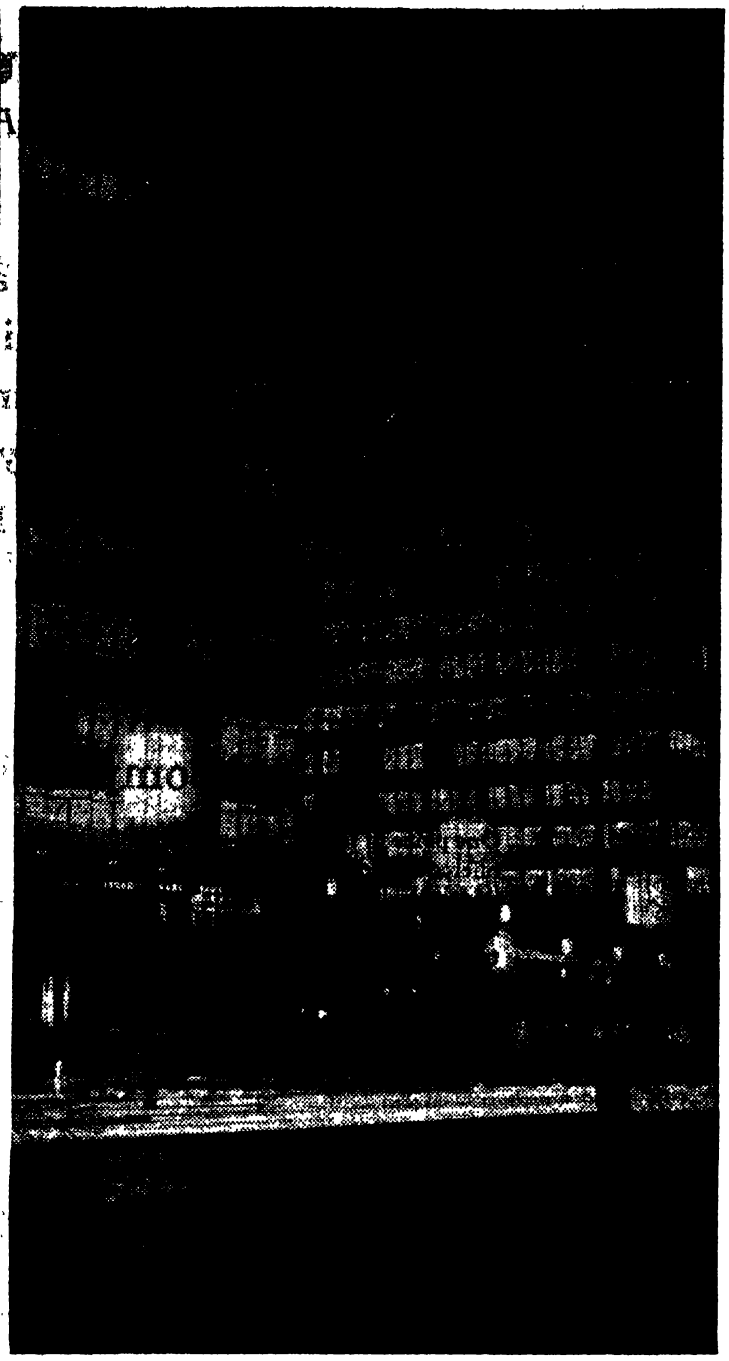
The German appetite for extending to manufacturers the open and more or less informed criticism of their performance to which professional sportsmen, actors, authors and other suitors for public favour are subjected, has been stimulated by the privately-owned weekly magazine *DM* (Deutsche Mark). This magazine, which sells for one mark and whose avowed object is to help the consumer get the best value for his mark, has published the results of more than 250 tests since it first went into action in September, 1961, impartially sorting out the good from the bad proffered on the markets and the hoardings. *DM's* insatiable curiosity and engaging cheek—it has so far survived frightening bouts of litigation initiated by powerful firms—have made it one of the most entertaining magazines in the country, with a circulation of half a million copies. Its year book for 1964, in which the results of 91 tests are summarised, has been given an initial print of 250,000 copies.

DM does not confine its investigation to the tangible merits and defects of various makes of car or brassiere, or to the mysterious contents of liver sausage, soft drinks, soup cubes, car polish, shampoos and tranquillisers. It discusses also the value of such purchasable services as those of charwomen and garages. In its first issue for 1965, for instance, it reports on the waywardness of watchmakers, naming 57 in 28 different towns to whom a watch, put slightly out of order, was taken for repair. Twenty watchmakers mended the watch for nothing, eighteen of them at once. The other 37 were not so honest. A Lübeck shop, which must be blushing at the exposure, charged 18.50 marks (getting on for £2) after keeping the customer pointlessly waiting ten days.

It is unlikely that the state-sponsored testing institute will be as excitingly irreverent as *DM* is. But, with an assured income, it may be able to speak with an authority that the magazine seems to lack chiefly through having to peddle its findings in competition with a score of illustrated weeklies, clamouring for attention. The magazine bases its conclusions largely on the result of research carried out by its own staff of 22 engineers and technicians working in its own laboratory at Fellbach, near Stuttgart. It passes one of five simple judgments—"highly recommended," "recommended," "less recommended," "not recommended," and so down to the blunt "we advise you not to buy." The new Berlin institute is proposing to use the advisory services of such prestigious neighbours as the Max Planck institute, the technical university and like homes of wisdom and analysis. But it has not yet decided in what form to damn or praise: a system of awarding points is being considered.

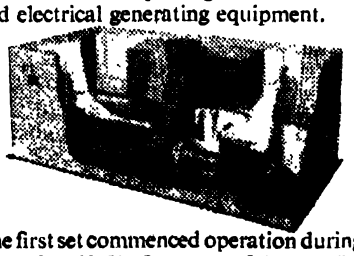
The institute's first board of management has been chosen in accordance with the constituent ruling that it shall include a housewife, a commercial scientist versed in business management, a commercial lawyer, an experienced administrator, and a political economist. The chairman (apparently a part-time man at first) is Dr Hans Otto Wesemann, an economic journalist and director of the west German short wave radio services. The members of the three committees that will do most of the day-to-day work have yet to be appointed. The result of the first test has been promised for the middle of the year.





Out of the blue came power to light cities

Bristol Siddeley were the first company in the world to use aero jet engines to drive land-based electrical generating equipment.



The first set commenced operation during the winter of 1958-59. So successful were Bristol Siddeley in developing this new form of generation, that orders have now been received from power supply authorities and industry for sets to a total capacity of more than 1,000,000 kW.

Based on the well-proven Proteus and Olympus aero-engines, Bristol Siddeley turbo-generating sets are specially designed for peak-lopping and emergency standby duties.

Light in weight, small in size and free from vibration, they can be installed at less than half the cost of conventional sets of equivalent output.

Bristol Siddeley also supply the power for aircraft, helicopters, ships, air cushion vehicles, rockets and missiles.

Bristol Siddeley Engines Limited. Executive Office: Mercury House, 195 Knightsbridge, London SW7, England.

BRISTOL SIDDELEY SUPPLY THE POWER

COVENTRY, NORTH LONDON & BRISTOL

The underground movement

(Shell-Mex and B.P. keep things going)

Shell-Mex and B.P. provide the liquid energy which builds most of our new tunnels. (We're in most underground movements before they even get earthborne.) That's our part, now it's your turn—and you needn't spare us the sub stuff.

Competition No. 3

One prize of ten guineas, and ten of four guineas, are offered for the most characteristic piece of McGonagall doggerel written to celebrate the opening of a real or imaginary Scottish tunnel. Limit: 24 lines. Entries to Shell-Mex and B.P. Ltd, 18/20 St. Andrew Street, London, E.C.4 (Comp.), by 2nd February, 1965. Results will be published in this paper on 6th March, 1965.

The small print The competition is open to all persons in U.K. and Republic of Ireland over 16. The decision of the judges is final and legally binding. No correspondence can be entered into. Shell-Mex and B.P. Ltd exclusively reserve the right to publish, without further payment of any kind, any part or whole of any entry. All entries become the property of Shell-Mex and B.P. Ltd and cannot be returned. (We have to say this—but don't let it cramp your style.)

SHELL-MEX AND B.P. LTD MARKET PETROLEUM PRODUCTS OF BOTH BP AND SHELL IN THE U.K.

BRITAIN

What's to do with Transport House?

The Labour government would be unwise to ignore the Labour party's machinery. A correspondent reports

Secretary Williams unbriefed bureaucrat

THE return of a Labour government last October has, ironically, been a major blow to the party headquarters at Transport House. Mr Tom Driberg, Mr Ian Mikardo and Mrs Bessie Braddock are now the only members of the party's National Executive who are Members of Parliament but unburdened with ministerial tasks. Mr Wilson and Mr George Brown, the two take-charge men, have let the reins of the party organisation go loose in their hands upon seizing the reins of government.

At present, the party bureaucracy is drifting and weak. It is drifting because the government leaders have not given Mr Len Williams, the party secretary, clear and explicit directions as to what the job of the organisation should be in the unfamiliar circumstances of a Labour government. The headquarters is weak because two departmental heads have left for the Commons, and another for the Foreign Office. It is undermanned because of the high turnover arising from niggardly salaries, and demoralised more than usual because few people seem to worry about the weakness of headquarters.

Party bureaucrats are unlikely to be sympathetic or popular figures. But in a democracy party organisation is essential and, in the Labour party, full-time paid employees are likely to be less irresponsible and less alarmingly left-wing than constituency activists. They alone can provide the indispensable counter-weight to the party's left, organised and vocal through the weekly *Tribune* and the enfeebled but still extant Campaign for Nuclear Disarmament.

Just because Labour's leaders now have at their service the full weight of the civil service machine, a strong case can be made for strengthening the advice coming to them from outside Whitehall, as a counter-weight to the official mentality. Individual ministers vary in their contacts, and in their ability to attract memoranda and memoranda writers from outside the civil service. Sir Michael Fraser showed at the Conservative Research Department (from 1951 until his promotion in December 1964) how the Conservative party in government could benefit from a permanent staff of researchers, to assist ministers, backbenchers and party committees on request.

At present, some Transport House officials give the impression that they expect the Research Department to direct its principal activities to preparing "educational materials" for use within the party, i.e., propaganda in favour of whatever achievements the Government may claim. A case can be made for using the opportunity of a Labour government to attempt to drill some realism and revisionist principles into the socialist faithful, although the experience of 1945-51 is not encouraging. However, this task should surely be left to the press and publicity department, whose job of servicing party leaders has now been taken over by political appointees in government.

THOSE who advocate making the Research Department a mere bureau of hack propagandists have party salary scales on their side; pay is well below what bright young people can earn elsewhere. The head of the department, on a scale of £1,345 rising to £1,685, at least has the prospect of going into the House of Commons, as did Mr Peter Shore, whose success in October has created a vacancy at present. The remainder of the department's staff lack this incentive, and must suffer from the peculiarly nerve-wracking qualities of political work. Few stick it for more than one or two years, and heavy turnover has prevented the Labour party from building up an experienced staff of a dozen researchers. Some turnover is desirable, if people with fresh ideas are to be recruited, but inducing turnover by low salaries is hardly a strategy of which a Labour party ought to boast.

One way to strengthening the Research Department would be to raid the International Department, reducing its staff by integrating it with Research. In theory, the International Department has an important job—maintaining liaison with left-wing parties throughout the world, thus providing a social-democratic line of communication intended to counterbalance, in part, communist propaganda. In practice, the staff is far too small to provide more than token contacts with most nations.

Furthermore, the deep policy divisions within the party on international affairs have made it difficult to assemble a group of politically "reliable" staffers. It should be remembered that Labour's defence experts are supposed to serve committees including prominent unilateralists. The lengths to which political and personality conflicts affect the department is indicated by the fact that the advertisement for a new international secretary was carefully phrased not to require the appointee to speak a foreign language. In addition, any reference to Europe or the common market is carefully avoided.

The organisers in Transport House might rejoice at the weakness of the eggheads, who often make them feel uncomfortable, if it were not for the fact that the organisers are weak too. The fall in turnout at the polls in October once again emphasised the inability of party agents to get out the vote. Less noticed but more important is the fact that in the majority of constituencies Labour has no full-time agent, and in many more its agents are men of limited ability and experience. The regional headquarters of the party are understaffed, and the regional organisers are generally not sophisticated and thoughtful observers of what is happening in the constituencies.

As a consequence, the Labour party

machine nationally is a less than efficient device for communicating views from the party in the constituencies to headquarters. If Mr Wilson had firmly announced his intention to make decisions without regard to the views of constituency militants, this information gap would be of no significance. In the past, however, Mr Wilson has shown himself interested in noting which way the political wind is blowing within the party. It is important that he be correctly informed about the temper of the party, especially in view of the indications from constituency surveys and the Brighton conference that party activists are now less left-wing than Labour politicians have formerly thought they were. And Labour can hardly be content with the present vacuum at its centre while the Government's majority remains at its present size.

Hard Way Back

The Conservatives' machinery for selecting candidates is not likely to benefit their party

CONSERVATIVE selection committees have not been showing much enthusiasm for helping the six former ministers who lost their seats at the general election back into the House of Commons. Of the four constituencies where by-elections are to be held because the Conservative member left the Commons only one, Altrincham and Sale, has adopted an ex-minister as a candidate—Mr Anthony Barber, who was Minister of Health. In East Grinstead Mr Geoffrey Rippon, ex-Minister of Works, was passed over in favour of the television commentator Mr Geoffrey Johnson Smith; and in Salisbury, where the short list was not disclosed, there is said to have been an ex-minister rejected for Mr Michael Hamilton (member for Wellingborough from 1959 to 1964). Mr Rippon may now have to wait until the next general election; he is offering himself as a prospective candidate for Hexham. But in South Worcester, where the present member will not be stan at the next general election, a minister and an able one, Mr Maurice Macmillan, Economic Secretary to the Treasury in the last government, was on the short list and yet Sir Gerald Nabarro—also a television personality, among his other accomplishments—got the job. Sir Gerald, of course, who has forgotten more about rough and tumbles of this kind than personnel selection committees are ever likely to learn, naturally, presented himself in South Worcester as "the local man."

The selection committees have in fact not only been showing a tendency to consider who will best serve local interests rather than make the most intelligent contribution to legislation—that is fair enough; they have been dragging the prospective candidates' wives before them and generally appearing to follow the principle that the chap who goes down best socially in the constituency will be the best candidate. It is a pity that when the Conservatives should be regaining their strength in opposition their local associations are making things so difficult for some of their younger and brighter politicians.

Prospect for Peers

New Liberals, and Gladwyn Franks — *Labour leader Longford* — *Conservative leader Carrington*

HOW is the House of Lords faring under the alien rule of a Labour government? Mr Wilson has not provided it with a very strong government front bench. He included as few existing peers in his administration as he could and, except for the Lord Chancellor, Lord Gardiner, those who were included had originally been tipped for more important posts. Lord Longford, who was made Lord President of the Council, had been a strong candidate for the Home Office; and Lord Walston, now Under-Secretary of State for Foreign Affairs, had been considered in the running for the Ministry of Agriculture. Again, as is proper for a Labour administration, there were no hereditary titles given in the 1965 New Year's Honours list.

The large Conservative majority in the Lords, under the leadership of Lord Carrington, has adopted the official policy that was expected of it. It is not going to vote down any bill which embodies proposals set forth in the Labour election manifesto; for these are considered to have received the country's approval. Bills are therefore passing through without divisions, and with only a small flurry of amendments that are by leave withdrawn. On the other hand, any proposed legislation which was not in the manifesto might conceivably get voted down. There will certainly be opposition to Mr Silverman's bill for the abolition of capital punishment, though this is not expected to be sufficient to throw it out; and since that is a private member's bill there would be no blatant or official party conflict.

No doubt the Conservatives are right not to oppose official government measures in the Lords, even to the extent of subjecting any of them to the short element of delay allowed to the upper house by the current Parliament Act. But an odd effect of this wisely cautious policy is that, just as everybody complained that there was no really effective Labour opposition to the Conservative government in the upper house during the last Parliament, so there might be even less really probing opposition to the Labour government there during this one. The Lords is still intended to be a major forum for informed discussion of public affairs; and the introduction of life peerages and the method of asking for leave of absence (which prevents the swamping of the House by backwoodsmen on some rare but to them important issue) were both intended to encourage this. But the House seems not to have moved far from its traditional lining up on party principles; indeed the move last week of Lords Gladwyn and Franks from the crossbenches to the Liberals is one more sign of such lining up. But, in spite of alignment in parties, it is generally impossible at present to make even demonstration votes in them. And it is difficult to believe that if the House of Lords becomes a sort of non-political national debating society without any voting power, anyone will pay more attention to it; they will probably pay less.

Doctors on the left

Why is the Government under fire from militant doctors?

THE Medical Practitioners' Union is in the news again. Throughout its fifty years of existence it has represented the left-wing of the medical profession and, therefore, could have been considered by the present Government as the one organisation of doctors that it could unquestioningly rely on to support the health service. Why, then, is the union asking every general practitioner in the country—some 25,000 of them, though its own membership is only about 5,000—to agree to a withdrawal from the service "in the [illegible] of a breakdown in negotiations [illegible] the Government"?

There are two possible explanations. One is that the incitement to withdrawal is communist-inspired. For some time there have been allegations and denials of communist infiltration in the union's council and administration, which came to a head at the annual general meeting held late in October. At a council meeting a fortnight later the president and the treasurer were deposed by a small majority, a move by the anti-communists that was later thwarted on the grounds that the elections were invalid because they had been held unconstitutionally: they ought to have taken place at the first council meeting after the annual general meeting, and that meeting had been adjourned, not concluded, on October 25th. So in December the "deposed" officers had their positions reaffirmed for another year, whereupon seven of the council's 36 members resigned. In the meantime, a special general meeting had voted in favour of a commission of inquiry into the union's affairs; it will consist of five backbench members of the union under a legally qualified chairman, and its terms of reference will include an investigation into allegations of party political activity or interference.

A threat of withdrawal—even a partial withdrawal—from the health service is a very unLabourly thing to do because it touches Labour's most sensitive spot, and for that reason it lends support to the belief in commu[illegible] infiltration of the Medical Practitioners' Union. But the threat could merely mean that the union is trying to recapture the loyalty of disgruntled general practitioners who may have transferred it to ginger groups like the General Practitioners' Association. This body, and [illegible] groups of GPs, have also talked of withdrawal from the health service. But all such plans, which echo the British Medical Association's of 1957, must surely founder on the assertion that patients will not suffer—which makes the threat ineffective. If they do suffer, the doctors are bound to suffer too—in public esteem. All but the most militant among them are consequently likely to heed the British Medical Association's advice and wait at least till the review body has pronounced on their claim f more pay and the Government's reaction known.

Town Hall Technocrats

NALGO wants a career open to talent, but not all talents

IN evidence to the two Government-appointed committees looking into the staffing and management of local government, the National and Local Government Officers Association (Nalgo) calls for public relations to eradicate the image of dreary, ignorant people in the Town Hall. In the same breath it seems to deplore its own view that there are indeed so many of these people. Two-thirds of a sample of 6,811 vacancies which occurred in 1961 were unfilled at the end of the year. Th previous year, 40 per cent of all junior recruited were below the mini[illegible] educa tional standards; 45 per cent l[illegible] year; and only 8 per cent w[illegible] school sixth formers. In three years, 675 university graduates entered the l[illegible] authority service.

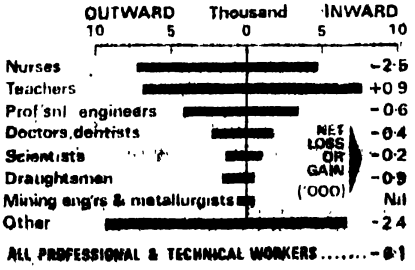
Local government traditionally recruits from school leavers, and has not adjusted itself to the fact that so many of these now go on to university. Clerical workers can nowadays often get better jobs with equal security elsewhere, but now that machines can do so much of the work for them this is infinitely less serious than the shortage of able administrators. One cause is the bewildering array of qualifying examinations on which promotion sometimes depends, and the varied practices, from one authority to another, over exams and training. The union plugs the Diploma in Municipal Administration, which attempts "to secure for the administrator parity of status and esteem with his professional colleagues." There is a sounder plea for training centres used by groups of local authorities, and for room for local government in business schools. Perhaps most of all local government needs people capable of using and assessing the significance of scientific data.

Pay is not good compared with the central government service; but then the job varies so fantastically according to the size and type of local authority. The staffing of local government must, at bottom, have much to do with the structure of local government, but this is only obliquely within the terms of reference of the committees. But it is to be hoped they will pay very serious attention indeed to the nature of the chief administrator. The top position of all, that of the clerk to the council, is the exclusive preserve of lawyers. Nalgo has every reason to ask that this top job should be open to any official of sufficient ability (they would not, of course, agree that key posts might go to anyone at all of sufficient ability). But, with Newcastle's announcement that it is looking for a city manager, perhaps the day may come when local government is still more a "career open to talents" than its union would like.

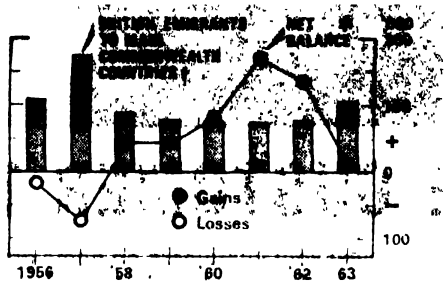
In and Out

Britain now adds, on balance, to its population by migration, but immigration dropped sharply after the Commonwealth Immigrants Act came into force in July, 1962. Emigration to the main Commonwealth countries was higher in 1963 than at any time since 1957. Leaving aside immigrants from the Irish Republic, the nursing profession lost, rather surprisingly, but teaching gained.

The Brain Drain: 1963



Figures exclude movements between United Kingdom and Irish Republic and relate to migrants intending to settle for at least one year



** In the United Kingdom through total emigration and immigration. † Canada, Australia, New Zealand and the former Rhodesian Federation.*

More Men, Fewer Women

Net gain/loss by migration* mid 1963 to mid 1964 (in thousands)

	Male	Female
Single	+15·6	−0·5
Married	+13·1	−8·0
Widowed, divorced	+ 0·2	+0·6
	+28·9	−7·9

** Between England and Wales and rest of world, excluding movements to Scotland and Northern Ireland*

JET THE CUSTOMER TO YOUR DOOR

It's often an advantage to meet your customers on home ground—at your own factory or head office. Yet how many customers can afford the time to travel hundreds of miles to see you?

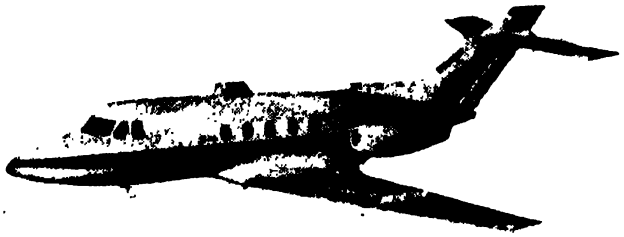
Progressive companies today are using a new tool to achieve this personal contact...the executive jet aircraft. They can send it to collect customers a thousand miles away and bring them back to headquarters in less than 2½ hours. There is no need to rely on road, rail or airline schedules, and company prestige is greatly enhanced. This is only one of the benefits an executive jet offers: it also enables your own sales and service teams to visit distant customers, for product presentation or on-the-spot technical advice, giving greater executive utilisation.

Only a jet aircraft gives such swift personal contact—vital in today's competitive business world. Compared with other executive jets, the Hawker Siddeley 125 offers low initial cost, early delivery and the background of Hawker Siddeley's long experience in the design and manufacture of jet airliners.

Twice as fast as piston-engine aircraft, the 125 is built to airliner standards of comfort and performance. It carries six to eight passengers and their baggage, cruising high above the weather at jet airliner speeds. Powered by two Bristol Siddeley Viper jets, the 125 is always ready to take-off whenever you decide and can use a complete range of radio and navigational aids.

This could be one of your company's most valuable investments. Ask your Secretary to write for literature on the 125 and details of 'buy as you fly' schemes.

HAWKER SIDDELEY 125



Hawker Siddeley Aviation, 32 Duke Street, St. James's, London, S.W.1. The largest Aviation Group in Europe manufacturing civil airliners, civil and military transports, military strike aircraft, military trainers, business aircraft. Other Hawker Siddeley companies manufacture missiles, rockets and a wide range of components and aerospace equipment. Hawker Siddeley, with world-wide sales and service facilities, also supplies transformers, switchgear, alternators and other heavy electrical plant, locomotives, marine and industrial diesel engines from 1.5 to 7,500 BHP, transport refrigeration units, land, sea and air navigation systems, light alloy products, sewage treatment plant, agricultural equipment and light and heavy general engineering products.

It takes 30 pins to cover Australia . . . *and we need more all the time.*

The pins represent Mitsui affiliation in Australia. Whatever business you do in Australia, you'll find Mitsui men on the spot and ready to help.

In Australia, for instance, the Thiess Peabody Mitsui Coal Pty. Ltd., one of the world's most ambitious open-faced operations, is a typical joint venture, with technical assistance being lent by the Mitsui Group to help Australia exploit its vast mineral treasures.

Mitsui also helps by importing Australian wool, coal and salt to Japan, and by exporting Japanese heavy machinery for the electrical, textile and automobile industries, among others. A gigantic water turbine for the Sydney power station was supplied by Mitsui.

The Mitsui network expands from Japan to every continent of the world, with import, export, transport, etc., for all the goods and services of modern life . . . chemicals, textiles, metals, foodstuffs, ships, machines, consumer products of every description, engineering and construction skills, etc. You name it, and Mitsui does it.

Mitsui & Co., is unique in its ability to coordinate huge projects, because it stands at the centre of the great Mitsui complex of modern industries and can mobilize *all* their resources at a moment's notice.

There's a Mitsui man near you. Talk to him about your business needs. Japan's great trading company might have the answers you need.

MITSUI & CO., LTD.

HEAD OFFICE 2-1, Shiba Tamuracho, Minato-ku, Tokyo
P.O. Box 822 Tokyo Central Cable: "MITSUI TOKYO"

For products or projects no matter what the size, contact your MITSUI man through MITSUI & Co., Ltd. • Sydney: Mitsui & Co. (Australia) Pty. Ltd. Fifth Floor, Guardian Assurance Bldg., Cor. Pitt & Hunter Streets, Sydney (G.P.O. Box 3879 Sydney) Tel. 28-2704-10, 2788-90 Cable: MITSUI SYDNEY Telex: Call No. 20301 • Melbourne Mitsui & Co. (Australia) Pty. Ltd., Western House, 83, 89 William Street, Melbourne, C.1, Victoria Tel: 62-1706, 1975, 1977, 6861-6 Cable: MITSUI MELBOURNE Telex: Call No. 30245 • Brisbane: Representative, Mitsui & Co. (Australia), Pty. Ltd. 175-179 Eagle Street, Brisbane, Queensland (G.P.O. Box 617-J Brisbane) Tel: 2-5044 Cable: MITSUI BRISBANE • Perth: Representative, Mitsui & Co. (Australia) Pty. Ltd. 1 A Essex Street, Fremantle, West Australia (P.O. Box 137 Fremantle) Tel: 5-1254-5 Cable: MITSUI PERTH Telex: Call No. 92028

BOOKS

A Question of Supremacy

Power in Washington

By Douglass Cater.

Collins. 285 pages. 30s.

A natural magnet for students of government, the political life of Washington provokes books in vast numbers. Some of these are mere gossip or newspaper commentaries blown up to many times lifesize ; another class, more systematic, distorts the vast, shapeless subject by the effort to fit it into the framework of some theory. Mr Douglass Cater is better qualified than most writers to produce a work that falls happily between the two, having divided his working life between government, academic life and the business of Washington political commentator, and having achieved eminence in all three. Since this book was published in the United States, and before the British edition appeared, he has returned to government on President Johnson's staff in the White House —where, one supposes, ideas gathered from past experience are being seared in a new furnace. The nature of American government under President Johnson is still uncharted ground ; " Power in Washington " carries the study up to the end of President Kennedy's life.

Still, the change of personality in the Presidency changes only a part of the scene, and Mr Cater's book is probably unequalled as a beginner's guide to Washington affairs at the present time. He begins, as one must, with the inadequacy of the various available doctrines to define the reality as it exists. Woodrow Wilson's pilgrimage from the theory of the supremacy of Congress (set out in " Congressional Government," 1884) to the view that the President's office " is anything he has the sagacity and force to make it " (" Constitutional Government in the United States," 1908) is classical. The separation of powers has never worked quite in the way the founding fathers are supposed to have intended it to do ; something close to the truth of the matter is contained in the judgment of Professor Richard Neustadt, quoted by Mr Cater, that the constitutional convention of 1787 created not a government of separated powers, but " a government of separated institutions sharing powers." Thus, there are times when the Supreme Court with its " re-interpretations " comes suspiciously close to making laws. The frontier between the field of activity of the Presidency and that of Congress is often not definable. Mr Cater instances what he calls the " sub-government " of sugar, which offered in 1958 the spectacle of the chairman of the House committee on agriculture awarding an enlarged sugar quota to the Dominican Republic just when the Administration was trying to negotiate a boycott of the Trujillo government with the Organisation of American States.

Government in the United States is crowded with such little empires, and in their efforts to capture them for the student, or for the righteous wrath of public opinion, the political scientists and the commentators are usually a tick or two behind the clock: when one of the sub-governments becomes visible in all its power and glory, this is usually a sign that the jig is pretty well up. Defence, the biggest of these cases, is still a disputable one in that respect. One of the most fascinating of Mr Cater's chapters proceeds from President Eisenhower's unexpected remark in his farewell message at the end of his second term:

> In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex.

It is true that General Eisenhower, a believer in frugality, had had trouble with Congresses that would vote funds for defence projects which he thought redundant or ill-chosen. This is a part of what he meant, but what else wrung the warning out of him? Mr Cater details some of the ramifications of the " sub-government " of defence, with its far-flung economic power, its direct lines to Congress, its service associations each with its magazine doggedly promoting navy, army or air force views, its chains of radio and television stations, its resources for supporting the publication of right-minded books, and even its loyal cartoonists putting the military case in comic strips in the daily papers.

None of this activity is wholly within the President's control ; nor can it be, for long, unless he is to identify himself totally with his duties as commander-in-chief and treat his civil duties as subordinate. The irony is that it was the founding fathers, in their anxiety to debar a President from the temptations of military aggrandisement, who gave Congress the power to " raise and support armies " at the same time as it made the President commander-in-chief. Thus a military establishment threatened by a budget-cutting Executive has constitutional recourse to the protection of Congressional committees. The biggest of recent conflicts in this field, the campaign for the Nike-Zeus system of anti-missile defence in 1961, ended in a postponement by President Kennedy in favour of a search for a more perfect system. But this chicken may soon come home to roost in the shape of the improved and still more costly Nike-X system, on behalf of which President Johnson will, before long, be confronted with a demand for something between twenty-five and thirty thousand million dollars. There is comfort, of a cold kind, for perplexed British defence planners in Mr Cater's account of the difficulties that arise in the United States as " the weapons systems continue to get bigger in size and more selective in number," so that almost any major decision is likely to have a disruptive effect on some part of the economy.

" Power in Washington " contains some radical analyses but no radical solutions. It does make some proposals of detail for the reform of Congressional procedure ; these, interestingly enough, are almost exactly the changes instituted this month by the new majority in the House of Representatives. Many students of American politics have thought of going farther, as Wilson did when he was young, and urging a system of cabinet government based on parliamentary support ; but the thought of trying to make the British system work in a country as sprawling and diverse as the United States has usually made them draw back, as Wilson did. Mr Cater goes the same way, concluding in the end that " the existing tension between the two branches of government " has merit in it.

Bluebook and Reminiscence

History of British Agriculture, 1846-1914

By Christabel S. Orwin and Edith H. Whetham.

Longmans. 431 pages. 63s.

Lord Ernle's " English Farming Past and Present "—dressed out with modern introductions—is still the most comprehensive history of its subject. But the first version of that great work appeared as early as 1888, and since Ernle laid down his pen agricultural history has become an independent discipline, and agriculture, which was a way of life, has become an industry: the dairymaid has vanished, the horse has given way to the tractor, and gigantic countryhouse shooting parties have dispersed for ever. Now two scholars have attempted to take account of the new knowledge and the changed perspective, over a much shorter period than Ernle covered but for Wales and Scotland as well as England. Both authors have ties of long standing with the countryside—as they need to have, for the writing of agricultural history is like an

International Affairs

The Quarterly Journal of the Royal Institute of International Affairs

IN THE JANUARY ISSUE

Europe: Basic Problems and Perspectives
A Danish View
PER HAEKKERUP

The Background of French Nuclear Policy
WOLF MENDL

Illusion and Reality in India's Foreign Policy
MICHAEL EDWARDES

The Second Indo-China War
BERNARD B. FALL

General de Gaulle and the Anglo-Saxons
DAVID THOMSON

The Domestic Roots of Soviet Foreign Policy
JOHN A. ARMSTRONG

West German Aid to Developing Countries
JOHN WHITE

Books

Quarterly 16s. Annual subscription 37s 6d post free from Oxford University Press, Amen House, Warwick Square, EC4

The Taxation of Capital Gains

A. R. ILERSIC

'A handy readable guide.' *Financial Times*

'A masterly and at the same time extremely topical book on the whole field of capital gains taxation.' *The Accountant*

21s

STAPLES PRESS

9 Grape Street, W.C.2

agricultural operation: excellence in the art cannot be acquired by swift intelligence but comes from slowly gathered knowledge of fields, farms and farmers. No two villages —perhaps no two farms—are alike, and the best agricultural historians have always had stout boots.

But Mrs Orwin and Miss Whetham bring more to bear on the subject than intuitive sympathy. One of them, it may be conjectured, has a statistical bias and is responsible for the efficient tables and charts, while the other has a taste for the telling instance from novels and memoirs. This combination leads sometimes to odd changes of pace in the narrative, but though the reader now and again has to plod through some patches of midland clay, there are sunny uplands where he catches a distant view of Barchester Towers or meets the young Thomas Hardy listening to Joseph Arch on one of his early tours through Dorset. As a result of this blending of blue-book and reminiscence the work succeeds in providing not only a highly professional economic history of agriculture but also a social history of the countryside ranging from the Duke of Bedford to the agricultural labourers of "Lark Rise to Candleford."

The society the authors describe seems strangely remote, but if we are over fifty years of age the chances are that it was the background of at least some of our grandparents, and, for this reason, the book can hardly fail to interest us. But, on a strictly economic view, it is more interesting as a commentary on the English system of landlord, tenant-farmer and agricultural labourer. On social grounds there was much to be said against this system before 1914 —and the authors do not hesitate to say it. But as a means of allocating resources and meeting changes in external circumstances the verdict should be more favourable. Starting from scratch no one would devise such a curious method of organising an industry, and yet, after reading this account of a period that covered one long and severe depression as well as two periods of prosperity, one is inclined to conclude that the English system was more flexible than any except the Danish.

Aux Armes Citoyens!

The Parisian Sans-Culottes and the French Revolution, 1793-4

By Albert Soboul.

Oxford University Press. 280 pages. 38s.

The Social Interpretation of the French Revolution

By Alfred Cobban.

Cambridge University Press. 190 pages. 21s.

Professor Soboul's doctoral thesis must be a massively comprehensive work. Even this abridgement suggests a mason's yard rather than a completed building; but it should be invaluable to students of the Revolution; [illegible] that ill-defined omnivore, the "general reader," can use it to satisfy his curiosity about the home [illegible] of the mobs who, waving heads on pikes and bawling bloodthirsty songs, play such a prominent part in "historical" novels and films of this period.

The sans-culottes have had their imitators; but they were unique. Never as disciplined as Italian blackshirts or German brownshirts, their pedigree was more respectable: out of the National Guard of '89 by the Constituent Assembly, which divided the administration of Paris into 48 Sections, each with its own committee and armed volunteers, but all ready to rally to the sound of the tocsin, the cannon and the drum. A sans-culotte was known by the outward signs of civic grace: his democratic trousers condemning the kneebreeches of the aristocrat; his offensively natural manners; his denunciation of a neighbour who addressed him as "Monsieur"; especially a better-off neighbour who might not be an aristocrat but obviously belonged to the equally unpopular class of "*honnêtes gens*." Lack of political enthusiasm was denounced as *incivisme*; and the surprising readiness of respectable citizens to commit appalling atrocities was sometimes due to a fear of appearing lukewarm.

Bitterness was increased by the pressure of war. Food was scarce and prices high. Not a new phenomenon—there had been bloody bread-riots under the Bourbons; but now the blame for the grim effects of grain shortage and a collapsing currency was cast on noble plotters or new plutocrats. It was said that the price of bread would fall when profiteers' heads fell; that every street should have its guillotine. "Terror" became a popular panacea.

Yet evidence of socialist ideology is rare. Indeed, the right to own property was an article of the Revolution's Athanasian Creed —the Declaration of Rights of 1789. Differences only arose between the government of France and the sans-culottes of Paris (and between the sans-culottes themselves) over the size and scope of ownership. To "The Twelve who ruled" France the capacities of contractors and factory owners to supply the needs of the armies were far more important than the curiously conservative ideas of small shopkeepers and craftsmen. Meanwhile, governmental attempts to fix maximum food prices were only intermittently successful; and their endeavour to control wages was bitterly resented. In a sense, Robespierre's fall was due less to the attacks of his colleagues than to the refusal of the disillusioned sans-culottes to defend him.

Marxist historians ascribe the failure of the sans-culottes to maintain their local committees and forces in a permanent "state of insurrection" [illegible] middle class monopoly of the benefits of the revolution. But neither Professor Cobban nor Professor Soboul regards the sans-culottes' contribution to the revolution as a class-conscious

proletarian movement. It was, in fact, "a coalition of socially disparate elements, sapped by internal contradictions . . . a patriot and republican bourgeois is freely described as a sans-culotte." (Soboul quoted by Cobban.) Many of the most militant, having become paid committee-men in their sections, became salaried bureaucrats under Napoleon.

One more sign of the bourgeoisie's take-over of the revolution, M. Soboul would say. But Professor Cobban, in his recently published Wiles Lectures, dissipates the sacred myth of the destruction of feudal France by a rising capitalist middle-class. After a critical inspection of long accepted definitions of pre-revolutionary feudalism, the revolutionary bourgeoisie, the economic consequences of the revolution, and the social cleavages between town and country, his verdict is that the bourgeois of sociological theory

> are a class of capitalists, industrial entrepreneurs and financiers of big business; those of the French Revolution were landowners, rentiers and officials . . . a few big fish, many of moderate size, and a host of minnows. . . .

Yet the fact remains that most of these were represented in the great *journées* that generated the dynamic power of the revolution: it is citoyens, not sans-culottes, whom the Marseillaise calls to arms.

Self-Study

American Political Science: *A Profile of a Discipline*

By Albert Somit and Joseph Tanenhaus.

Atherton Press, New York. 187 pages. $5.75.

The sociology of professions is a well established special subject within the social sciences, and American social scientists have now become sufficiently numerous and professionalised to spawn studies of themselves. This book analyses responses to a mail questionnaire distributed to a random sample of the academic, governmental and other members of the American Political Science Association.

The chief theme of the report is the considerable variations among politics professors in terms of training, specialisation and attitudes toward their profession. The respondents differed strongly in evaluating the adequacy of the profession, as they did in their attitudes toward using psychological and sociological techniques in political studies. They also differed markedly in the prestige assigned to different universities teaching politics. These prestige differences affect the career opportunities of PhDs, and the non-prestigious departments are growing in size. (Prestige-conscious English students anxious to go to America for postgraduate study should carefully note the distinctions *within* American universities as well as the American-English distinction.)

Because the research was done on a shoestring (perhaps a reflection of the low prestige of the university with which the authors are affiliated), it was not possible to report data on the training of graduate students, the field in which American political scientists seem to excel compared with their English counterparts. One omission is inexcusable—the authors were sufficiently rigid ideologically to omit questions about political preferences and partisan motivations involved in recruitment to the profession; they even omitted the obvious query about professorial voting habits.

Books this month

A. J. Hagger
The Theory of Inflation
A review of all the different modern theories of inflation, assessing their values and indicating future trends.
Melbourne University Press 52s. 6d. net

Harry A. Gailey
A History of the Gambia
A timely and much needed work on an area important for an understanding of the extension of Europe into Africa.
Routledge & Kegan Paul 35s.

Lancelot Hogben
The Mother Tongue
A guided tour through the English language, and a new simplified method of learning a foreign one. 'A book to give wide horizons and exciting ideas.' —*Times Educational Supplement*
Secker & Warburg 36s. net

Edited by Edith Penrose, Alec Nove, Kurt Martin
The Journal of Development Studies
A new quarterly journal devoted to economic, political and social development.
Frank Cass Annual Subscription £3 Single Issues 16s.

Brian Tew
Wealth and Income
An analysis of the economics and financial systems of Australia and Great Britain. Fourth edition, substantially revised.
Melbourne University Press Cloth 35s. net Paperback 25s. net

B. S. N. Murti
Vietnam Divided: The Unfinished Struggle
The Former Deputy Secretary-General, International Commission, Vietnam, writes of the origin of this problem, and the effects of foreign intervention.
Asia Publishing House 32s.

Vernon Bartlett
A Book About Elba
An illustrated guide-book, history and study of the Napoleonic period by an author who has made his home in Italy. Also available, his 'Tuscan Retreat'.
Chatto & Windus 21s. net

E. I. Nwogugu
The Legal Problems of Foreign Investment in Developing Countries
A review of a vital problem by a Nigerian Advocate and Barrister-at-Law of Lincoln's Inn.
Manchester University Press 45s. net

Lesley Cook
Railway Workshops—The Problems of Contraction
The first study of a major industrial reorganisation to be undertaken while it was happening. From the Department of Applied Economics at Cambridge.
Cambridge University Press 10s. 6d. net

Connor [illegible]
Statistics [illegible] and Practice
Dealing mainly with the administrative, economic, social and business branches of the subject, the work is illustrated throughout.
Pitman Fifth edition 30s. net

Partisan Review
This outstanding American quarterly magazine of literature and comment is available from good booksellers and the distributors*. Subscriptions, 1 year, 25s.; 2 years, 45s. Single copies 7s. 6d.
*** Chatto & Windus Ltd., 40 William IV Street, London, W.C.2**

Edited by Dorothy Norman
Nehru: The First Sixty Years
Presenting in his own words the development of the political thought of Jawaharlal Nehru from his earliest years up to the founding of the Republic of India, 1950.
Bodley Head Two volumes 105s.

E. S. Sachs
The Anatomy of A[illegible]theid
A thorough examination of the basis and growth of Apartheid; the Commissions and Laws, and their effects on both African and white population. 417 pp. Ready February 8th.
Collet's 45s.

Patrick M. Boarman
Germany's Economic Dilemma: Inflation and Balance of Payments
An enquiry into the causes and consequences of the chronic balance of payments surplus of West Germany in the period 1950-61.
Yale University Press 56s. net

V. P. Dutt
China's Foreign Policy
A searching analysis of the shifts in the foreign policy of China who with her atomic bomb looms larger than ever on the world scene. New insights into the problem are provided.
Asia Publishing House 50s.

R. I. Downing, H. W. Arndt, A. H. Boxer, R. L. Matthews
Taxation in Australia
A report by a group appointed by the Social Science Research Council of Australia, containing a number of positive proposals for reform.
Melbourne University Press 27s. 6d. net

A. R. Prest, Christina Fulop, Colin Clark, J. B. Heath, D. J. Robertson
Ancient or Modern?
Volume 2 of selected HOBART PAPERS on Purchase Tax, Retailing, Growthmanship, Monopoly and the Labour Market.
Student edition 10s. 6d.
Institute of Economic Affairs 25s.

All books advertised in The Economist can be obtained from
THE ECONOMISTS' BOOKSHOP
Clare Market, Portugal Street, W.C.2
Catalogues free on request

The great German hotel in Frankfurt is an INTERCONTINENTAL

Where else can you choose from a wine cellar worthy of kings, dine 21 stories over the River Main, and still pay as little as $7.25 for a room with a bath?

Other attractions of Germany's newest, largest hotel range from such necessities as underground parking, and a walk-to-everything location . . . to such personal touches as Eames chairs by the hearth, and a foil-wrapped chocolate by the bedside each night.

FRANKFURT INTERCONTINENTAL, Karl Walterspiel, General Manager. One of the 28 incomparable Intercontinental Hotels. Call your Travel Agent or Intercontinental.

Frankfurt
INTERCONTINENTAL

Before the Oil

Arabian Days

By Hafiz Wahba.
Arthur Barker. 183 pages. 30s.

Serving diplomats are rarely a fruitful source of revelations about the events with which they have been principally concerned, and any reader who looks in this book for a greater insight into Anglo-Saudi relations and in particular the Buraimi Oasis dispute will be disappointed. It consists of an account of the Sheikh's experiences in pre-oil Arabia, culminating in his becoming for a number of years the confidant of King Ibn Saud himself. Sheikh Hafiz later moved to the somewhat more rarefied atmosphere of the Court of St James's, where he has represented Saudi Arabia for a number of years.

Though unconcerned with political matters, however, Sheikh Hafiz is agreeably frank over the manners and customs of the people of Arabia during the earlier part of this century and, unlike many European visitors to that part of the world, is no apologist for the less laudable habits of that period. His book is unlikely to excite any reader interested in contemporary affairs in the Arabian peninsula; but it is of value in providing a record of an era that has been swept away almost without trace by the advent of the oil industry.

Jam for Lawyers

The Law of Restrictive Practices and Resale Price Maintenance

By Jeremy Lever.
Sweet and Maxwell. 183 pages. 25s.

The Resale Prices Act

By Henry Summerfield and Ivor Stanbrook.
Charles Knight. 212 pages. 35s.

The preface to the Summerfield-Stanbrook book reminds us that the present Lord Chancellor, speaking of the Resale Prices Bill, said: "This is a Bill on which I do not think any lawyer would be morally justified in taking money to advise anybody of what its effect might be." It is true that some changes were subsequently made to the Bill; but the Act is very much like the Bill. Nevertheless, despite Lord Gardiner's *dictum*, business men have been, and will continue to be, coming to their legal advisers for interpretations of this and that section of the Act. Their advisers will now have the benefit of the guidance offered in these two books.

Mr Lever's book covers a far wider field than the Act of 1964. Its main part is a systematic study of Part One of the earlier Restrictive Trade Practices Act (of 1956). This concerns the registration of restrictive business agreements, and their adjudication by the Restrictive Practices Court, whose jurisdiction has now been extended by the recent Act. This part of the book is a second edition of the author's "The Law of Restrictive Trade Agreements," published in 1962. It has been revised and brought up to date, right up to the *Heavy Steel* decision of the Restrictive Practices Court and the House of Lords judgment in the *Newspapers* registration case. The discussion is comprehensive without being over-loaded; and it can be recommended warmly.

Both Mr Lever and Messrs Summerfield and Stanbrook approach the new Resale Prices Act under the unavoidable disability that no part of it has yet been subject to judicial interpretation. This has not deterred them from writing helpful commentaries, with painstaking attention to detail. Both books reproduce the relevant statutes and statutory instruments. The Summerfield-Stanbrook volume also contains a digest of seventeen judgments of the Restrictive Practices Court, "included to illustrate the manner in which the Court is likely to deal with cases coming before it" under the new Act.

Minority Viewpoint

Henry Garnet, 1555-1606, and the Gunpowder Plot

By Philip Caraman.
Longmans. 481 pages. 50s.

Since most history in English of the Tudor and Stuart period is written from the Protestant viewpoint, Father Caraman's studies of Roman Catholic life at this time are a valuable corrective to the traditional interpretation. His most recent biography of Father Garnet deals with the years from the Armada to the beginning of the seventeenth century. Garnet was the Superior of the Jesuits in England during that time, and was executed for his complicity in the Gunpowder Plot in 1606. Missionary priests in the sixteenth century, whose aim was reconversion, spent their lives in hiding and faced death and torture if discovered. Garnet's achievement lies in the fact that in spite of this he worked undaunted for twenty years, and did much to preserve Roman Catholicism in England. He began with only one companion (the poet Southwell); at his death there were forty-two Jesuit priests in the country.

From the twentieth century with its secular bias, it is possible to view the religious struggle of the past from neutral ground. But although detachment is possible for the reader, it has not been completely possible for Father Caraman, who writes with passion and sincerity but from the point of view of his religion and order. For this reason he fails to give a clear account of the whole problem of the Catholic minority in general and of the Jesuits in particular. In the sixteenth century a Catholic minority in a Protestant country can be compared to a communist minority in a capitalist society today. They owed allegiance to a foreign power (the pope) and their aim was to overthrow the existing order. In 1570 the papacy had excommuni-

cated Elizabeth, and although discretion was allowed to English Catholics about how they implemented this, the papal bull in fact legalised resistance to her. In 1579 there was a rebellion in Ireland in which the Jesuit Nicolas Sanders played a leading part; in 1588 a Spanish invasion fleet was at sea in the Channel; and in 1606 a small group of Catholic gentry made a spirited attempt to blow up Parliament. The Jesuits were even more dangerous to the state because they justified tyrannicide as a weapon to be used against an [illegible] or heretical ruler; a theory that [illegible] them particularly odious to James I. [illegible] although the personal loyalty [illegible] majority of English Catholics [illegible], and Father Garnet and [illegible] the use of force, the [illegible] the Catholic minority [illegible] and it was political.

There are [illegible] where Father Caraman is perhaps [illegible] evasive. He glosses over the [illegible] division within English Catholicism between those who only wanted to practise their faith undisturbed and the new arrivals from the training colleges on the Continent whose aim was active reconversion. And because he avoids a real analysis of the last years of Elizabeth, he gives an impression of a widespread sympathy for the Catholic cause, which was far from being the case. What is incontrovertible is the courage and dedication of Garnet himself and of all who worked with him. Placed in an impossible situation with no final solution open to them, they worked and died for their faith. This is the real impact of Father Caraman's book.

OTHER BOOKS

PRECIOUS STONES AND OTHER CRYSTALS By Rudolf Metz. (Translated by W. Mykura.) *Thames and Hudson.* 191 pages, including 89 plates. £8 8s.

Yes, this book is expensive. But pictorially it is quite outstanding. Except for a handful, the eighty-nine colour plates are not photographs of exquisite or opulent jewel design, but are of a great variety of crystals, objects in space exuding textured patterns, sometimes the colours densely interwoven, sometimes sharply contrasting. It is an adventure into shape, texture, colour and light to turn these pages. Comparison with painting can be overdone, yet here is a photograph of onyx which has an air of Braque, another of a polished section of moss agate looks for all the world like a Jackson Pollock and a section of a crystal of tourmaline from Madagascar might well be from the Sutherland studio.

After sorting out some of the layman's difficulties in nomenclature, by defining exactly what a crystal is and distinguishing minerals from rocks, the text describes the process of crystal growth and mineral formation, finishing with a section on gemstones. Written by a mineralogist and geologist, the volume succeeds in being scientific without having too much of a textbook flavour. It is translated from the German and printed in Germany. All the photographs were taken by Mr Arnold Franck; the original specimens are in various museums and collections.

PICTURES IN THE ROYAL COLLECTION: The Later Italian Pictures. By Michael Levey. *Phaidon Press.* 282 pages. 75s.

This, the second section of the complete catalogue of the Queen's pictures, reports on Italian paintings by artists ranging in period from the Carracci family to [illegible]. Its publication before the complete volume of the earlier Italian pictures leaves the [illegible] side of Charles I's passion for Italian art still unrecorded in this series. Here the focus is on the purchases of Consul Smith's collection by George III. Quite what were the business relations between Canaletto and Joseph Smith (who exploited whom?) are still apparently obscure; so also is the history of the negotiations over George III's purchase. Of greater interest in this book to the experts will be the rejection by Mr Levey of Canaletto as the artist of the *View towards Murano*, now in the Royal Collection at Windsor; in a page and a half of [illegible] discussion he argues against the usual attribution.

Mr Levey has deservedly built up a name for himself as a lively, scholarly and [illegible] art critic and his introduction to the catalogue fulfils expectations. The production is excellent and there are 205 plates, [illegible] of which are in colour.

THE MASS CONSUMPTION SOCIETY. By George [illegible]. *McGraw-Hill.* 351 pages. [illegible]

[illegible] many years, the Survey Research Center of the University of Michigan has been conducting [illegible] interview surveys of American [illegible] in order to ascertain their buying intentions and financial behaviour. Professor [illegible] popular write-up of this work is [illegible] as "provocative" and "penetrating" as the [illegible] claims, but it serves to remind us that similar investigations are lacking in the United Kingdom. The techniques used are by now well established in market research; it is simply their application to the general study of consumer saving, spending and economic attitudes which is different.

MANAGEMENT INFORMATION AND ACCOUNTING. By R. W. Dobson. *Gee.* 524 pages. 50s.

WAGES: A Workers' Educational Manual. *International Labour Office.* 185 pages. 4s. 6d.

GOVERNMENTS AND POLITICS OF SOUTHEAST ASIA. (2nd edition.) Edited by George McTurnan Kahin. *Cornell University Press.* London: *Oxford University Press.* 813 pages. 92s.

THE AFRICAN CURRENCY AND INVESTMENT GUIDE. Prepared and published by *International Reports, Inc.,* New York. 87 pages. No price given.

THE STATESMAN'S YEAR-BOOK: Statistical and Historical Annual of the States of the World for the Year 1964-1965. (101st edition.) Edited by S. H. Steinberg. *Macmillan.* 1744 pages. 50s.

SOUTH WEST ENGLAND. By Aileen Fox. *Thames and Hudson.* (Ancient Peoples and Places Series.) 254 pages, including plates. 35s.

A REGIONAL HISTORY OF THE RAILWAYS OF GREAT BRITAIN: Volume II, Southern England. Revised edition.) By H. P. White. *David and Charles* in association with *Macdonald.* 218 pages, illustrated. 35s.

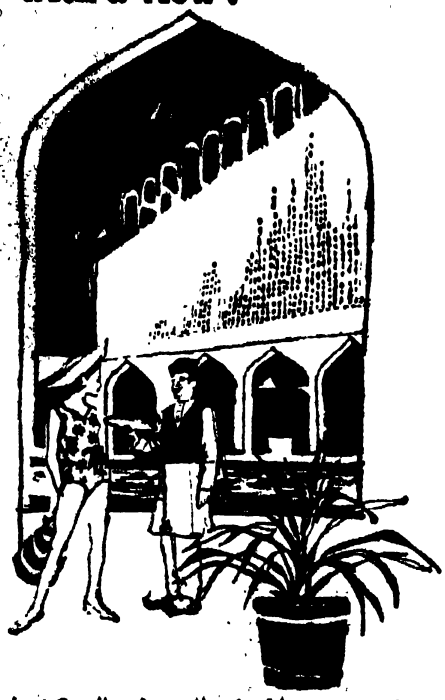
THE INVESTOR'S INDIA YEAR-BOOK. 1964. (50th edition.) Compiled by Place, Siddons and Gough Ltd. *Orient Longmans,* Calcutta. 517 pages. Rs.25.

THE LAND. By John Higgs. *Studio Vista.* (A Visual History of Modern Britain Series.) 215 pages, including 245 illustrations. 35s.

THINGS SEEN. By Victor Hugo. (Edited and translated by David Kimber.) *Oxford University Press.* (Oxford Library of French Classics Series.) 326 pages. 25s.

The great Pakistani hotel in Karachi is an INTERCONTINENTAL

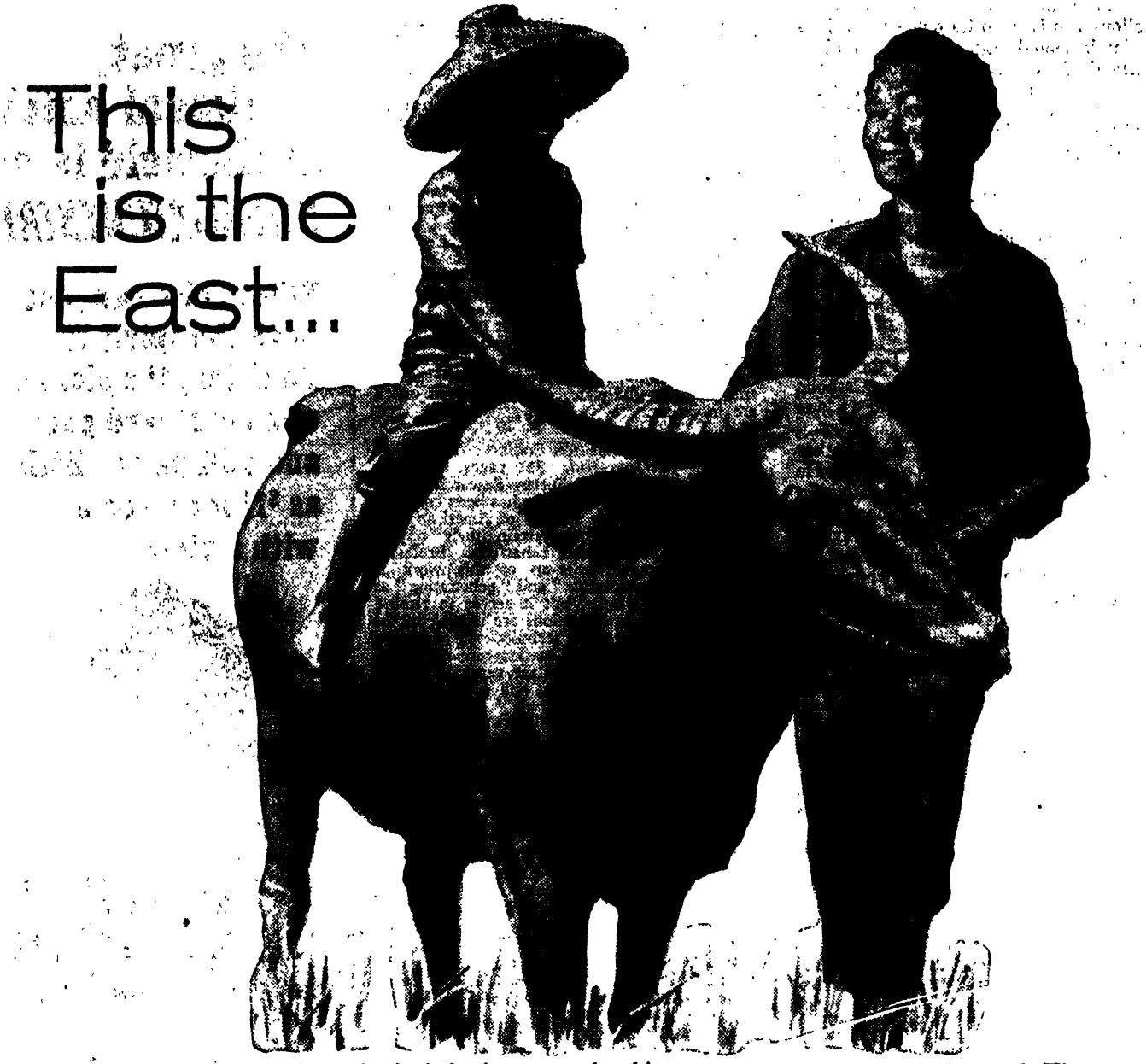
Where else can you have the spirit of Pakistan, the pleasures of a courtyard pool and still pay as little as $11 for a room with a view?



Just 3 miles from the Arabian sea, and decorated in the greens and golds of Pakistan, our brand-new air-conditioned Karachi Intercontinental rises next to the President's residence. Cocktail lounge with a view of the city, cabaña club, continental and Pakistani cuisine in three restaurants.

KARACHI INTERCONTINENTAL, Jean-Pierre Stauffer, General Manager. One of the 28 incomparable Intercontinental Hotels. Call your Travel Agent or Intercontinental.

Karachi INTERCONTINENTAL



Economic development in Asia is bringing higher living standards to these young people and to the vast population of that continent. Demand for an ever increasing range of merchandise is steadily rising. If you are interested in trade with these expanding markets, you are invited to avail yourself of the banking and information services of The Chartered Bank and its subsidiary, The Eastern Bank Limited. The combined organisation of the two banks comprises one hundred and thirty branches in twenty-seven territories extending from the Eastern Mediterranean to the Pacific Ocean.

THE CHARTERED BANK

(Incorporated by Royal Charter, 1853)

HEAD OFFICE: 38 BISHOPSGATE, LONDON, E.C.2

West End, London branch: 2 Regent Street, London, S.W.1 · Offices in the United Kingdom also at Manchester and Liverpool, in Germany at Hamburg and in the United States at New York and San Francisco

The Eastern Bank Limited HEAD OFFICE: 2 & 3 CROSBY SQUARE, LONDON, E.C.3

Associated Banks: The Irano British Bank (Incorporated in Iran) · Allahabad Bank Limited (Incorporated in India) The Commercial Bank S.A.L. (Incorporated in Libya) · The Chartered Bank of London (Incorporated in California)

BUSINESS

Middle East Payoff

A hundred million dollars extra a year and more to come is not a bad return on two and a half years' argument, even if it is not all OPEC wanted. Oil companies have agreed to pay it: but there is no reason why consumers in the West should

ALTHOUGH the Organisation of Petroleum Exporting Countries has no official language, arguments at its conferences in fact go on in English. Most of the representatives speak the language tolerably well—though nobody would ever know this from the mangled phrasing of the resolution that OPEC finally adopted at its Djakarta conference in November on the issue of royalties, about which its member governments have been arguing with the major international oil companies so long. This resolution—as published three weeks ago, it is an unretouched scene of verbal carnage—seems, however, faithfully to have reflected the blood and tears of argument back and forth inside the conference, which led finally to an agreement to disagree. OPEC resolved to leave the issue to the discretion of its individual Middle East member countries; five of these said they would accept the latest offer made by the companies regarding royalties, and one said it would refuse the offer. Textually, it might be added in fairness that the language in which the offers themselves were couched bore no resemblance to clear English, either. But that did not reflect sheer mental anguish, as it did with OPEC; it represented Western legal ingenuity, perhaps a shade overripe.

Agreements with Qatar, Kuwait and now Iran on the basis of these offers have now been concluded, and one with Saudi Arabia is being worked out. In the original form of these offers it was stipulated that they would not become effective—and be backdated to cover 1964—unless they were ratified by at least four of the governments concerned by December 31st. This was later extended until January 26th. Whether the deadline will be met or not is still uncertain, but there appears no chance of its being rigidly interpreted to block benefits to the governments who have. It always seemed, in any case, that Libya would need a dispensation on the time-table.

The Iraq government refused the companies' offer, which was with strings—stipulating that extra benefits under it should not come into force until an agreement was reached on Iraq's larger arguments with them, dating back to the late General Qasim's nationalisation Law 80 and beyond. That does not mean that Iraq may not eventually get the full benefits, and back-dated. It means simply that the increased revenue arising from the royalties deal is a further counter in the balance of the bargaining that has been going on in Baghdad these last many months. Here, inevitably, the argument is about returning some of the concession acreage of which Law 80 grabbed about 99½ per cent (and under some of which there are enormous reserves of proved oil), and over cutting Iraq in as a partner in developing some of the rest of this "unwillingly relinquished" area. How much of a partner? Nobody knows. But the Royal-Dutch Shell company may have enlivened the argument by its recent acceptance of a new concession in the Iranian offshore area, where it would seem to have agreed to cut in the National Iranian Oil Company for 50 per cent.

DETAILS of the terms offered and accepted on "royalty expensing" are given on page 252. For each country, the benefits of the 1964 settlement offer differing extra revenues per barrel; costs, gravities and posted prices for the different crudes exported from Middle East terminals already vary, and so do the government revenues per barrel on each of them. The increase now being agreed would give an extra 3½-4 cents a barrel in the Middle East and more than 5 cents a barrel for "posted price oil" from Libya; those are the increases for 1964. Further increases would average about half a cent a barrel in 1965 and in 1966.

For 1965 and 1966 these further small margins of government income per barrel, over and above the basic increase conceded for 1964, are tied more specifically to the gravities of the crude oil. This is because in recent years, in markets for Middle East oil, demand for heavy oil products has been growing faster than for light fractions. So far as actual market prices conceded to independent bargainers are concerned, the discounts that have to be given on light crudes are nowadays much larger than have to be given on the heavy crudes from which more heavy oil products can be refined. So in adjusting its financial arrangements to give the governments fractionally more income per barrel this year and next, the companies are giving more to heavy crudes and progressively less to the light crudes—effectively reducing the ruling but out-of-date "gravity differential." This would have borne hard on the least prosperous of the countries concerned, Qatar, which has only very light crude to export. However, this government's Egyptian political "director-general," Dr Hassan Qamal, was not slow to stipulate that Qatar should get at least a minimum extra sweetener for each of the two years.

How does this outcome compare with what OPEC originally

What the Host Governments GET

Iran, Kuwait, Qatar and Saudi Arabia are accepting offers to "expense royalties" made to them by the oil companies operating under concessions in their countries. Libya is accepting offers from major companies that are shareholders in three of the four Persian Gulf operating companies above that would give it a comparable extra income per barrel of oil exported under its own, different concession pattern.

What Does "Expensing Royalties" Mean?

Oil payments to host governments under Middle East concessions consist of a fixed ROYALTY per barrel (usually 12½ per cent of the "posted", i.e. published, price), plus income tax on the profits shown in selling the oil. In all these countries except Libya, this income tax is charged on the posted price less cost; in Libya it is charged on the price actually realised (often much lower than that posted) less cost. The income tax rate in each case is 50 per cent.

In this tax reckoning, up to now, the royalty has not been taken as a cost; it has been CREDITED against the actual tax as otherwise assessed. It has thus reduced the tax payable by approaching twice as much as if it were treated as a cost before assessing taxable income, or EXPENSED.

What OPEC has been demanding since July 1962 for these governments is a change in their tax formula to EXPENSE royalties instead of crediting them.

The Offer

that these governments are accepting concedes the expensing principle; but moderates the extra cost of this by discounting the price basis used for tax purposes. For 1964, it means that royalties (of the present amount) shall be expensed; but that for income tax purposes the companies shall be allowed a discount of 8½ per cent off the posted prices of each grade of oil.

The effect is best exemplified. Take a notional Middle East crude with a posted price of $1.80 a barrel, and costs, other than royalty, of 20 cents a barrel. Then this is the way that payments to the government work out.

PRESENT BASIS	
Posted price	$1.80
Costs	20
Taxable Income ..	1·60
Tax at 50 per cent	80
Less Royalty	23
Net tax payable ..	57
Total government income per barrel	80 cts.

Ostensible share of taxable profits: 50 per cent.

NEW BASIS		
Posted price	$1·80; less 8½%	$1·647
Costs	20	20
Royalty	23	23
Taxable income		1·217
Tax at 50 per cent.....		·608
Total government income per barrel (royalty plus tax).		83·8 cts.

Ostensible share of taxable profits on comparable basis: 58 per cent.

This Year, Next Year, Sometime . . .

For 1965, the companies have agreed to reduce the discount off posted prices for tax purposes from 8½ to 7½ per cent—which would increase the taxable income per barrel by 1½–2 cents and the tax by approaching a cent a barrel. But this applies only to heavy crude oil of 27 degrees gravity API: for each extra degree API the 1965 discount goes up by ·13235 cents. For 1966 the discount, for 27 degrees gravity crude, will be reduced to 6½ per cent—plus ·26470 cents for every extra degree (most API Persian Gulf crudes are in the range of 31-36 degrees gravity). A 35 degrees crude, with price and costs as in the example above, would get the government concerned roughly half a cent a barrel extra in 1965 and about the same in 1966. Beyond 1966, the companies agree that the allowance (which reduces the tax payable and hence the value to the government's of expensing royalties) "shall be eliminated at the time and in the event that its elimination is justified by changes in the economic situation of (Middle East crudes) compared with that situation in 1964 and in other economic factors, that is to say the competitive and market situation of these crudes compared with that situation in 1964."

The Bill

For 1964, with an estimated total offtake of nearly 7 million barrels a day from these Middle East countries, say

$24 million for Iran — $3 million for Qatar
$29 million for Kuwait — $24 million plus for Saudi Arabia

and on the same money basis say

$17 million plus for Libya

Total without Iraq: $100–130 million for 1964.

What They GIVE

The Middle East governments accepting these offers are agreeing, in return, to certain conditions—some of which restrict them somewhat more than under existing agreements.

Prices

A "quit-claim" provision in the accepted offers makes the acceptance an abandonment of OPEC's resolution calling for the restoration of crude posted prices, retrospectively, to the levels from which they were cut in August, 1960; and for the first time the governments thus formally recognise for income tax purposes the lower prices applied since then.

This provision, however, covers only the period up to the agreements being made in acceptance of the offers.

Most Favoured Companies

A protective clause inserted into these offers stipulates that the companies would not be required to make total payments on crude oil in any year greater than if there were applied to them the most favourable arrangements applying to any other oil company doing business in the country concerned (including the discounts given on crude sales).

Just how this "most favoured company" clause will operate is not too clear, and the discretion left for interpretation is pretty wide. The offers allow for "equitable adjustment with due regard to the basic differences in the provisions" of different concessions.

However, a number of the deals already in existence and now being made on new concessions in the Gulf area do involve government or national company participation in the producing enterprise. And some of them are indeed beginning to involve sizeable agreed discounts to particular customers of these joint companies.

Arbitration

Any disputes over these additional payments, these governments agree in accepting these offers, shall be settled by arbitration. That is not unusual in Middle East concession agreements.

But these agreements will commit the governments more firmly to such arbitration than all of them now are committed.

Odd Man Out

Iraq, arguing that the original non-financial provisions of the companies' offers would "constitute a clear infringement on its sovereignty" and would restrict its freedom of action "in the achievement of higher common objectives of OPEC", rejected the offer.

set out to get? In July, 1962, the organisation published resolutions calling for

- restoration of crude oil prices in the Middle East to their levels before cuts of 4-6 per cent made in August-September, 1960;
- expensing of royalties (and amendment of the royalty rate upwards from 12½ to 20 per cent); and
- abolition of "marketing allowances," charged at 1-2 per cent of posted price per barrel by the companies before tax in respect of selling expenses.

What its five members have in fact achieved is a reduction of these marketing allowances to half a cent a barrel, worth roughly half a cent a barrel each in extra income—plus this partial satisfaction of their claim for royalty expensing. Together, these average perhaps four cents a barrel for 1964, 4½ cents a barrel for 1965, 5 cents a barrel for 1966. These amounts, as it happens, are not far off what the governments would have got if their concession terms had been left unchanged, but the posted prices had been restored to pre-August 1960 levels. But in fact OPEC ceased to proceed actively with that particular claim some eighteen months or more ago.

To the extent that the benefits gained arose from the existence of OPEC, they represent a handsome return—$100 million a year, rising, against OPEC's budget of about a million dollars a year. As compared with the whole package of what it claimed in 1962, which represented about 22-23 cents a barrel, the results of the 2½-year negotiations represent only small fortunes, and those gained at the expense of some final dissension. There may well be some sense of anti-climax among some of OPEC's members—two of which, Venezuela and Indonesia, have been wholly outside these protracted negotiations—at having only part of the enormous bite they tried to take so early in OPEC's career left to chew, caviar though it is. The member governments of OPEC, at Djakarta, were clearly at pains to paper over disunities and hold the organisation together. They have still to see how the outcome goes down with public opinion in their countries.

What they agreed in return for the extra financial benefits was not meaningless; but as further amended since Iraq stood out, it does not look from the outside to be so much of an infringement of sovereignty as all that. The "most favoured company" clause is more, certainly, than any major company has had written into its concessions up to now. But for it to become operative would imply that the concession terms Middle East governments will be granting from here on would be more favourable to new concessionaires than old ones are. So far the established companies' fear, rightly, has always been that new ones will be more favourable to the governments, and that they will be called on later to match such terms. The new tendency for governments to go into partnership with the concessionaire may complicate this trend; but hardly reverse it. Moreover, the difficulty of making any real comparison between two concessions drawn up on entirely different bases would make this clause pretty hard to apply. And the clause stipulating mandatory arbitration of disputes between companies and governments arising out of this new agreement has been beneficial, in the translation from accepted offer to firm agreement, of the main thing that worried the governments—the right the companies might have had to withhold payment of these extra sums during any delays over arbitration.

For Western oil consumers, as well as for OPEC, two questions arise. How much difference will this addition to government revenues per barrel make to oil prices? And what will OPEC be after next?

The answer to the first question is anybody's guess. Ours: none whatever. The real element of surplus capacity overhanging the world oil market arises from the amounts of oil proved in the ground that could be developed and sold at today's discount prices and still give some producer, after paying the government, an acceptable return. And they will not go away. Where they can, producers will naturally try to push up prices and cite their own higher "tax-paid cost"; but their power to do so will depend wholly on their market position in particular bargaining, and have nothing to do with the extra cents per barrel that the Middle East treasuries are tucking away. Many influences affect the market levels of crude and products prices; but it is not easy to see that this limited success of OPEC's, in the medium run, will alone make any significant difference to them at all. Whether adequate or not, the profit margins earned by these major integrated companies on oil from these countries are at present compressible: European consumers can resist paying more without any danger of failing to get enough oil.

And that, indeed, is what OPEC is after next: trying to change these circumstances, and harden the price of oil. Its members are having to write off, with these agreements, their concern with what happened to the posted price of Middle East crude between August, 1960, and January, 1964; but from now on they are as interested in prices as ever. It is true that during this year and next, whatever happens to the market, their own take per barrel of oil will go up slightly; the agreements fix that. But what happens to that take after 1966 depends on consultation between them and the companies; towards the end of 1966, on the actual circumstances prevailing in the market—from which their revenues have effectively been insulated for so long, through being linked to artificially stable posted prices. In two years' time that insulation will be beginning to wear thinner.

So OPEC is once again beginning to concern itself with the actual prices at which oil is sold, and the size of the discounts given below posted price. It is setting up an economic commission which will collate such information as governments can collect from their concessionnaires about the actual prices paid in the market (the governments' rights, machinery and abilities to get such information vary). It will then think about what might be done to stop prices falling and push them back up towards the posted prices that have been so high and dry so long: "Not excluding proration," as the resolution runs. This "control of surplus capacity" (if not production) could indeed hardly be excluded, as it is perhaps the only way that producers might hope to firm up the price—providing they had the ingenuity and the will to impose such a regime on the companies and their customers. OPEC's only partial success with the first large tasks it set itself to start with has thus not deterred it from taking on a larger one; seemingly, it continues almost to disdain less ambitious and perhaps more constructive exercises. This largest OPEC ambition of all will remain of inimical interest to the Western oil consumer; but need not yet practically concern him.

Mortgaged Illusions

In its crude attacks on building societies this week the Government has its economics upside down

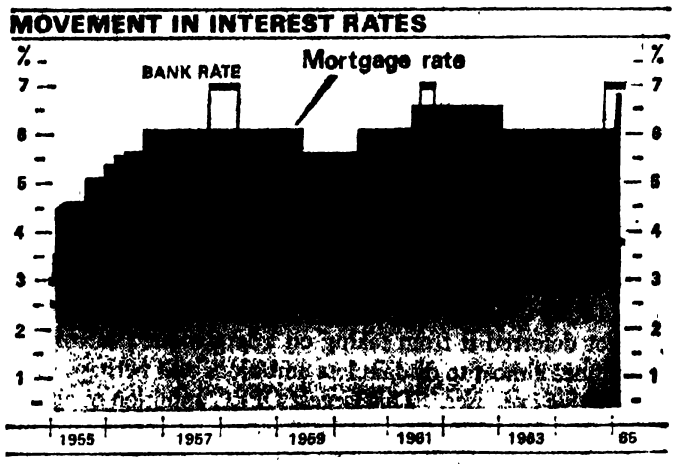
ONE would like to think that Tuesday's ministerial charade, berating the wicked building societies for putting the screws on the oppressed house buyer, was no more than a cynically political operation put on for the benefit of the by-electors of Leyton and Nuneaton. One suspects that unfortunately it was more: that this is another instance of the Government's obstinate disposition to expect economic events to react to what it put into its election programme six months ago rather than to what it actually did two months ago.

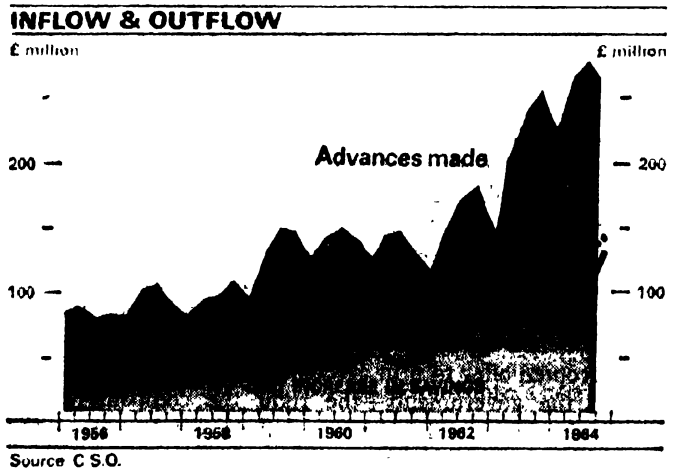
On November 23rd the Government sanctioned an increase in Bank rate from 5 to 7 per cent. It did not, despite its initial indications and earlier intentions, introduce any effective shield for the cost of housing finance. Building societies were given no cheap facilities at sub-market rates, and offered no immediate alleviations in taxation. For local authorities, admittedly, the Public Works Loan Board refrained from increasing its rates as it ordinarily would; but, more important, the local authorities were still allowed to borrow only a maximum of 20 per cent of their total needs at the favoured rate, with only a marginal alleviation for the smallest authorities announced this week. In consequence, house loans have become dearer at the town hall too—the London County Council is now charging a fixed rate of 7¼ per cent, ½ per cent above the variable mortgage rate now recommended by the Building Societies Association, up from 6 to 6¼ per cent.

If, in these circumstances, the building societies had indeed held back in deference to the Government's wishes, the result would have been clear. They would have been prevented from raising their rate paid to investors, which is up from 3½ to 3¾ per cent tax paid; and they would have foregone their needed boost to reserves (equivalent to ploughed back profits in a profit making company), made still more urgent by the additional taxation intrain. In both these ways the building societies would have been forced to cut down their lending. Uncompetitive investment rates had ready cut down the inflow of new savings; while inadequate profit margins and reserve margins had also cut down, less obviously but inexorably, the scope for building society expansion. In this way, would-be house buyers would have been turned away in still larger numbers than in 1964; housebuilding in 1965 would have been unnecessarily curbed; and the biggest building societies, which by and large are also the most efficient, would have been handicapped in their expansion drives.

Each of these results is the precise opposite of what the Government should aim for, if it is really interested in expansion, efficiency and equity in its housing policy. The crude goal of cheaper mortgages, with no specific steps being taken to provide them, would at best be achieved at the cost of an arbitrary, unfair, and restrictionist rationing of mortgages for new would-be house buyers. Many young couples would be deprived of the opportunity of getting a house, in order to provide what would amount to a further subsidisation of the people lucky enough to be houseowners already, who in any case have been relieved from tax on their mortgage interest—a subsidy for middle class housebuyers as distinct from poorer ones, who pay little or no tax—and are sitting on huge capital gains that Mr Callaghan does not intend to tax.

MANY building societies had become extremely impatient to get the new borrowing and lending rates into operation, for they had been operating under increasing difficulties with their margins being squeezed by the increases in taxation both in the composite rate paid by societies on behalf of investors (which was raised last year from 5s. 5d. to 5s. 10d. in the £ and which is expected to be raised by a further 6d. this year) and in the prospective increase in income tax on building societies' surpluses. Already down to a margin for reserves of 4s. 6d. per £100 of assets societies were faced with the prospect in a fall of this margin to about 2s. 9d. if rates were left unchanged. And after the increase in Bank rate even the biggest societies experienced a sharp fall in their inflow of savings. Thus in the last three months of the year the net inflow of funds of the Co-operative Permanent, one of the biggest societies, ran £2.2 million, £2 million and £1.4 million, and in total was 42 per cent below January-March.





BUSINESS BRIEF

Germany is raising its discount rate from 3 to 3½ per cent to curb inflation. France, under growing pressure, has lifted controls on consumer prices.

America's economy bowed out 1964 on a strong note as both retail sales and output recovered from the effects of earlier automobile strikes.

Latest indicators suggest that Britain's economy too was showing more strength. Between September and November industrial production suddenly leaped 4 points, and exports in December were a record.

THE BOOM THAT ALMOST WAS

What now seems clear is that the measures of restraint which the government has imposed since October did fall after all upon an economy in an emerging state of boom, although the government was unaware of this at the time. This is in contrast with the previous squeeze in 1961 which came at a time when the economy was already slowing down.

The latest survey of investment intentions by the Board of Trade reported that late last year British businessmen were still planning to step up their capital spending 10 per cent in 1965. But the survey was made too early to reflect the impact of 7 per cent Bank rate, the subsequent run on sterling and nagging uncertainties over the government's tax policy.

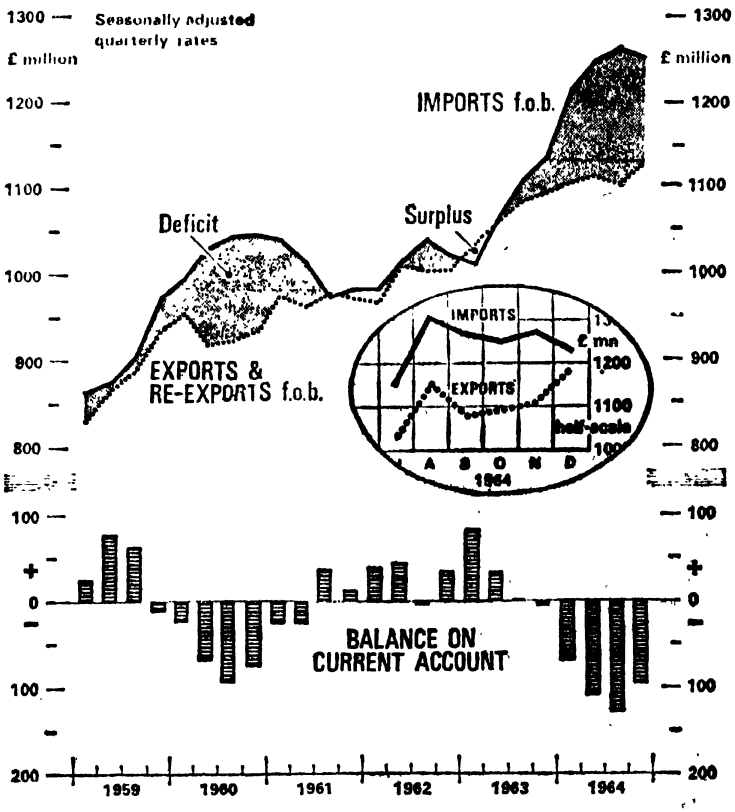
Certainly the domestic credit squeeze looks severe. Since mid-November the outstanding volume of Treasury bills has been run down by £650 million (it fell less than £100 million over the corresponding 10 weeks of 1963-64). This month bills on offer have touched a 13-year low. Tax receipts have been higher and government spending lower than had been foreseen, and the Treasury has met much of its cash needs from the proceeds of its unwilling sales of gold through the Exchange Equalisation Account.

Exports Rebound

Britain's trade performance in December was surprisingly good. The deficit on visible trade was slashed from £54 million in November to only £16 million—**the smallest gap since February last.** If we keep this up over the next 12 months it would imply a total current account deficit of only some £70 million in 1965 (allowing for normal receipts on invisibles), against an actual deficit in 1964 running at about £400 million. What was particularly heartening about this improvement was, first, that it came **largely from a rise in exports.** It clearly owed little to the government's emergency measures. The real bite of these is still to come.

Exports rose very sharply last month by £24 million to a record £381 million. Following on the much more modest gains chalked up in October and November this seemed to suggest that **at long last growing order books, particularly in the engineering industry, had begun to be translated into higher deliveries abroad.**

Whether these recent gains will be



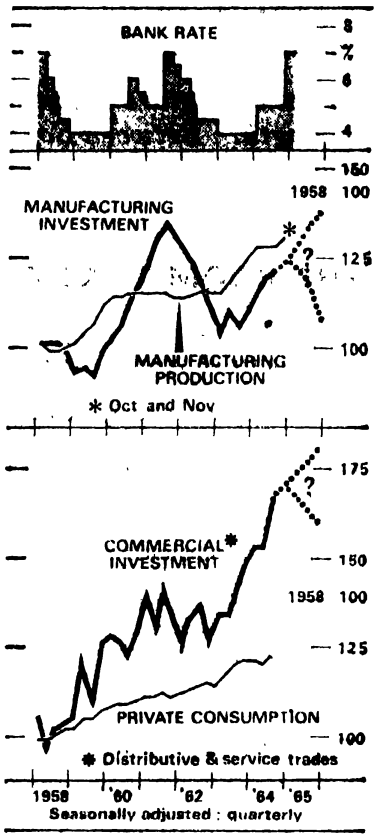
repeated over coming months remains doubtful. **Export markets will almost certainly not be so buoyant as in 1964,** and British export prices have continued to rise. The government has mysteriously postponed its promised new export incentives; Tuesday's announcement that tax rebates in 1965 may total as much as £80 million (instead of the £70-75 million originally estimated) presumably reflects increased petrol taxes.

A drop in the import bill also contributed to last month's improvement in the trade figures. British purchases abroad fell 4 per cent, back to October's level. On the face of it, it seems **unlikely that this fall owed much to the 15 per cent surcharge.** Orders for imports are generally placed some months ahead and not lightly cancelled.

Stop into Go

The recovery in exports and, still more, the buoyant tempo of investment demand at home must have been the major factors behind the **sudden strong rise in Britain's industrial production at the end of 1964.** Consumer spending too may have provided some renewed impetus. While the sharp increase in the volume of retail sales over shop counters recorded in October was not fully held in November, sales of motor cars have remained very strong. In any case, the rebound in output was spectacular. After remaining unbelievably steady throughout the nine months to September, **the official index of industrial production jumped four points in two months to bring the November figure 5 per cent above its year earlier level.** A good part of the rise apparently reflected a rise in the output of engineering firms, as well as a continuing high level of activity in the motor industry.

At least some of the answers to the Board of Trade's queries in November-December about investment intentions would now be very different. Capital expenditure plans of the important motor and chemical industries may still remain unruffled by the credit squeeze and tax uncertainties. But many firms, which were planning more modest expenditure on extensions and re-equipment geared closely to relatively short-term demand prospects at home, could react sharply. The National Association of British Manufacturers finds that **smaller firms are very discouraged about the immediate outlook for growth.** Moreover, although the government's latest bout of economic restraints has come rather earlier in the cycle of manufacturers investment than the similar 1960-61 package did, the boom in investment spending by commercial concerns is older—and, as the Board of Trade itself admits, **guesses about the future capital expenditures of this group of firms are particularly hazardous.** Yet commercial investment has grown so fast that it now accounts for nearly half of total private industrial investment in Britain, and in the third quarter of 1964 was responsible for the whole of the rise in the total.



KEY INDICATORS

Labour Market Tightens Further

Most up-to-date statistic of the British economy is this month's count of unemployment, taken on the 11th: it was 376,000, a nine-year January low. At the same time, the number of vacant jobs on offer was a nine-year January high. But because the Christmas supply of school-leavers has dried up (except in Scotland), employers may be using more adult new labour: there were rather more people rated as "wholly unemployed" than in January, 1961. However, the underlying trend in unemployment still seems downward. **It looks as if the one indicator which throughout 1964 was suggesting boom started 1965 on the same tack.**

	Month	Index 1958 = 100	Percentage change from: Previous month	Three months ago	Twelve months ago
Industrial production*	November	131	+1	+2½	+5
employment*	November	104·1	Nil	Nil	+1·1
productivity*	November	126	+1	+2½	+4
Export trade*†	December	130	+5	+9	+2
Retail trade*	November	123	−1	+2	+4
Unemployment*	January	77·2	−4·7	−8·1	−25·8
Wage rates (weekly)	December	125·2	+0·4	+0·8	+3·6
Retail prices	December	117·7	+0·4	+1·3	+4·8
Export prices	November	108	Nil	Nil	+2

* Seasonally adjusted. Indicators of export and retail trade in volume terms, i.e., in value at constant prices. Unemployment indicator refers to numbers wholly unemployed, excluding school-leavers. Total unemployment level in January running at an annual rate of 1.4 per cent. †Provisional.

And this year there is the prospect that Mr Callaghan may soon be boosting the attractions of National Savings.

Thus even though lending last year by the building society movement was at a record rate, up from £862 million to £1,089 million (the chart shows the quarterly movements), most societies had been forced to introduce some form of mortgage rationing and to cut back their branch quotas, in some cases severely. Would the Government really have preferred societies to have introduced more stringent rationing still?

It would be wrong if after all this the building societies took up a self-righteous attitude, as they quite easily could. If the present criticisms by the Government are by no means justified, there are others that are. Why, for instance, has the pace of mergers within the movement been so slow? For many years the argument has raged within building society circles on whether the intending borrower would be better served by fewer and bigger societies. The spread of branches by the larger societies means that most towns of any reasonable size have numerous societies represented in them. There seems ample scope for rationalisation and substantial savings in expenses. Perhaps, even after this latest increase in investment rates, competition for funds will be keen enough to encourage more mergers. The societies must, too, sooner or later face up to the question of whether they need a recommended rate at all. Even now no small proportion of societies will be charging 7 per cent on mortgages and 4 per cent net on shares.

The impression is given to the public, if unwittingly, that the Building Societies Association is almost exclusively pre-occupied with interest rates. But the association made the right decision at the end of last week; and even if Mr Crossman is right that 7 per cent Bank rate will last for "a matter of weeks rather than months"— our own views are on page 369—the societies should not be cajoled by further Government criticisms into an early downward revision of rates.

Availability of money must be the test. The chairman of the Abbey National has already given the view that a further change in rates in either direction is unlikely in 1965. Unless the Government is prepared later in the year to give some tax concessions, societies may well find it expedient to wait well into next year before considering a change. At least by then Mr Callaghan's insistence on the "very substantial" benefit that socities will receive from the proposed corporation tax (probably the equivalent of around 3s. per cent on the basis of the new recommended mortgage and investment rates) will be much more relevant than it is today, since this tax will not operate until 1966-67. And by then societies will know whether they have escaped the capital gains tax net on their holdings of government stock. After this week it is not surprising that societies have strong doubts and fears on this score.

BUSINESS □ BRITAIN

CONCORD

Kiss of Death

There is only one comment that needs to be made about the Minister of Aviation's statement in the House of Commons on Wednesday on the supersonic Concord and it is this: if the government still retains, as Mr Jenkins said it did, "some doubts about the financial and economic aspects of the project," then it has no right to pre-empt something between £100 and £200 millions of taxpayers' money to get the aircraft built. It is bad enough when a project started in good faith is belatedly discovered to be turning sour. To continue with it after making this discovery is unforgiveable.

THE government's surrender, with its emphasis on yielding to French pressure rather than undergoing change of heart at home, could yet prove Concord's kiss of death. It still looks remarkably like a device to buy time in which to talk Concord out of court, and this is how the world outside is going to interpret it. The Concord treaty, with its irrevocable commitment "to develop and produce jointly a civil supersonic transport aircraft," has already become more than a little bent. What has happened, for example, to the provisions of Article 6 that "every effort shall be made to ensure that the programme is carried out . . . with equal attention to the medium range and the long range versions"? Nothing is ever heard of a medium-range Concord now.

Engineering cares nothing for morals or moral obligations of the kind that arise out of treaties between countries, and it is engineering, not morals, that is likely to ground Concord. Airlines took the aircraft seriously, while disliking its performance intensely, so long as there was a real probability it would be flown by the British and French on the North Atlantic where, between them, they control about a fifth of the airline capacity. It is taken a great deal less seriously now that the British government has again expressed aloud its mental reservations about Concord's costs. This will, in turn, influence the attitude of Congress in the United States towards putting up the $1,000 million-plus required to build a supersonic airliner there; the US administration has its own doubts about that one's economics, too. Far from the Americans jumping to fill the void that would be left if Concord disappeared, if Concord goes, or is slowed down, the pressure will go off the American project, too, and some airlines think it will disappear for twenty years or so. "During the coming months," Mr Jenkins told the House of Commons, he would be working out a, presumably, slowed-down development schedule for Concord. He will also very probably be working out what to do with the British, Blue Streak, end of the European space launcher whose costs are now 50 per cent higher than the £70 million originally estimated. They appear to have gone awry in the second and third stages of the rocket, the responsibility of France and Germany respectively and, as Mr Jenkins will doubtless have pleasure in reminding them, the Europa rocket is covered by a treaty, too.

BUSINESS ATTITUDES

Planners and Pressure

IF "the present government began its life with a situation in which home demand was holding back exports and labour shortages were limiting output," as

Lord Plowden told a conference of industrialists at Eastbourne this week, then his conclusion holds good ;

> I hope therefore that it will feel itself strong enough to accept some reduction in aggregate demand, without being worried by jeers that we are back to the old policy of "stop."

The evidence is not absolutely conclusive yet. But the Federation of British Industries, which with the British Employers Federation and National Association of British Manufacturers has organised the Eastbourne conference, is taking the sharp upward jerk in the industrial production index as confirming its view that output genuinely rose quite steadily last year, without any real "plateau of stagnation."

Lord Plowden was not alone there in feeling that steady growth might be more sustainable in the British economy given some reduction in "pressure in the system." This view, on which economists of such diverse views as Professor Paish and Mr Dow could perhaps agree, is an attractive one. (Lord Plowden's definition of when pressure became unacceptable would be once vacancies exceeded unemployment.) But the process of getting free, say, of pressure measured by 1½ per cent of unemployment between say 2½ per cent to 3 per cent (or from less than 1 per cent in the Midlands to about 2 per cent there) would not be an easy one to combine with the kind of short term economic climate most people desired. It might easily require about two years of deliberately accepted recession before business men and trade unions really accepted that pressure in the boiler was not, pretty soon, going to be stoked right up again. It would be accompanied by most of the things expansionists complain about ; it could damage long term confidence throughout industry ; and any government brave enough to try it would leave itself wide open to attacks from which no opposition would be likely to refrain.

Seizing Up in a Boom

LORD PLOWDEN, as an ex chief planner for a Labour Government, had some practical points for the planners of this one. Rightly, he played down the notion of inevitable conflict between planned growth and "stop-go."

> "It is also important to have an adequate array of instruments of control at one's disposal and essentially to be ready and willing to use them before the point of danger is reached. . . . How . . . necessary it is with such a huge and cumbersome mechanism as the British economy to start to steady it towards its intended course well before it is actually there."

He had an unfashionably good word, in considering the various instruments, for control of building ; plus predictable approval for flexible use of the indirect tax regulators and control of consumer credit. Control of government expenditure should in theory, he said, be easy ; but if in practice we are unwilling to make any changes in the big blocks of expenditure like social services and defence, sharp changes in the minor items can do more harm than good.

His most searching point confirmed the "seizing up of the processes of improving productivity—the use of labour whenever we go into a boom." The cycle is familiar. From recession to recovery and rapid rise in productivity ; then a rather prolonged period of very full employment with little further increase in productivity; "when this happens several times it is hard to believe that there is not a pattern about it." This is one aspect, perhaps of the deep seated inclination in British business (and society) to settle comfortably into any situation that seems fairly satisfactory and eagerly postpone the embarrassing and uncomfortable processes of change. It is partly not wanting to get rid of labour (particularly when one hopes one may want it again some time down the road) ; better severance arrangements and wage-related unemployment benefits, both of which should be on the way now, may ease the embarrassment of that. But it is perhaps more an aspect of what Lord Plowden called our business inheritance: "What is still in large part a fine 19th century economic machine."

CARS

Canada, Ex-Commonwealth

BRITAIN is to lose the 17 per cent Commonwealth preference previously enjoyed in Canada, and British motor companies, faced now with equal competition from their European rivals, will probably have to set up assembly plants there. Cars from these plants will then be able to enter the United States duty-free (where there is at the moment an 8½ per cent tariff) if the agreement signed last Saturday between Canada and the United States gets through Congress. This could be an intriguing prospect. By the agreement, there is to be free trade in cars and car parts between the two countries, where before an elaborate system of preferences forced American companies to assemble in Canada. One, Studebaker, has gone so far as to cease production altogether in the United States and manufacture only in Canada.

Canada has apparently had satisfactory assurances from Chrysler, General Motors and Ford that their Canadian output will be increased, creating at least 6,000 new jobs and reducing the cost of cars to Canadians, at present about 18 per cent more than the United States prices. Mr Walter Reuther and the United Auto Workers are naturally less happy. Because such a bilateral agreement would probably infringe Gatt requirements, Canada has given complete free trade to all comers. The Canadian car market has always been a difficult one for non-American imports: it collapsed completely three years ago, and is now recovering slowly. One problem has always been the extremely strict Canadian anti-dumping restrictions, which prevent European cars from competing with North American ones as effectively on price as they otherwise might.

The agreement would probably put the United States in breach of Gatt, but this possible infringement will not reach crisis point until the next session in early March : meanwhile Gatt is assuming that the United States is innocent. In Canada, Volvo already has an assembly plant ; Renault and Peugeot will be encouraged to go ahead with their plans to build in Quebec. British companies will doubtless now have to follow suit. All this is very much what the Canadian Government had hoped for almost as ardently as British makers dislike it. Having given up hope of becoming a major car producer in its own right, Canada, like most developing countries, will at least reduce the strain that imports of cars puts on its balance of payments which is unlucky for Britain, faced with a £250 million deficit last year in its trade with Canada anyway.

SUB-CONTRACTORS

Passing the Buck?

TWO ships launched in the last few weeks are going to be late on delivery. In both cases the blame is pinned on sub-contractors ; they are said to be falling hopelessly behind on delivery schedules. Other shipbuilders, less publicly, are making the same complaint. Admittedly, the shipbuilders have a tough job to co-ordinate deliveries from suppliers that amount to anything from 25 to 70 per cent of the value of a vessel. But some yards claim—smugly—that they are keeping up to schedule, by good planning and constant prodding of suppliers. Prodding, however, does not always seem to be adequate. The shipbuilders' real grouse is against sub-contractors who promise a delivery date and report a delay only at the very last moment.

Shipbuilders have rejected the idea of penalty clauses, either because a sub-contractor will turn down a contract containing penalty clauses or because the size of penalty—or bonus—that a shipbuilder could put on a contract would probably be ineffective. Looking overseas is not the perfect solution either ; foreign companies are not necessarily any more reliable.

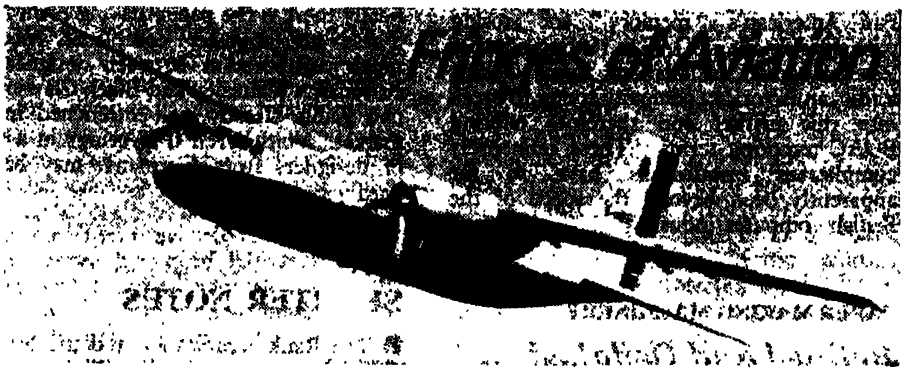
Mr Roy Mason, fresh from his tour of Japanese yards, has suggested bulk buying as a cure. He reckons that if the British yards co-operated they would have the same power to twist the arm of their suppliers as have the massive Japanese combines. It may, of course, not be as simple as Mr Mason made it sound. Bulk buying is easy enough when standard (or near standard) ships are being built, which are Japan's speciality. But owners placing orders with

British yards are full of whims : a winch like this, that brand of paint (because it is made by one of the buyer's subsidiary companies).

The electrical industry comes in for most criticism. The more complex the equipment, the greater the delay. And the shipbuilding industry is not the only one suffering from late deliveries. Electrical suppliers get criticised on every side and sometimes, in their turn, blame the suppliers of steel castings. At the heavy end of the casting industry, there is little spare capacity and order books are long. Furthermore, any slight hitch, a flaw in the quality or a slight change of mind by a customer, can turn the schedule awry for months.

What remains slightly surprising is that there has been no quick retaliation by the sub-contractors to the shipbuilders' complaints. In the motor industry, by contrast, arguments between car and lorry assemblers and their suppliers represent the escalation of a cold war situation into a shooting match. Component makers complain, with some justice, that the assemblers do not by and large know how to buy or plan their production properly. Major factors are that some lorry assemblers, particularly Leyland, also supply engines, gear-boxes and back axles to other companies : naturally in time of stress their own assembly lines receive priority. The situation here was made worse by a go-slow last summer at the works of L. Gardner, which supplies a 150 bhp diesel widely used by lorry assemblers, and by Ford's inadequate production of some of its diesels, which resulted in a severe crisis for J. C. Bamford, the earth-moving equipment company.

At the same time, component companies have been unwilling to expand capacity too much, since demand for parts drops suddenly and without an adequate warning period—production of BMC tractors, for instance, has dropped radically recently. Also the continual quest for lower costs



Handley Page Herald

SOME aircraft companies can watch the comings and goings in Whitehall with detachment. They are on the fringes of the industry, too small to bid for the big government orders and in some cases being actively discouraged if they do. Handley Page, for example, is still building—and more surprising, still selling—aircraft, five years after the aircraft mergers left it out in the cold and three years after the Ministry of Aviation deliberately blocked an RAF order intended for Handley Page. The RAF wanted to buy its Herald, about the size of a DC 3 and designed for the same market. Hawker Siddeley got the order for its very similar Avro 748 instead, because it was one of the Ministry's chosen instruments and Handley Page was not. Despite this, Handley Page has sold 42 Heralds, its latest confirmed last week, to Hawker Siddeley's 89, which includes the RAF order that so nearly went to Handley Page. It is not an easy market ; airlines using this type of aircraft buy in twos and threes and the going is slow. Nevertheless, Herald production could jog on for years, which is rather more than can be said for the company's repair work on V-bombers or the research aircraft that it builds occasionally for the Ministry. With close on 5,000 still employed mainly on aircraft production, Handley Page is still looking for other, more dependable markets, some of them in aviation like the portable hangars that it demonstrated this week, others, like oil heaters, well outside it.

Another company on the fringes of aviation, Pressed Steel's (and Mr Peter Masefield's) BEAGLE, is only now getting down to production of light, private aircraft at a rate of slightly less than two a month. BEAGLE with 2,000 men does have an RAF order, and would probably not have been able to get off the ground without it, but the order is small and once the case had been made for a light liaison aircraft, there really was no other candidate except Hawker Siddeley's post-war Dove. Pride alone would have prevented the RAF from buying an aircraft quite as vintage as this ; the spectacular American face-lift recently given to the Dove has improved its performance out of all recognition, but too late to impress the RAF. Private aircraft always look the last refuge of a short-of-work company, but in fact they require a highly professional approach to design, production and marketing ; BEAGLE's civil production for the coming year has all been spoken for (it had better be, at an average price of £35,000 per aircraft without essential flying aids like radio). But even American companies that mass produce private aircraft find the profits far from fat.

When it acquired de Havilland in 1960, Hawker Siddeley also acquired a small aircraft factory in Toronto that had carved out an exclusive, specialised and world-wide market for itself in bush aircraft. The Canadian-designed and Canadian-built de Havilland Beavers can be found lurching and scrambling in and out of lakes, llanos, jungles and tundra with the tenacity of a Welsh pony. Bigger versions—the Otter, the Caribou—have never quite matched the Beaver in reputation or affection, but there is a thriving military market in them and de Havilland Canada has been prepared to sell to all comers with maginificent impartiality from the American Army, which is one of its big buyers, to the communists in Vietnam—which order has just been stopped. This is one of the few instances where a military market has developed from a basically civil aircraft rather than the other way round. The factory is also widening its interests ; it is developing at its own expense, and manufacturing, parts of the wings, fuselage and tail of the Douglas DC 9 small jet and now employs around 6,000.

It may not be strictly accurate to include Westland Aircraft, employing about 10,000, among the fringe companies since it is, after all, the government's chosen helicopter manufacturer. But Westland is also outside the present defence review. Its career has been chequered ; Westland's own designs have each in turn fallen by the way and its production orders have been almost without exception for the American helicopters that it builds under license. To claim that this has been an outstanding success is to ignore the fact that Westland is selling to a bored and complacent customer. The British services have been culpably slow in appreciating the military importance of helicopters ; inter-service arrangements for financing them have led to as few being bought as possible, and there is hardly any one in this country capable of judging—or caring—whether Westland builds good helicopters or even whether it builds them well and on time. Somerset is a long way from Whitehall, and Westland might be forgiven for thinking that no-one in authority much cares what goes on down there.

leads to the inclusion of parts which may prove inadequate under operating conditions. This has happened recently with starter motors : a new, heavier type cannot be wished immediately into existence in sufficient quantities. A truce is struck sometimes by takeover by the assemblers, as happened with body companies in the early nineteen fifties, or by standardisation of parts, when (unless production of the standard part is concentrated in one factory) the work load can be evened out to some extent, but mostly the state of mutual hostility continues.

COMPUTERS

Into the Traffic

MR DUDLEY PERKINS, manager of the Port of London Authority, said last week that the PLA was discussing with Elliott Automation the possibility of using a computer to predict and control the flow of lorries into the docks. This is likely to be an extraordinarily difficult undertaking ; computers do not like to be faced with the sort of problems that involve the random arrival of goods from unknown destinations and Somerset County Council has spent years trying to devise a programme for such an apparently simple task as routing the buses that collect and return schoolchildren each morning and night. The same technique developed in Somerset could be used by other transport users, but not to the kind of problem facing Mr Perkins. The biggest users in transport of computers are the airlines, not for route planning but for seat reservations. The race for the biggest and best ticket booking computer is on between the airlines and the race for the airline market is on between the computer makers. So far Pan American's new £8 million IBM system (the final price will be higher), linking 114 cities in six continents, is the most complex of its kind in the world, using a pair of IBM computers based in New York that have the so far unique ability to give not only information on what seats are free on which flights, but booking them and storing passengers' names, home addresses, destinations, hotel reservations and very probably the colour of their eyes and their wives' birthdays, for 12 months ahead. And PAA has eight million seats for sale over 12 months.

The system works roughly as follows: the clerk at the desk has a keyboard rather like a typewriter on which he questions the computers. They answer him in a code of lights on a panel above the typewriter, he then types back all information about the passenger which the computer stores, and turns up again when needed, giving the clerk a nudge if he forgets. This electronic dialogue takes place via the transatlantic cable to Newfoundland and then by microwave link to New York, the whole thing takes about three seconds. Although PAA leads the field in the sheer complexity of the data it stores, other airlines and computer makers have not been idle. IBM has managed to sell similar but simpler computers to American Airlines at a cost of £10 million (because American has more agents needing more sets). Both SAS in Copenhagen and Delta Airlines in the US have also bought from IBM. Univac, the computer division of Remington Rand, has supplied TWA with computers for its new reservation system to be opened shortly in Zurich for Europe and the Middle East only, and to Eastern Airlines. It has also just finished equipping British European Airways with two Univacs costing £5 million which will go into operation in three months' time and will cover seat reservations on all BEA routes and will, approximately eighteen months from now, rival Pan American's "memory" for storing passenger details. BOAC is renting a rather less elaborate installation from Collins Radio, an American company trying to break into this market and therefore offering BOAC tempting terms. These immensely complicated installations have so far apparently been beyond the scope of the British computer industry.

PAPER MAKING MACHINERY

Refined and Deflaked

VOITH ENGINEERING, a subsidiary of the German company, J. M. Voith GmbH, is now making equipment for the paper making industry in Glasgow. One of the world's largest paper making machinery concerns, Voith also makes water turbines and hydraulic transmission systems for locomotives and heavy vehicles. It was the latter interest that first brought Voith to this country, for when North British Locomotive, Voith's British licensee, folded up in 1962, Voith took over the works to keep production going. Then, as British Railways switched from hydraulic diesel locomotives to diesel electrics, Voith moved over to general engineering on a sub-contracting basis as a stopgap. Now it is running this down and turning again to more specialist branches of engineering in Glasgow—namely to paper making machinery first and, later on, probably to the automatic transmission equipment for heavy motor vehicles and contractors' plant that is presently made only in Germany.

Initially Voith will make "stock preparation equipment" for the paper industry—the equipment that screens and deflakes and does all the other things that turn wood pulp into the right consistency of frizzed out fibres before making paper from it. Competition in this field is already hot ; Voith will not be the first foreign company, it will not even be the only one producing a German design in this country. A few weeks ago Easton and Johnson, a subsidiary of Reed and Smith, paper makers (not to be confused with Reed Paper) was granted a licence to build another large German company's — Dorries — stock preparation equipment. Moreover, the pressure of sales is moving in a direction that could eventually hit the small specialist manufacturer : a year ago Black Clawson International alone offered a complete integrated system of stock preparation equipment that takes the pulp all the way from its basic state to final readiness for actual paper making. Now two other companies, Walmsley and Millspaugh, offering American and Swiss designs respectively, and Voith, with its German design, will all be able to offer similar package deals as well.

Voith's other stake in Britain in paper making machinery is the ancillary equipment—the winders, slitters, cutters and reelers, etc.—some of these are already in production, but the company has its eye on a much bigger chunk of the market. And finally there is the paper-making plant itself. These are monster complexes, needing much collaboration between designer and customer. Walmsley and Black Clawson are two giants already well-entrenched in this market. Voith, even if it brings in a team of designers from Germany, may have a hard job to break in.

SHORTER NOTES

■ The Rank organisation and the National Film Finance Corporation, backed by the National Provincial Bank, are to put up £2½ million to pay the whole costs of films to be distributed by Rank. Although they will be made by independent producers, the films will be produced at Rank's Pinewood studios under the organisation's sometimes constricting auspices. It is hoped to arrange similar finance shortly for (more genuinely) independent productions to be distributed by British Lion.

■ There was a washing machine in 50 per cent of all British homes in 1963, while only 33 per cent had an electric refrigerator. In 1955 there were washing machines in 17.5 per cent of all homes and refrigerators in 8 per cent. This is just one fact emerging from the Electricity Council's survey into home electrical appliance development, published this week.

■ The decision of the management of Volkswagen not to buy any further materials in England while the 15 per cent import surcharge remains in force is a curious one. Naturally the sales of its cars have gone down as a result, but they have elsewhere in Europe too as competition has grown fiercer. VW has suffered similar restrictions elsewhere fairly quietly. When the Italian import restrictions were imposed early last year, it was known that the company was angry, but officially it endured in silence. When, as a result of the Chicken War with the United States, it started to lose sales of its vans it did not immediately cut down on its imports of steel from America.

BUSINESS INTERNATIONAL

AMERICAN BUSINESS

France Acts, Others Worry

At the same time as France's long campaign against the encroachment of American business is moving from words to deeds, it is becoming clear that similar apprehensions are being felt by other continental governments, including Germany; though these countries remain liberally reluctant to do anything specific about it themselves. President de Gaulle has elevated this into a nationalist and diplomatic issue in a way that his European neighbours are mercifully resolved to avoid. But this very fact has obscured the hard truth that concern about the vulnerability of European scale business to the penetration of American firms with seemingly limitless resources has been felt very widely throughout Europe, and not only by chauvinists. In Germany, most officials have in the past welcomed the increase in America's business stake in the Federal Republic, on the widest grounds; and there are even those, especially in the older generation, who say that "if only America had invested as much in Germany in the past as it had in Britain and France, it might never have entered the war."

But the most liberal minded German officials are now being confronted with an increasing clamour from German businessmen about the flood of American direct investment, whether in new factories in any line of business that shows a potential profit, and on a scale that may often surpass the largest domestic producer; or in the purchase of existing German businesses, often with the aim of securing a foothold in the common market, and at a price that may seem astronomical by German standards: American firms are often happy to buy out at say 20 times earnings, whereas in Germany 12 times earnings would be considered more normal—a difference that is itself partly accounted for by the lower level of American interest rates. Despite these misgivings any action that the German authorities themselves take against American investment is likely to come later rather than sooner; what they are really hoping is that some restraint may be applied at the American end, and specifically through further tax measures imposed to protect the American balance of payments.

VALUE OF UNITED STATES DIRECT INVESTMENTS ABROAD
($ million)

	end-1957	end-1963
Total	25,394	40,645
United Kingdom	1,974	4,216
Common Market	1,680	4,471
Germany	581	1,772
France	464	1,235
Italy	252	668

The restraints that are now to be applied in France are still relatively mild: for the time being the comparative liberalism of the ministry of finance still seems to be predominating over the more protectionist and more Gaullist attitude of the ministry of industry. Clear preference is to be given to investments that set up new industries, especially in technically advanced fields industrially, and in the specified development areas geographically: a distinctly tighter control will be applied to the take-over of existing French firms. The restraint will not be applied to the activities of firms from elsewhere in the common market, which are protected by the Rome treaty. The target of the increased control is undisguisedly American business.

No new legislation is being introduced at present, but new rules and guidelines for authorisation of foreign investments are being communicated to banks and other institutions which normally advise American firms intent on establishing themselves in France. One institution in which these instructions will no doubt be read with particular interest is the First National City Bank of New York, which has just appointed as its senior policy officer for Europe M. Julien-Pierre Koszul, hitherto director of foreign services at the Bank of France.

EURO-MERGERS

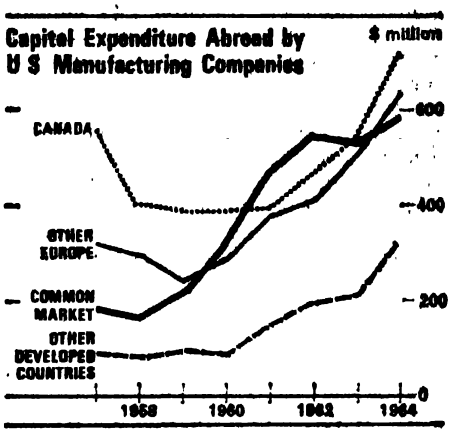
Closer in Lorries

In three separate instances described in the following notes, ever-fiercer competition from inside and outside the Continental-scale market of the Six has induced European firms to join their efforts across the old national frontiers.

Paris

Simca Industries has just undergone a "political" crisis which looks like circumscribing American interest in one sector of French industry. The main activities of Simca Industries are the manufacture of "Unic" heavy vehicles (8,000 units in 1964) and "Soméca" agricultural tractors (over 10,000 units). The company has had close ties with Fiat for these lines. It also sells heavy vehicles made by Fiat under the OM trade-mark and uses diesel engines imported from Turin in its tractors. In addition the company has some important industrial offshoots: foundries, an ultra-modern forge at Sully-sur-Loire, nut-and-bolt and screw-cutting works, real estate in Paris, a car credit-sales company called CAVIA and a rapidly growing stake in structural steelworks.

This rather mixed group makes up the portion of his empire which the late Signor H. T. Pigozzi, who was Simca's founder, had carefully separated from Simca Automobiles in 1960, no doubt forseeing the sale of this last company. When Chrysler got control of Simca Automobiles in 1963, it only had 25 per cent of Simca Industries. After negotiations lasting several weeks following Pigozzi's death, it now seems certain that Fiat intends to keep the main part of Simca Industries. Its position as leading shareholder (Fiat owns 27 per cent of the company and the Agnelli family 17 per cent) allowed it to name Pigozzi's successor, appointing to the chairmanship Signor Umberto Agnelli, the 32-year-old brother of Fiat's vice-chairman, Signor Gianni Agnelli. It seems very probable that Fiat will now try for total control of the company, perhaps by surrendering the Sully-sur-Loire foundry or the credit-sales company (which Simca Automobile uses) to Chrysler in exchange for its shares. In this case, a Fiat France-Simca Industries merger seems foreseeable. Mr Pigozzi's successors still own 20 per cent of the company, and the public the remainder.



Meanwhile, Willème, one of the small French manufacturers specialising in very large lorries, has got into serious financial difficulties. The chairman has resigned and a provisional administrator has been appointed. The scale of production (600 units in 1964) is too small to meet competition. This was the reason behind Willème's recent agreement with the British Motor Corporation to widen its range and sell lighter imported vehicles (1.5 to 8 tons). But Willème's efforts to sell BMC equipment through its network did not pay off immediately. In the last months of 1964 they came up against a more difficult economic situation and the direct foreign competition of Fords of Dagenham, Bed-

ford and Leyland. Willème's future now seems in doubt, as it is not clear what manufacturer, French or foreign, might be interested in buying the company, unless as a means of obtaining a well-set-up sales network.

Heavier in Electricals

Paris

THREE big deals in the past six months have greatly strengthened the position of the French heavy electrical industry. The first was the partial merger announced in June by Alsthom and the Compagnie Générale d'Electricité (CGE) who decided to create three common subsidiary companies with a joint turnover of some £37 million. The second, announced at the end of November, was the strengthening of an earlier re-grouping between the Schneider subsidiary, SW, and the offshoot of the Franco-Belgian Empain group, Jeumont. Jeumont-Schneider (turnover £44 million) took an apparently modest, but in fact major part in an independent company, Merlin & Gérin, specialising in transformers and high and medium tension installations. The third agreement, concluded in December, brings together two French subsidiaries of Swiss groups with a combined turnover of £51 million: La Compagnie Electro-mécanique (CEM) of Brown-Boveri, and the Société Française Gardy, subsidiary of the holding company Société de Participations pour l'Appareillage Gardy.

These agreements which crown a decade of government effort, make France the repository of companies producing on a truly European rather than a purely French scale. Only one is purely French. For certain equipment like locomotives, turbines and alternators there will now be only two main suppliers for the nationalised French railways and the electricity supply industry. For big locomotives they are Alsthom and a Jeumont-Schneider offshoot called Le Matériel Electrique; for the large 600 MW turbines, Alsthom and a group formed by CEM and a common subsidiary of Rateau and Schneider. The government has encouraged this two-competitor structure only where equipment is specialised and production runs short. Manufacture can then be rationalised to the maximum degree compatible with retaining some semblance of competition. For less specialised transmission equipment with longer production runs, all three groups will compete. CEM's agreement with Gardy shows Brown-Boveri's wish to form closer links with its French, German and Italian subsidiaries inside the common market and thus prove itself a specifically European, i.e. not purely Efta group. Its big competitors are more or less tied to American technology: General Electric has extensive patent agreements in France with Alsthom and its parent company Thomson-Houston, and in Germany with AEG; Westinghouse has technical links with Schneider and Siemens. Standing apart from these, Brown-Boveri feels that it has the capacity to play an important role. Its French subsidiary has been almost completely ousted from the highly competitive market for heavy equipment (except turbines), but intends to step up its activity in transmission equipment, and especially in electric motors.

Faster in Petrochemicals

Paris

FOREIGN competition in Lorraine looks like fostering an important development in the French energy industry. Esso Standard's application for permission to build a 3 million ton refinery in Lorraine has speeded up negotiations between French and German oil and coalmining interests to set up a refining and petro-chemicals complex in the same area. To make the competition fiercer, the Government has just given permission to the companies that own the two Strasbourg refineries to build a products pipeline to Metz and Nancy. This is expected to be ready in a matter of months, and will probably cause Esso Standard to delay completion of its big project until around 1970.

The plan for co-operation between coal and oil interests is the first of its kind in France, though the Dutch (nationalised) and German (nationalised and private) coal industries already have big investments in refining and petro-chemicals. French coal mining, rigidly nationalised, is taking the plunge because it feels threatened: despite the conversion plan giving it a 55 million ton production ceiling, les Charbonnages de France will have a deficit of over £44 million this year. Diversification seems to offer the best way out. The great advocate of the new policy in France is M. Maurice Halff, a technical advisor to the Ministry of Industry who was appointed chairman of the Houillières du Bassin de Lorraine (HBL) in March, 1964.

The first initiative came from the Saar coal mines, which very early on began to look for partners. Apart from les Charbonnages de France, the French side is to include la Compagnie Française des Pétroles and l'Union Générale des Petroles, both state-controlled, as well as Antar, the only privately-owned French oil company. On the German side, an independent American oil company, Amoco, was talked about for a long time, but its candidature has been turned down by Bonn, so that it looks as if the Saar coal mines will be the only German interest, and will provide half the capital. Final details have not yet been fixed, but it is understood that the capacity of the refinery is to be quite small: 1.2 to 1.5 million tons per year. The steam-cracker is to have a capacity of 100,000 tons of ethylene per annum (gross capacity: 3-400,000 tons) and could be working from 1968. It will probably be built near the Carling carbon-chemical complex, on the French side of the border, while the refinery will be situated in the Saar. Since it is to be quite small, it has no hope of seriously interesting the associated oil companies unless it begins working before the big unit planned by Esso; but this seems very likely. Esso is insisting on its Lorraine refinery because it is falling behind and, unlike Shell, CFP and BP, all with a big share in one of the two Strasburg refineries, it still has no refinery in France.

JAPAN

Credit to China

Tokyo, Thursday

JAPANESE government leaders today approved the Nichibo company's request of May, 1963 to ship a $26.5 million vinylon plant to communist China on a five-year credit, with 25 per cent down and interest at six per cent per year. The plant will produce 50 tons of vinylon a day. The reaction from Taiwan will doubtless be immediate and bitter but the Japanese are banking on the fact that Japan recently decided to extend $150 million in yen credits to nationalist China to mitigate such objections.

Approval of the long-pending request was taken in Tokyo as a definite sign that Japan is now ready to relax further its attitude toward trading with communist China and that President Johnson had given his tacit approval during prime minister

Europe's Biggest

Misgivings in France about the scale of its biggest companies relative to others in Europe are confirmed by the absence of any French firm from the list of the ten biggest concerns (ranked by turnover) in the Six and Britain, published by the High Authority of the European Coal and Steel Community. French companies do, however, take 11th, 12th and 13th places. In content the High Authority's list differs from that of *Fortune* magazine only in excluding Switzerland's Nestlé and including Italy's IRI, divided by *Fortune* into its component companies.

	$000
1. Royal Dutch-Shell (Netherlands)-Britain	9,221,089
2. Unilever (Britain-Netherlands)	4,297,513
3. British Petroleum (Britain)	3,233,440
4. National Coal Board (Britain)	3,171,280
5. IRI (Italy)	2,424,000
6. ICI (Britain)	1,747,567
7. Philips (Netherlands)	1,722,099
8. Volkswagen (Germany)	1,710,625
9. Fiat (Italy)	1,491,200
10. Siemens (Germany)	1,462,500

GROWTH & vision...

Growth is movement but the movement varies There is a time to step cautiously, a time to trot steadily, a time to sprint flat out Above all, and before you do any of these things, there is a time to re appraise—to examine the ground around you, and ahead of you Growth, in a word, demands vision. This is our formula– and that is why our assets now exceed £A700 million, and why we have more than 1,000 branches and agencies throughout Australia and New Zealand.

A·N·Z

If it's Australia or New Zealand —ask ANZ Bank

Australia and New Zealand Bank Limited

A member of the A N Z Bank Group

71 CORNHILL. LONDON EC3

The situation abroad

[illegible] have learned [illegible] on economic and political developments in countries overseas that are published regularly by our Economic Intelligence Department. Seventy countries are covered by the series, and normally each report is revised every six months. In addition, reports are being published on a growing number of the more important commodities in world trade.

Territories covered in recently published reports include Belgium, France, Greece, Mexico and Norway. This month also the booklet "A Guide to Payments Risks and Import Regulations Abroad" was revised.

Any or all of these can be obtained through any branch of the Bank, or from any of the Foreign Branches listed below. And if you wish we shall be happy to put your name on the mailing list to receive copies of all reports as they appear.

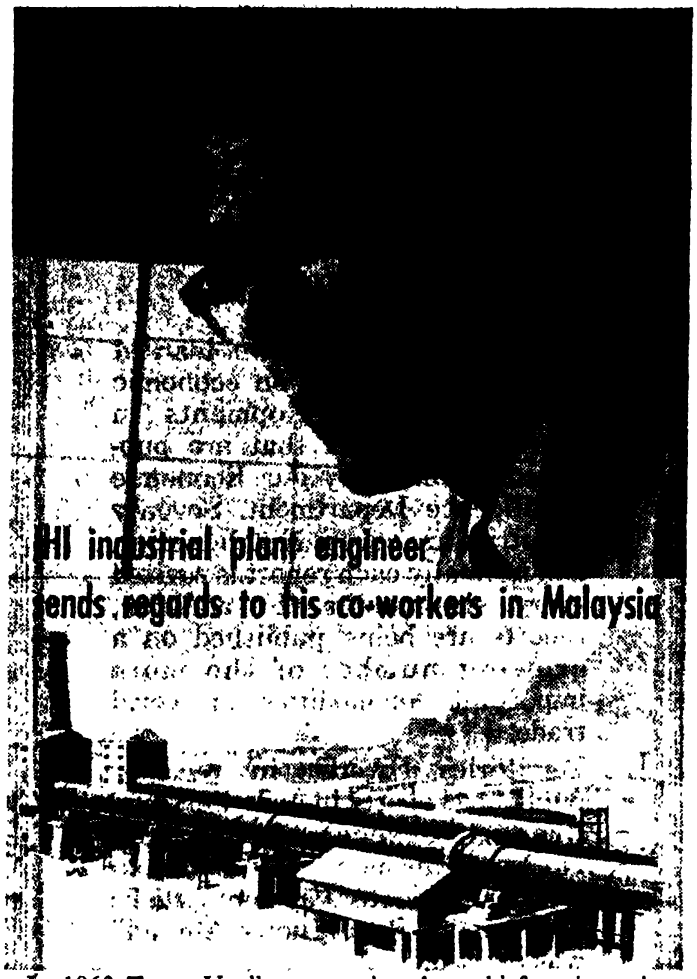
London: Chief Foreign Branch, 168 Fenchurch Street, EC3
West End Foreign Branch, 1 Pall Mall East, SW1

Other Foreign Branches at:

Birmingham	**Ipswich**	**Newcastle upon Tyne**
Bradford	**Liverpool**	**Nottingham**
Bristol	**Luton**	**Reading**
Cardiff	**Manchester**	**Southampton**

BARCLAYS BANK

Money is our business – throughout the world



In 1963 Teruo Ugajin was assigned as chief engineer in charge of constructing two IHI-designed and manufactured 600 tons/day cement plants in Malaysia's Perak State. At the start of the project he was concerned that cultural differences and the distance of the installation site from the equipment supply source—IHI's Tokyo No. 3 Works—might prevent him from completing the job within the scheduled eight-month period.

He needn't have worried. He recalls with great pleasure the enthusiastic cooperation and diligence of his Malaysian assistants. Even in such demanding tasks as interior welding of the twenty-four pieces that made up the 150-meter kiln, Mr. Ugajin was gratified to see that they acquired the necessary skill quickly and well. So well, in fact, that welding of the kiln for the second plant was completed in three weeks less time than it took for the first one.

The result: the two-plant installation—Pan-Malaysia Cement Works, Ltd.—was completed on schedule without a hitch. It is now Malaysia's largest cement producer, supplying its vital product to industrial and commercial installations all over the nation—and proof that neither national differences nor distance is any barrier to successful international engineering projects.

IHI

Ishikawajima-Harima Heavy Industries Co., Ltd. Tokyo, Japan

Cables: IHICO TOKYO Telex: TK 2232
London Office: Audrey House, 5-7, Houndsditch, London
Cables: IHICO LONDON

New York, San Francisco, Düsseldorf, Sydney, Johannesburg, Rio de Janeiro, Mexico City, New Delhi, Calcutta, Karachi, Djakarta, Hong Kong, Singapore

MAIN PRODUCTS: Material Handling Equipment, Iron and Steel Plants, Power Plants, Chemical Plant Equipment, Paper and Pulp Plants, Ships, Jet Aircraft Engines, Compressors, Blowers

Estate Duty Problems?

There's no need to lose control of your business

Ask for EDITH's booklet 'Providing for Estate Duty', which will explain how we can help without taking more than a *minority* holding in your equity

Estate Duties Investment Trust Limited

Piercy House, 7 Copthall Avenue, London EC2 National 0581

and all branches throughout the country of the Secretaries and Managers

Industrial & Commercial Finance Corporation Limited

Eisaku Sato's recent visit to Washington (see page 312). It was noteworthy that financing from Japan's Export-import Bank would not be available. But city banks are expected to provide the financing with their notes rediscounted by the export-import bank.

EUROPEAN CURRENCY

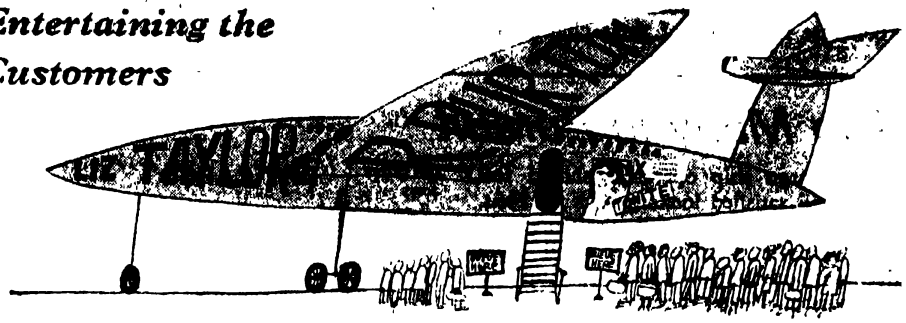
First, a Central Bank

PROGRESS towards monetary union in the common market and the gradual establishment of a common European reserve currency is now being hampered by different views about what steps should come first. Speaking in Frankfurt last week, M. André de Lattre, who looks after external financial policy in the French ministry of finance, remarked casually that the prospect of a unified currency for the European community was "perhaps nearer than we think," and stated specifically that the central purpose behind the various plans for international monetary reform was to achieve satisfactory relations between the "three financial centres" of the industrial nations, based on the dollar, sterling, and "the unity that is being built out of the currencies of the Six." These federalist feelers found a cool reception among some German officials, since France has hitherto taken a distinctly negative line on specific proposals towards monetary integration that have been raised in the monetary committee of the EEC. And the Germans believe strongly that the next logical step is not so much a pooling or a partial pooling of reserves, on which proposals are being prepared by the EEC Commission, but, more urgently, a move towards co-ordination of domestic monetary policy.

The Germans have argued in the wider forum of the Group of Ten the need for not merely multilateral surveillance but a new code of monetary conduct, with the aim of adjusting domestic monetary policy towards the demands of external balance, and moving away from the purely national monetary policies that have developed since the 1930's. In the German view the creation of domestic liquidity should again, as in the days of the gold standard, be determined primarily by the balance of payments, and that, particularly within the EEC, credit policy should be subject to strict rules and a definite code in the same way as trade policy. A council of EEC central bank governors already exists, meeting separately in Basle before the wider meetings in the Bank for International Settlements.

A next stage could eventually be the creation of an Open Market Committee, to co-ordinate and progressively to influence domestic liquidity policy in the individual countries: this would then provide the basis for a Federal Reserve Bank of Europe. For the time being at least the Germans seem to be throwing their weight in this direction, and are particularly wary at this point of moves towards a common reserve currency. One essential basis for any common reserve pool would be to decide on the composition of external reserves; and in the context of the present French drive for a limitation of dollar holdings this would now be decidedly awkward.

Entertaining the Customers



A LARGE number of bad jokes have been made about airlines that give movie and television shows to their captive customers in flight. It is, in fact, no laughing matter, but a multi-million dollar business for which the more acute electronics manufacturers are bidding. It began quietly enough three years ago, when Pakistan International Airlines began showing films on the tedious, 13-hour flight across Europe to Karachi, and very nicely they passed the time. But this is not a route many people fly, and even when TWA started showing movies a few months later, their impact remained small because TWA provided them for first-class North Atlantic passengers only. Both airlines used Inflight Motion Pictures' system, which gave them a franchise on their respective, and non-competing routes. And then TWA started showing films to economy passengers, and on its domestic routes.

They could no longer be ignored; the giant domestic airline, United, took up a franchise on routes where it was not competing with TWA but was competing with several other operators. This alarmed both Pan American and the other big domestic, American Airlines, but they had to find some new system to use. The Japanese Sony company came to their rescue with a television that could show films on closed circuit, or actual pictures of take-off, landing (odd, what some people think entertaining) and the view below. American is already using the Sony system, PAA capitulated and announced its contract with Sony this week. Airlines that still want to get into the act are being driven to other suppliers like Ampex. The stakes are high; Sony quotes $25,000 per aircraft, and Ampex a reported $50,000; American Airlines is spending $4 million to convert its 47 jets and train crews to use the equipment. TWA has been spending at the rate of $750,000 a year on conversion and on films. With the prospect of around 1,000 long-range jets in service, this puts the potential market for in-flight entertainment equipment at a minimum of $25 million. The airlines are queueing up to sign: KLM has two jets testing separate systems, other international and American domestic airlines are increasingly unhappy since the less well-heeled of them, whose costs are higher and profits (when they exist at all) much lower than Pan American's, do not relish the capital outlay. An unsuccessful effort was made at the last meeting of the International Air Transport Association to get in-flight entertainment outlawed; but with PLA and TWA both showing films, and American Airlines television, it was doomed to defeat. And the American Civil Aeronautics Board has made it plain that it will not object to in-flight entertainment either, in spite of protests already lodged with it. The market is wide open.

CARS

Renault 1500: Quality first?

FOR the sixth year running a front-wheel drive car won the Monte Carlo rally this week. Appropriately enough, Renault this week unveiled its first front-wheel drive car, the R.16, which is also its first 1.5 litre model. Renault has taken the point that in western European countries families are getting bigger, and that by 1970 young people between 16 and 20 will represent 22 per cent of the French population. In car buying terms, this suggests to Renault more demand for a family car with at least five seats, and that passengers will have more influence in the choice and use of cars.

The first result of this influence is the number of variations of seats, seating positions and luggage space in the R.16, making it anything from a light van to an estate car to a car to sleep three people. The company has kept its very comfortable R.8-1100 style foam seats and added a new ventilation system that achieves effects similar to Ford's Airflow on the 1965 Cortinas, in which windows need never be lowered for air or temperature control.

KEY INDICATORS

WORLD COMMODITY PRICES

The all-items indicator FELL by just over one point this week (to January 20th). Wheat, sugar, meat and cocoa prices declined, whereas maize, soya beans and copra advanced. Lead and zinc prices moved up, but copper and tin lost ground.

	Index 1958 = 100		Percentage change from *	
	Jan. 13	Jan. 20	Previous month	Twelve months ago
ALL ITEMS	105·7	104·6	−1·8	−9·1
Food	104·2	104·1	−1·0	−18·3
Fibres	100·6	100·6	+0·3	−8·5
Metals	181·8	171·4	−9·8	+39·2

The Economist Commodity Price Indicator includes nineteen commodities weighted according to their relative shares of world trade in 1958.

** Changes relate to this week's figures, but these, except for the metal group, are provisional because quotations for tea and wool are not yet available beyond last week.*

The R.16 will cost about NF10,000 in France when it is released there in the spring and about £850 to British buyers—but not until the Motor Show in the autumn. For production at the new plant at Sandeuville, near Le Havre, is only scheduled to reach 400 a day by the autumn; a modest figure by large volume (or Dauphine) standards. But Renault, worried by the quality of British family cars, is determined to get its quality right this time. Despite this apparent care some of the fittings and trimmings seem decidedly flimsy—and on the test day one journalist bent a body panel with his fingers. This—and what many people will regard as over-fussy styling—is a great pity, as the basic design by M. Yves George is so intelligent. The 1,470 cc 4-cylinder engine has a new cast aluminium-alloy block and the power is enough to give a reliable 90 mph. The brakes (disc on front, drum on rear) are good and the handling attractive. But if Renault is to hold its own, it must somehow find a way to make the R.16 in larger quantities and to higher standards of finish.

COMMON MARKET

Reflation for France?

MONTHS after the first statistical evidence and a flood of unofficial forecasts, M. Marjolin too has now pronounced that the common market countries this year will face a marked slackening in their rate of growth, from 5 per cent in 1964 to 4 per cent—and that may be optimistic. The slow-down [illegible] affect all of the member countries [illegible] taly; M. Marjolin accepts the Italian authorities' hopeful forecast of a 2½-3 per cent increase in real gross national product in 1965—a target wh[illegible] rapid rebound indeed from last year's [illegible]ines in output. Moreover, in every case except Germany the check to growth will come not from shortages of labour or plant capacity but from a distinct slackening of demand. M. Marjolin apparently has no qualms that this adjustment could go too far, at least not as yet, arguing that although the community's balance of payments will probably deteriorate no further in 1965 prices can be expected to rise another 3-4 per cent. If he no longer calls for still stiffer measures against inflation, he still does not feel that restraints can yet be lifted.

In Holland, no doubt, the point would be well taken. But the boom in Belgium may be at its peak, and in France it looks increasingly improbable that anything like the official target of 4 per cent growth this year can be achieved without deliberate measures of stimulation. Not only has private investment in France remained disturbingly sluggish, more recently consumer spending has fallen away as well. This in an election year has persuaded the French authorities that perhaps the time has come after all for a shift of policy. The first concrete indication of their change of heart came last week with the announcement that they will soon consider some easing of controls on prices, a step which would nicely fit M. Marjolin's thesis that while some measures to stimulate investment are probably needed in France, the authorities should avoid boosting global demand (indeed, higher prices themselves will immediately tend to damp down consumption). The announcement gave an opening that the French Employers Association—long a vocal critic of the price freeze—was quick to take to condemn government interference with the "free" market in all its forms.

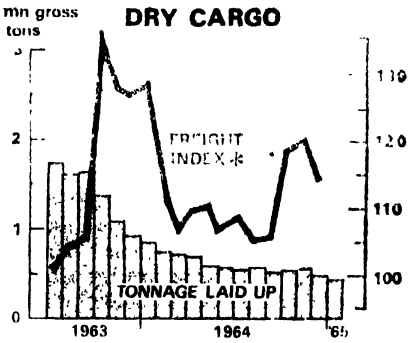
Bank Rate for Germany

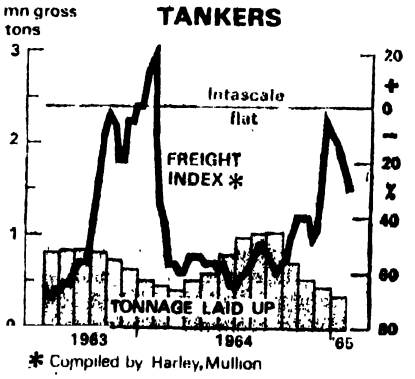
IF the French authorities are quietly preparing the ground for less stabilisation, the Germans are moving in the opposite direction. A half point rise in the Bundesbank's discount rate from the 3 per cent level at which it has been held since May 1961 was announced on Thursday this week. The step does not reflect any sudden change in the domestic economic situation in an effort to level out rates by controlling the capacity available.) This year the fleet is likely to increase by about as much as last year. So, unless demand for oil rises unprecedentedly fast, either rates will fall lower than ever or owners will be forced by economic necessity to take out of commission younger ships as well as the mainly old and decrepit vessels laid up now.

Too Many in Pursuit

Dry cargo ship operators should feel fairly well satisfied looking back on 1964. Freight rates did not fall disastrously in the summer despite the small (and declining) amount of tonnage laid up and the number of new, larger vessels coming into commission: during the year the dry cargo fleet increased by about 4 per cent to over 80 million gross tons. This winter rates have not reached the heights achieved a year ago; but the huge demand for grain shipments following the European crop failure was not likely to be repeated. The steep rise last November was caused mainly by the flurry of business sparked off by the threat of the American dock strike. The outlook this year is as unpredictable as ever: the fleet will probably expand by rather more than last year with even bigger vessels. But the small ships must still find business between ports where big ships cannot enter. It is the big ships of five years ago or so that may find themselves hardest pressed.

Two warm winters following each other have been a hard blow for tanker fleet owners. The demand for oil is growing steadily; but so is the tanker fleet—it has grown from about 75 million dwt (47 million gross tons) to about 81 million dwt over the last twelve months. And it is the 10 per cent or so of the fleet which is on voyage charter that suffers—or profits—from the vagaries of the weather. But owners are still not giving much support to the Tanker Owners Recovery Scheme. (This collects contributions from members with ships in commission and pays out to those with ships laid up,





A SALES EXHIBITION CAN BRING YOUR COMPANY BIG RETURNS

And for as little as £75 a day you can rent our Exhibition Floor at the Connaught Rooms

A sales exhibition can introduce your company to thousands of new buyers. It is the best way to create awareness of the quality and range of your products. And bring you greatly increased sales.

It need not be expensive—if you hold it at the Connaught Rooms. For as little as £75 a day you can rent our entire Exhibition Floor for your private use. There we have every modern facility to help make your Exhibition a success:

- 3,000 sq. ft. of well-lit floor space in modern decor.
- Power, water, gas and waste points.
- 16 and 35 mm film projectors with cinema accommodation for more than a hundred.
- Closed circuit TV.
- Multi-lingual translation equipment.
- Full Press and P.R. facilities.
- An attractive Cocktail Bar.
- Heavy exhibits can be lifted direct from street level by electric hoist.

And, for luncheon or dinner, the fine banqueting service at the Connaught Rooms will do you proud.

CONFERENCES?

We can lay on everything you need to make yours a success

Whether your conference is big or small—with cocktails and dinner or without—you are certain to find one or more of our 27 superb rooms the perfect setting.

For full details of the conference and exhibition facilities available at the Connaught Rooms just fill in the attached coupon and post it to us—or call HOLborn 7811.

Please send me your illustrated booklet

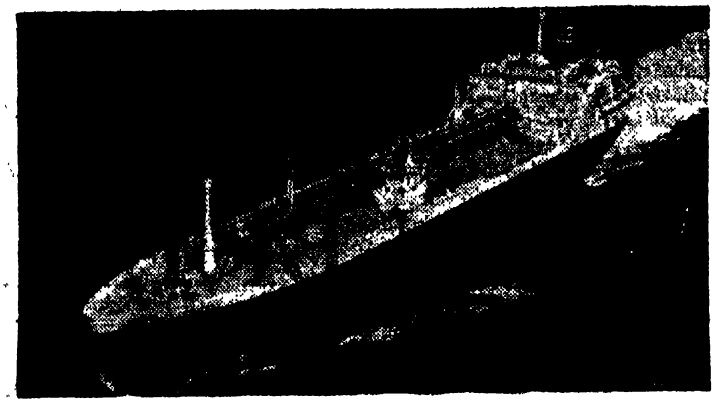
NAME

ADDRESS

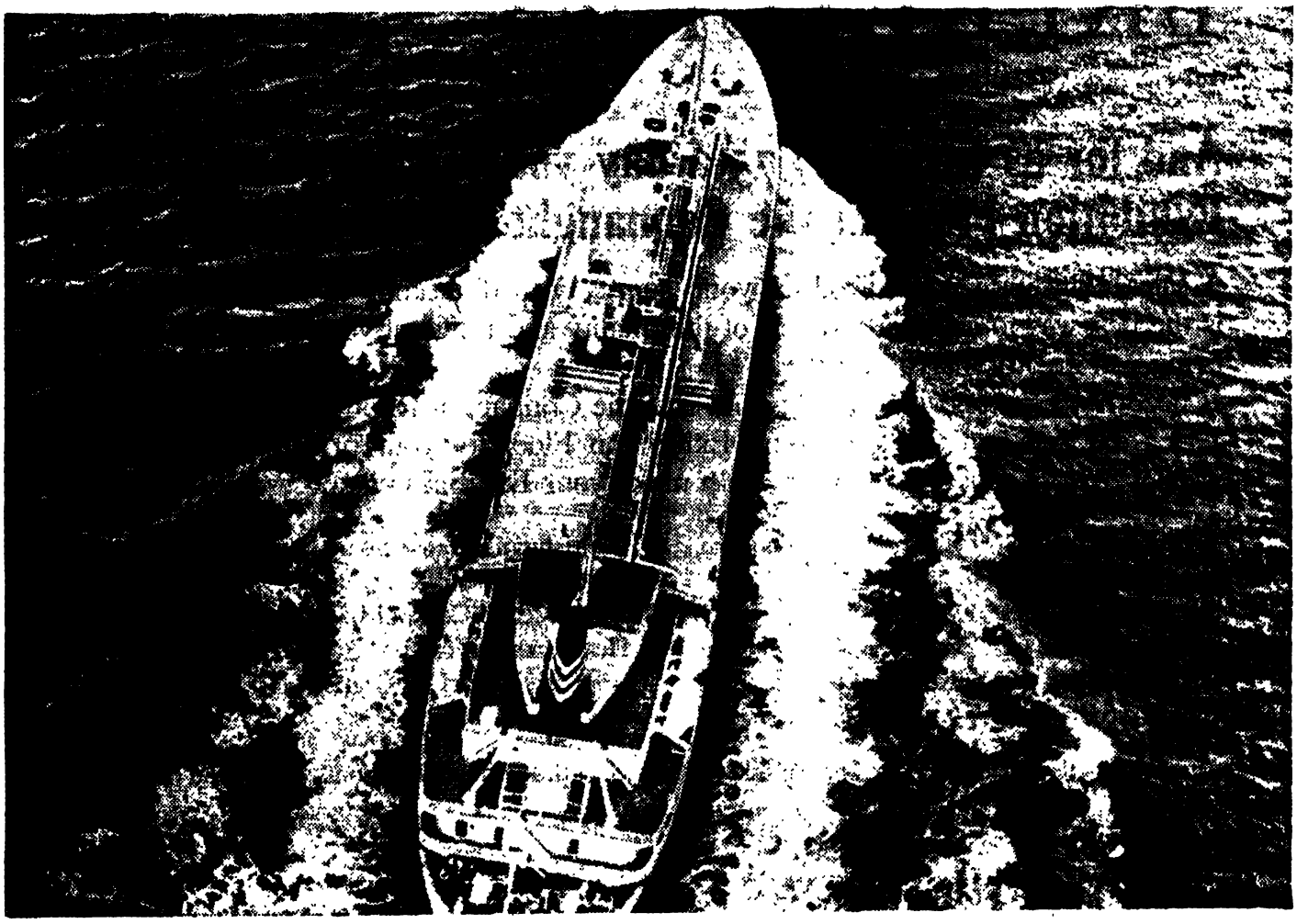
EET/1

THE CONNAUGHT ROOMS
GREAT QUEEN STREET · LONDON W.C.2

New Name . . .



New Ship . . .



New Cargo

BIG NEW DISCOVERIES of natural gas have brought to the forefront a primary fuel that can transform a country's fuel and power position. Until now, Britain has not benefited from these finds, for our known reserves of natural gas are very small. The 'Methane Progress' and her sister ship, 'Methane Princess,' are changing this for their cargo is gas.

These ships are the first ever to do a regular ocean-going run carrying such cargo. They load refrigerated Saharan methane (liquefied so that it occupies only 1/600th of its volume) at the Algerian port of Arzew, and unload at Canvey Island where the liquid methane is turned into gas again and pumped at high pressure into a national underground pipeline.

Never before has methane been transported by sea on a commercial scale. It will now be coming to Britain in quantities large enough to account for one-tenth of our total present gas requirements. The successful marine transportation of methane is not only an exciting new chapter in the history of fuel technology, but may well be the start of a new world industry.

In today's high speed world . . . the gas industry thinks of tomorrow.

—pressure on resources is hardly a new feature in Germany. But whereas in the past the authorities felt that they must abstain from using the Bank rate weapon to avoid swelling an already embarrassing balance of payments surplus, that external constraint has now virtually disappeared. In 1964 Germany was very nearly in balance on its basic external payments. This year a small deficit is expected. Although the impact of the 25 per cent withholding tax on foreign buying of German securities may be less marked than it was when the tax was first imposed—in 1964 Germany at last provided much more capital in foreign bond issues than it sucked in from abroad—Germany's surplus on current account has been run way down over recent months and this trend is expected to be reversed.

INTERNATIONAL BANKING

Year of the Euro-Rouble?

TRUTH was always stranger than fantasy. It is just over a year ago since an article in these columns dreamed up an imaginary scheme under which the Russians might choose to make a bid for world financial leadership through the medium of their newly established Socialist Bank for International Co-operation. Now, a detailed description of the workings of their bank contained in the latest *Quarterly Review* of the Moscow Narodny Bank* shows, startlingly, that the new bank is already further along the road towards true international banking than anyone in the west had realised. Its title, incidentally, is now the International Bank for Economic Co-operation, with no "socialist" about it.

The bank's primary function remains, as was always intended, to cut across the bilateral basis of trade and payments within the Soviet block by establishing a system of multilateral settlements in transferable roubles. But it is now stated flatly that this multilateral clearing covers "all settlements" between member countries, and that transferable roubles that are held may be used quite freely for all settlements within the block. During the first half of 1964, it is revealed, the bank has executed more than 50,000 transactions, though the really relevant information, of the value of the clearing payments in relation to total payments, is carefully withheld in true central banking fashion.

But not only does the new bank evidently play a larger role than most people thought likely in settlements within the Soviet block: in addition its business spreads a good deal wider. Thus one of its functions is

> to accept on deposit, and on other accounts, gold, convertible currencies and other currencies, and to perform certain operations with these funds.

Such deposits, moreover, which so far are related mainly to finance of East-West trade, are evidently accepted not only from the members of the bank, who comprise thecentral banks of the Soviet "block" countries, but also from non-members; and the "operations" performed with these funds have already been seen in the bank's activities in the London Euro-dollar market. The bank is now considering the establishment of correspondent relationships in Austria, Belgium, Western Germany, America, India and Japan. Its statutes enable it itself to open branches and agencies; and to accept new members.

Most tantalising of all: "in the future the possibility of exchanging transferable roubles for gold and freely convertible currencies will be discussed." This, lest anyone should miss the implication, would amount to rouble convertibility: it would establish the missing link between the convertibility that now exists within the Soviet block with the western payments mechanism outside; and it would enable the bank, if it chose, to attract outside deposits not only, as it can now, in "gold, convertible currencies and other currencies," but in roubles themselves. Has President de Gaulle a looming rival in his assault on America's monetary leadership?

* Available from the bank at 24, King William St., London, EC4.

BUSINESS □ INVESTMENT

BANK RATE

Months Rather than Weeks?

HOWEVER much it may have irritated the Bank of England, the latest ministerial Bank rate tip certainly cheered up the stock exchange. Mr R. H. Crossman's broadcast hope that "it should be a matter of weeks rather than months" before Bank rate is reduced from 7% heightened interest in short bonds—heedless of the drubbing investors took from following the earlier extra-departmental thoughts expressed by the foreign secretary, that it would not rise from 5 per cent in October. They could make the same mistake again.

It seems quite inconceivable that Bank rate should be lowered for at least four weeks—i.e. until publication of the next trade returns. But even if these should be as good as this week's, there are other hurdles to clear before a Bank rate reduction is safe:

(1) Renegotiation of the external credits. While the American portion of November's $3 billion is believed to run for six months, much of the rest needs renewal or repayment from late February on; and while a renewal or a consolidation in an IMF drawing should not be too difficult, it will certainly be delicate, and foreign creditors must not be given the impression that while they are paying up Britain itself is sitting back—especially as the latest figures show production rising and unemployment falling.

(2)It may be equally poor public relations to reduce Bank rate before some kind of indication can be given on a first reduction of the import surcharge, especially to the European Free Trade Association which has another ministerial meeting in late February

(3) Aside from these diplomatic considerations, the British authorities will surely want the 7% Bank rate to do its real job of reversing the outflow of funds, which it has hardly begun to do yet. This week the outflow has been checked but the authorities have probably not gained much exchange. The earlier drain had in all probability reduced the reserves to their weakest position since the war—the published level at end- December was $2,315 million, and of that $1,000 million was owing to the International Monetary Fund; while the balance is probably mostly offset by the overseas central banking credits drawn, and the Bank of England's accumulated forward commitments. Once the tide of confidence is turned, the reflux of money could be very large; and the Bank should never need to take up its forward commitments once importers feel confident enough to cover themselves—a fair chunk of 1965's imports must in effect have been paid for already. It is the job of high Bank rate to help achieve this turn in the money tide. It has not done so yet.

It is conceivable that once the reflux has started, a ½% reduction in Bank rate might be thought the best tactical way to actually hasten the inward movement, fostering an impression, like that now abroad in the gilt-edged market that one had better get in before rates fall further. But the time for such ventures is not yet. Interest rates abroad could exert an opposite force—Germany has already raised its rates, and America may be forced to soon in order to curb its own payments deficit. 7% Bank rate could last longer than the Government or the City at present believe.

STOCK MARKET

Interest Fixed

ALREADY by Thursday the gilt-edged market, having hungrily digested the two LCC 6¼% loans, and put both at a two-point premium, was waiting for the next local authority in the queue; so demand for corporation stocks and gilts dropped from the high level held in the nine days since the LCC issues were announced. The LCC issue had been taken on all sides, institutional and public, to mean that the time had come to enter the market, and that the interest rates are over the hump. The institutions especially were going longer. But the market had been over-excited by the LCC terms. Without the shadow of a capital gains tax the ratepayers of London could undoubtedly have been saved a shilling, if not 2s. 6d. (⅛%), in the interest rate offered.

At the same time some private investors (and brokers) were looking out the repayment terms of high-coupon preference shares to search for bargains. Some, deceptively, are only repayable at par: some, like the Boots Preference shares whose repayment is announced this week, will command a premium which companies will pay readily now. At the same time there are a large number of debenture and loan issues in the pipeline, many of which will be welcomed by the institutions.

NEW TAXES

Shareholders v. Directors (economists intervening)

ONE of the main avowed objects of the corporation tax is "to provide an incentive to dynamic companies to develop at a rapid pace through the use of their ploughed-back profits." Several business economists have now gone further into this and found the doctrine wanting. Yet investment decisions, as shown recently by Mr Robert Neild (formerly of the National Institute of Economic and Social Research, now of the Treasury), may more often be based on crude, inadequate tests than on the most sophisticated and complex ones. So it seems quite possible that the corporation tax may have quite different effects on the incentive to invest among different companies—with the adverse effect falling unfortunately on precisely those companies that are bright enough and dynamic enough to know what they are doing.

Two undoubted effects of replacing the present profits and income taxes on companies with a corporation tax are to split the interests of the company and of its shareholders and to reduce the value of the present investment allowances, by about a third: the first influence will encourage directors to retain earnings, the second will ourage them from investing them. Understandably therefore the Federation of British Industries in its tax-memorandum to the Chancellor, presses, among other things, for a restoration of investment allowances to their present value. At the same time the further burden of the capital gains tax lies upon the shareholders, who have to pay this on any increase in the value of the company resulting from higher retentions. The FBI is strongly against possible double capital-gain taxation, in the hands of companies and shareholders.

These points have now been quantified by Mr A. M. Alfred and Mr J. B. Evans (of Courtaulds) in last month's Investment Analyst and Professor A. J. Merrett in a paper shortly to be published. Both calculations start from the fact—established in earlier researches by Professor Merrett and Mr Alan Sykes—that the real rate of return achieved by consistent investment in British equities between 1919 and 1962 averaged 7% net of tax, taking account in this return of capital appreciation. Allowing for inflation, this means that the ideal company investment policy should be to give a return of 9%, after tax. Now, because the same gross dividend is worth less to the shareholder, this target is raised (Alfred and Evans). The new tax also increases the cost of raising new equity capital disproportionately compared with retained capital or new fixed-interest borrowings (Merrett).

As Professor Merrett says: "One effect of these changed relative costs should evidently be a move towards greater use of debt capital," which at present accounts for only 12½% of British company finance, as opposed to a safe level of perhaps 30%. Companies have not pursued this sensible policy in the past: they have assumed that retained earnings cost the company nothing, where fixed-interest borrowings cost an amount that is paid directly—now between 7 and 8%.

The crudeness of some companies' criteria when investing to replace fixed assets (rather than in making major new investments) was highlighted by Mr Neild's survey published in November's NIESR Economic Review. Only 18% of the companies questioned said they calculated the returns involved on a post-tax basis. The rest are almost certainly unaware of the real rate of return to be expected from any such investment under a given system of taxation.

Mr Neild's recommendations are practical and sensible: replace investment allowances with "outright subsidies on the purchase price of fixed assets." At the same time introduce the American MAPI system, by which anyone with a ready reckoner and a MAPI booklet devised for this country can work out the necessary sums to decide how long, allowing for taxes and allowances, it will take to write off a new piece of equipment or plant. Professor Merrett and Mr Sykes are computing a similar Optimum Replacement Method (ORM).

UNDER the new arrangements there may well be three levels of companies, on whom the effects of the taxes will be different. First, some financially unsophisticated companies will be encouraged to retain earnings to invest in their business as Mr Callaghan hopes: their directors would also be likely to be interested, rather in increasing the size of their companies than in acting as strict guardians of their shareholders' funds. More wideawake companies will undoubtedly reduce their gearing by redeeming their preference capital with surplus cash, as Unilever and Boots are doing this week. As the Boots' directors say, it is "relevant that the interest received on surplus funds is liable to both income tax and profits tax while the dividends paid (on the preference shares) are not deductible for profits tax."

At the same time, both these categories now aware that the retention of profits is costing them something, will be more ready to issue debenture and loan stocks in which institutions are eager to invest. Working out how cheaply (in real terms) they are getting this capital will presumably encourage them toward productive investment at a comparatively low return.

KEY INDICATORS

MOVEMENTS ON THE WORLD BOURSES

LONDON
More interest in (some) equities and less in gilts.

NEW YORK
New peaks on two days.

CANADA
Still the cheerliest of markets.

	INDICES		Percentage change from:		
	Jan. 13 †	Jan. 20 †	A week ago	A month ago	Twelve months ago
London	385·7	391·1	+1·4	+4·3	− 0·6
New York	886·9	895·3	+0·9	+2·9	+15·8
France	99·3	97·7	−1·6	−0·6	−11·5
Germany	103·2	102·5	−0·7	−0·2	− 0·9
Holland	358·6	366·4	+2·2	+5·2	+ 3·4
Canada	164·0	166·7	+1·6	+4·8	+22·5
Australia	360·6	357·7	−0·8	−0·7	− 4·5
Japan	1,281·7	1,268·9	−1·0	+4·2	− 6·3

* For Bases and Stock Prices and Yields, see pages 392 and 393.
† London, January 14th and 21st.

There's more to Metal Box than metal boxes

In your home now there are scores of packages, made in various materials, containing a wide range of products. But do you know where the packages come from? Have you ever tried to estimate the usefulness of packaging to society in terms of convenience and public health?

Relatively few people are aware that an extensive, rapidly growing industry has been developed to produce the packages demanded by the community. The leading firm in this industry is The Metal Box Company.

Metal Box has long been well known for making tin cans and metal containers in great variety. Only 40 of over 500 people recently consulted, however, were aware that the company makes containers of cardboard and plastic materials as well. The great part that printing plays in the company's work, the effort which it devotes to research and engineering development, the machinery building part of its organization, and the services which it provides to its customers are probably equally little known.

The company, which concedes that its name is no longer descriptive of all it does, would like more people to know the range of its activities, the kinds of people it employs, the kinds of people it wants and the importance of its products to the community. To this end, it has decided, therefore, to issue a series of advertisements which will show many facets of the company and its products.

They may also (through MAPI and ORM) become increasingly aware of the true, after-tax return on investment in new plant and equipment, and again be more ready to invest.

But there is a third and select group of large companies, like Rio Tinto and Courtaulds, employing analysts trained to use Discounted Cash Flow. Here investment programmes will undoubtedly suffer—and these will be precisely the dynamic and up-to-date companies which the Chancellor wishes to encourage. The more calculations are done, the stronger the case seems against the reform—and indeed against the present system, and thereby implicitly in favour of some sort of value-added turnover tax that taxes not profits but use of resources.

BURMAH OIL

A Damaging Bill

It is now almost 23 years since in March 1942 the Burmah Oil Company's installations near Rangoon were destroyed on the orders of the GOC of the British Army in Burma, to prevent them falling into the hands of the Japanese. It probably never occurred to the company's management that they would still be fighting in the mid-sixties for some compensation for this "denial" act. From 1947 to 1957 Burmah was engaged in litigation in Burma having been advised by the then Chancellor of the Exchequer, Sir Stafford Cripps, that it should first sue the Burmese government for compensation. But the Court of Burma upheld the view of the Burmese government that the destruction of the assets had been effected in the interests of the United Kingdom and not Burma.

And so the litigation moved back to this country; and since Burmah is a Scottish company to the Scottish Court where in 1962 Lord Kilbrandon held that the company's claim was good in law, that the denial act was an exercise of the Royal Prerogative and that the company was entitled to compensation from the Crown. This decision was reversed however by the Inner House of the Court of Session on appeal by the Crown. In both courts the action of a Deputy Treasury solicitor was criticised for writing to the company to say that the Government had been advised that the company's actions were unfounded in law but that in the "unlikely" event of the company's claim being successful the Government would introduce legislation to indemnify the Crown against the claim.

But in April of last year the House of Lords by a 3 to 2 majority upheld the original decision of Lord Kilbrandon. The House of Lords decided in fact on the legal principles at issue but was not concerned with the amount involved—the basic amount of Burmah Oil's claim is around £20 million—or the method of its assessment. And Burmah has been preparing its case on this basis for the Scottish courts again.

But this has now been halted by the Government carrying out its threat by introducing the War Damage (No. 2) bill, which "would abolish rights at common law to compensation in respect of damage to, or destruction of, property effected by, or on the authority of, the Crown during or in contemplation of the outbreak of war." The company's contention is that the bill raises three main issues—retrospective legislation, the destruction of the subject's right to compensation from the Crown for the taking of his property by an Act of State, and the possible dangerous precedent the bill would set for legislation in the newly independent countries.

The Burma campaign may seem a very long time ago and if Whitehall was intent on such legislation, why did it not bring in a bill some years ago rather than do so now when it can be seen to be defying the due processes of law? Perhaps the best course in the dispute would be for both the company and the Government to "climb down" and to negotiate for some additional ex gratia payment (in addition to that previously received by Burmah from the Carter Committee). Presumably Burmah shareholders (in the same way as Chartered shareholders) would be happy with a payment very much below the stated claim. And it would enable the Government to withdraw what looks to be a bad bill.

IDV

Whisky Galore

The shares of International Distillers and Vintners have travelled badly over the past year but they moved a few pence higher this week on the news of steps it is taking to ensure supplies of its J. & B. Rare whisky. A new company sponsored by merchant banks Hambros and Kleinworts has been formed to finance and hold young whiskies from distilleries to provide most of IDV's whisky stocks after 1969. Scotch Inventories has a capital of £1 million in £1 ordinary shares and £4 million in 8% loan stock which have been placed at par in units of one share and £4 loan stock. In addition there will be recourse to bank loans of up to £8½ million. And on this capital there will be no profits and cumulative losses of £1.8 million until the second half of 1969. The reason for this seemingly most unattractive of investments is that whisky takes four years to mature and this explains the reason behind this spiritual exercise. Prices of matured whiskies fluctuate widely but those of young whiskies have remained fairly stable. And while IDV would obviously benefit from buying and holding the stocks it needs for its future requirements the task of financing the holding of such stocks would be a formidable one for the company and would not be appreciated by shareholders.

From this new company IDV will have its supplies assured from 1969 at cost price plus a 60 per cent mark up. And this in return will produce pre-tax profits for Scotch Inventories of around £900,000 a year from 1969 at least up till 1975. IDV's agreement with Scotch Inventories runs initially up to 1971 but even if it is then terminated sales will continue until 1975 when all the whisky stocks purchased would have reached maturity. And if this did happen the break up value of the one million shares would then be £2.9 million or 58s. a share. Clearly the shares will have found most favour with the surtax payer but shareholders in IDV can find some small comfort that this exercise has not been attempted by their company itself and that the price they are paying to ensure their supplies does not look too high.

SWISS COMPANIES

More Information?

Geneva

Swiss companies are notoriously reluctant to tell shareholders much about their business; but they are now being prodded in this direction by the Swiss stock exchanges. In general, details of company progress occupy only a few lines in annual reports, while several pages are devoted to the development of the world economy, which is less likely to interest shareholders. The presentation of the balance sheet and profit and loss account also leaves a lot to be desired. A few companies give the insurance value of assets, so that some assessment of "hidden reserves" can be made. But even a well established company like the Société Génevoise d'Instruments de Physique, did not publish the amount of its fixed expenses until last year. La Continentale Linoleum Union in Zurich was the first Swiss company to publish a consolidated balance sheet, but gave up this practice in 1932. Ciba S.A. in Basle published a consolidated balance sheet for the group once, on the occasion of its 75th anniversary in 1958, but not the consolidated profit and loss account. The only Swiss company to publish a consolidated balance sheet including its subsidiaries is Landis & Gyr AG inZug, who played a pioneer role in this field.

More companies are now giving details of their turnover—including three out of the four big chemical companies in Basle, the sorry exception being Hoffmann La Roche—but this practice is far from general. For some time, companies have been pressed to give more information to shareholders. At the general meeting of the Banque Populaire Suisse last March the chairman, Professor de Steiger, stated: "We cannot count on confidence, if everything is done to hide the actual position. The information-value of many of our balance sheets is extremely low, often even nil."

Swiss exchanges and banks have never laid down precise requirements on information, except for the granting of loans. But a circular recently sent by the Association of Swiss exchanges to all Swiss companies marks an important step forward. The

association wants to avoid the creation of legislation in this field. While suggesting that the International Federation of Stock Exchanges recommendations go beyond what could be required in Switzerland, it recommends that in the next few years companies with shares listed on the stock exchange should supply information about.

Group turnover, and its geographical and product distribution;

New investments or information on the opening of subsidiaries;

The total number of employees divided into salaried employees, workmen and technical staff;

The amount of wages paid (applying only to companies operating in Switzerland);

Methods of valuation of assets and investment practice;

Companies with which there have been long standing collaboration on patent and trade-mark exploitation;

The presentation of comparative statistics over a period of years.

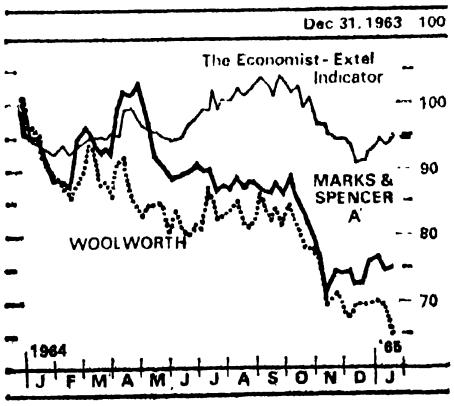
It remains to be seen how these requests will be received by companies.

WOOLWORTHS/MARKS & SPENCER

The Twins are Different

THIS week's preliminary figures from F. W. Woolworth for the year to December 31st contrasted with the forecast made, with suspicious promptitude, the next day by Marks and Spencer about its results for the year ending March 31st. Woolworth's pre-tax profits were virtually unchanged at £37.7 million, and the net was down, for the first time in a decade, by £600,000 to £16¼ million. The dividend is being effectively maintained at 20%. M & S forecasts an 8% increase in sales to £216 million and in pre-tax profits to about £27 million and a dividend up from 25⅞ to 28¾% —thus maintaining its recent trend of increasing dividends by more than the underlying increases in sales or profits. Was this revenge on an old rival? Or was it simply a helpful way of ensuring that the shares would be fully valued on the base date for capital gains tax? All the directors say is that this unusual forecast is due to "the circumstances now reigning."

In the absence of turnover figures from Woolworths it is impossible to tell how far the mediocrity of its results (despite a rate of store-opening and expansion far greater than Marks's) is due to its price war on toiletries, and how far to its massive entry into food. For Woolworths has cut prices heavily on foodstuffs, where Marks has always sold at comparatively high prices. Increases in staff costs should have hit both groups; the advantage of fewer but bigger stores to control, and fewer of the increasingly scarce breed of supermarket managers to recruit has clearly helped Marks to keep its sales costs down relative to Woolworth.



The various pressures which have hit Woolworth are unlikely to abate this year: Marks has the growth point that it is now taking its exports seriously, hoping to get them into the eight-figure range with the help of a full-time export director. Both companies should be major beneficiaries of the increases in pensions and welfare payments due in two months. As the chart shows, neither share price has held up well in the last year: but even now the earnings yields are unsafely exiguous for corporation tax not to hit the share prices. Woolworth's is only 6.5%—despite the fall in the share price to 21s. 1½d. and Marks' a prospective 5.9% after its rise to 34s. 7½d.

INVESTMENT ANALYSTS

Share Gazers

THERE is nothing so bleak as a seaside resort out of season, and last week the windswept Knokke le Zoute, on the Belgian coast, was bleaker than most. Perhaps this is one reason why the third congress of the European Federation of Financial Analysts perhaps lacked something of the zest that an outside observer expected. To Knokke came some 350 delegates, primarily from the six member countries—Belgium, France, Germany, the Netherlands, Switzerland and Britain. There was also a sprinkling of observers from other countries, including a strong and voluble Spanish contingent. Did they find the three days worthwhile? On the whole most delegates had rather less to do here than at the earlier gatherings at Courchevel or Cambridge, where the outside distractions were, in any case, greater. But for members of the permanent commissions, these were three particularly hectic days as these standing groups were producing reports for the congress. But in the end these commissions generally did not arouse the interest that might have been expected and many delegates seemed to confine their interest to the three outside speakers the two special commissions set up for this conference and which initiated debates on the application of financial analysis to the management of investment trusts, and the measurement of their performance.

Delegates were told by managers of Swiss, Dutch and Scottish trusts what use they made of financial analysis in formulating their investment policies and decisions. One point which touched off some lively discussion was how separate the functions of the financial analyst and the investment manager should be.

Mr Brouwer of Robeco revealed that in his trust two managing directors relied on a staff of "security specialists" who were given the responsibility of putting through transactions based on their recommendations. But by no means all delegates agreed with his view that the analyst should not carry responsibility for his decision. One voluble French delegate made the remark of the congress when he said that "financial analysis was not purgatory before getting to the paradise of management." But some of the discussion seemed slightly unreal, for all seemed agreed that most investment managers had sprung from the ranks of financial analysts.

The other open debate was rather more technical, suggesting methods of measuring the performance of portfolios. One major difference of view here, which illustrates how the technique of analysis diverges in different countries in line with differing amounts of investment information available, related to how new money should be treated in assessing performance. The British put forward a formula that would reflect the management's success, or otherwise, in the investment of new money, while the French cling to the view that such measurements are artificial and that they should be based on the same total of funds throughout the period being measured.

It is, perhaps, not surprising that the working group hammering out a standardised form of accounts is making slow progress and is coming up against many snags reflecting the widely differing presentation of accounts (and the demands of company law) among European countries. But if harmonisation and standardisation is still some way off, much useful work has been done by the commission of terminology in just setting out the terms used in company reports and by analysts. This, then, is the first stage and the ground has now been prepared for the committee on standardisation to work on. But already the work of at least one other commission, that studying steel companies and shares, appears to have arrived at some standard definitions which has enabled it to undertake a study

Retail Business

Monthly Review of Consumer Goods, Services and Aspects of Retailing used by Manufacturers, Retailers, Stockbrokers and Advertising Agents throughout this country and overseas.

Issue 83 contains reports on:

HOUSEHOLD SCOURERS AND CLEANERS

SEALABLE PLASTIC HOUSEHOLD CONTAINERS

SUGAR AND CHOCOLATE CONFECTIONERY

This issue includes the regular analyses of factors affecting consumer spending. Specimen back issue and Index of subjects already covered available from:

THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St James's Place London SW1
Telephone HYDe Park 8711 ext 27
60 East 42nd Street New York 17 NY
Telephone Murray Hill 7-6850

into return on capital in the steel industry.

Clearly, then, progress is being made and the tools of the analyst are becoming that much sharper. And the efforts of the six national societies have already proved of use in the quest for more information. The British society can claim no small part of the credit for the additional information which so many British companies are now giving. But financial analysts have in most cases heavy professional commitments and the pioneers in the movement recognise that they will be able to give less time to it in the future. They stress the need to inject new blood into the federation, particularly through the working groups, but it would seem from the calibre of the delegates at Knokke that there need be few worries on this score.

What would clearly have set Knokke alight, had it been available, was an article in last week's *New Scientist* by Dr J. T. Ross Jackson on the "Myths of the Stock Market." He quotes from a paper given by Dr Karl Borch at Princeton University in 1963:

> With the present state of our knowledge it seems quite fair to consider security analysts, at least those who belong to the technical school as the astrologers of our century. The horoscopes for individual stocks are based on price behaviour in the past but they may well be equally based on the constellations of the stars when the companies were founded. Security analysts are respected members of our society, like astrologers once were, and they are amply rewarded when their predictions prove right—as they are bound to be in about half the cases.

He then goes on to assert that statistically price variations conform closely to something as simple as the flip of a coin, or what the statisticians call the "random walk." And he has put this theory to the test to find that in most kinds of stock market operation that the random walk theory did remarkably better than the average and showed buoyant profits on most—except the operation in which most analysts are concerned, the ordinary purchase of stock on which he showed a loss of 49%. Thus analysts can take heart, although these theories which in the end can be translated as investment by computer will, no doubt, give them much to talk about in the months ahead. And it is clear from Knokke that this is what analysts delight in doing and the real merit of this and earlier congresses has been the fertilisation of ideas and theories, not just between analysts of one country but between those of a number of countries. Amsterdam later next year will provide another such opportunity.

APPOINTMENTS for further announcements see pages 385, 386 and 387

STAFFORDSHIRE COUNTY COUNCIL

COUNTY PLANNING AND DEVELOPMENT DEPARTMENT

APPOINTMENT OF SENIOR PLANNING ASSISTANTS

Applications are invited for the above appointments in the County Planning and Development Department at Stafford on Group Grades A.P.T. III/Lettered Grade "A" (A.P.T. III £1,055-£1,295 rising to £1,340 per annum; A.P.T. IV £1,290-£1,505 rising to £1,555 per annum; Lettered Grade "A" £1,445-£1,690 rising to £1,745 per annum). The appointments will be made at any point on the scale commensurate with the qualifications and experience of the applicants, and applicants should state the commencing salary required.

There are three vacancies in the Department within this group grade. The duties of two of the posts will include work on Central Area urban renewal schemes. In addition a working knowledge of the problems of caravan sites and the improvement and design of advertisements will be an advantage. The third appointment is in the Research and Industry Section and the work concerns the analysis of economic trends over a wide area particularly related to industrial proposals and associated development and involves meetings with developers and District Council Officers.

Applicants should have a University Degree and a qualification in Town and Country Planning would be an advantage.

The Council are prepared to grant lodging allowance and assistance towards removal expenses in appropriate cases.

Applicants should give details of age, education and training, qualifications, present and previous appointments and experience, and the names and addresses of two persons to whom reference may be made. Applications, in which relationship to any member or senior officer of the County Council must be disclosed, should be sent to J. H. Barratt, County Planning and Development Officer, Martin Street, Stafford, not later than February 1, 1965.

The appointment will be in accordance with the Conditions of Service of the National Joint Council for Administrative, Professional Technical and Clerical Services and such other conditions of service as the County Council have adopted.

The officer appointed shall not engage in private practice.

Canvassing will disqualify.

T. H. EVANS,
Clerk of the County Council.

UNIVERSITY OF NOTTINGHAM

Applications are invited for a RESEARCH ASSISTANTSHIP in the DEPARTMENT OF INDUSTRIAL ECONOMICS. Graduate in Economics preferred, but others with appropriate experience will be considered. Salary range £750 x £50 to £850 pa. Application form and conditions of appointment to be returned by February 5, 1965, from the Registrar.

THE UNIVERSITY OF LEEDS

POSTGRADUATE RESEARCH STUDENTSHIPS 1965-66

The University of Leeds awards studentships not exceeding six, to graduates of other universities, including students who expect to graduate in June, 1965, for advanced study or research in any Faculty. The value of each award is £475 per annum plus fees; it is tenable for one year, renewable annually to a maximum of three years. Application forms are obtainable from the Registrar, The University, Leeds 2: closing date for receipt of completed applications, May 1, 1965.

UNIVERSITY COLLEGE OF SWANSEA

CHAIR OF APPLIED ECONOMICS

Applications are invited for the newly-established CHAIR OF APPLIED ECONOMICS, which will be tenable from October 1, 1965.

Further particulars may be obtained from the Registrar, University College of Swansea, Singleton Park, Swansea, by whom applications should be received by *Monday, March 1, 1965*.

UNIVERSITY OF EDINBURGH

DEPARTMENT OF POLITICAL ECONOMY

LECTURESHIP OR ASSISTANT LECTURESHIP

Applications are invited for a Lectureship or Assistant Lectureship in Political Economy. Preference will be shown to candidates with a special interest in quantitative economics.

Salary Scales: Lecturer, £1,400 x £85 — £1,740; Bar; £1,825 x £85 — £2,505 per annum; Assistant Lecturer, £1,050 x £75 — £1,275 per annum, with placement according to qualifications and experience, and with superannuation benefit.

The successful candidate will be expected to take up duty on October 1, 1965.

Further particulars may be obtained from the undersigned, with whom applications (six copies), giving the names of two referees, should be lodged not later than February 15, 1965.

CHARLES H. STEWART,
Secretary to the University.
January, 1965.

SCHOLARSHIPS ABROAD 1965-66

Applications are invited from British students for scholarships offered by Austria, Belgium, Brazil, Bulgaria, Czechoslovakia, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Iran, Italy, Japan, Netherlands, Norway, Poland, Portugal, Rumania, South Africa, Spain, Sweden, Switzerland, U.S.S.R. and Yugoslavia. The awards are mainly for university graduates and are tenable for periods varying from one to twelve months during the academic year 1965-66. Full particulars and application forms, for which a stamped (3d.) self-addressed adhesive label should be sent, are obtainable from the British Council, State House, High Holborn, London, W.C.1, or from any British Council office in the United Kingdom. Applicants should state for which countries they require particulars.

UNIVERSITY OF NEWCASTLE UPON TYNE

LECTURESHIP IN STATISTICS (DEPARTMENT OF MATHEMATICS)

The University invites applications for the post of Lecturer in Statistics in the Department of Mathematics. The post is tenable from September 1, 1965 or such other date as may be arranged.

The commencing salary will be at an appropriate point on the Lecturers' scale £1,400-£2,505. Membership of F.S.S.U. required.

Further particulars may be obtained from the Registrar, The University of Newcastle upon Tyne 2, with whom applications (three copies), together with the names and addresses of three persons to whom reference may be made, should be lodged not later than February 23, 1965.

UNIVERSITY COLLEGE OF WALES

ABERYSTWYTH

Applications are invited for the post of ASSISTANT LECTURER or LECTURER in POLITICAL SCIENCE to take up duties on October 1, 1965. Salary according to qualifications and experience within the scales:

Assistant Lecturer: £1,050 x £75—£1,200
Lecturer: £1,400 x £85 — £2,505

Forms of application and further particulars are obtainable from the Registrar, to whom applications should be sent not later than February 20, 1965.

THE UNIVERSITY OF MANCHESTER

ECONOMETRICS

Applications are invited for the posts of SENIOR LECTURER and LECTURER in the Department of ECONOMETRICS from specialists in one or more of the following fields: Econometric Theory, Applied Econometrics, Mathematical Programming, Input-Output Analysis, Sources of Economic Statistics. Salary scales per annum: Senior Lecturer, £2,400 to £3,350; Lecturer, £1,400 to £2,505. Initial salary and status according to qualifications and experience. Membership of F.S.S.U. Applications should be sent not later than February 17, 1965 to the Registrar, the University of Manchester 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF ADELAIDE AT BEDFORD PARK

SCHOOL OF SOCIAL SCIENCES

SENIOR LECTURER OR LECTURER IN GEOGRAPHY (TWO POSITIONS)

Applications are invited for the first sub-professorial appointments in Geography in the School of Social Sciences. Initially at least two appointments will be made at Lecturer/Senior Lecturer level and it is anticipated that three sub-professorial posts will be filled before teaching begins in March, 1966.

While the emphasis in geography courses at Bedford Park will be on economic, social and political aspects, it is hoped that one of the early appointments will be a candidate with fairly broad interests in physical geography. At least one candidate is sought with interests in the application of quantitative methods of geography. The initial staff will be consulted in the planning of course structures and candidates are invited to state the topical and regional fields in which they are qualified to teach.

The salary ranges at present are:
Senior Lecturer: £A3,250 — £A110 — £A3,800
Lecturer: £A2,400 — £A110 — £A3,170
Superannuation is on the F.S.S.U. pattern.

The University is developing a second campus at Bedford Park seven miles south of Adelaide, where teaching will begin in March 1966. The academic work at Bedford Park will be organised in Schools of Language and Literature, Social Sciences, Physical Sciences and Biological Sciences, and will be under the control of the Bedford Park academic staff. Construction of new buildings to house the four academic Schools, the Library and the Union has begun.

The date at which the successful applicants will take up duty may be arranged with them after their appointment.

A statement giving information about the development of Bedford Park and the School of Social Sciences, and setting out conditions of appointment, may be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications in duplicate should be lodged not later than *March 15, 1965*, with H. J. Buchan, Secretary for Bedford Park, University of Adelaide, Adelaide, South Australia.

CITY OF BIRMINGHAM EDUCATION COMMITTEE

CITY OF BIRMINGHAM COLLEGE OF COMMERCE

GOSTA GREEN, BIRMINGHAM 4

DEPARTMENT OF ECONOMICS AND SOCIAL SCIENCE

Applications are invited for the following posts, which become vacant on May 1, 1965:

SENIOR LECTURER IN ECONOMIC STATISTICS

The successful applicant will be responsible under the Head of Department for the co-ordination in the College of the teaching at degree level of Statistics and Mathematical Economics.

Punch card equipment and automatic calculating machines will be available for research and teaching.

SENIOR LECTURER IN ECONOMIC HISTORY

The successful applicant will be responsible jointly with his senior colleagues for the organisation of Economic History teaching at degree level in the College. He or she should preferably be a specialist in the Economic History of Europe and the United States.

SALARY: Minimum £1,895 per annum rising by annual increments of £55 to a maximum of £2,115 per annum.

Further particulars and application form (which should be returned by February 1, 1965) may be obtained from the Principal, City of Birmingham College of Commerce, Gosta Green, Birmingham 4.

There is a scheme for assistance with removal expenses.

M. WATTS,
Clerk to the Governors.

UNIVERSITY OF ADELAIDE AT BEDFORD PARK

SCHOOL OF SOCIAL SCIENCES

SENIOR LECTURER OR LECTURER IN POLITICS (TWO POSITIONS)

Applications are invited for the first sub-professorial appointments in Politics in the School of Social Sciences. Applicants should have special interests in the field of Political Thought or Political Institutions. Two appointments will be made at Senior Lecturer/Lecturer level.

The salary ranges at present are:
Senior Lecturer: £A3,250 — £A110 — £A3,800
Lecturer: £A2,400 — £A110 — £A3,170
Superannuation is on the F.S.S.U. pattern.

The University is developing a second campus at Bedford Park seven miles south of Adelaide, where teaching will begin in March, 1966. The academic work at Bedford Park will be organised in Schools of Language and Literature, Social Sciences, Physical Sciences and Biological Sciences; and will be under the control of the Bedford Park academic staff. Construction of new buildings to house the four academic Schools, the Library and the Union has begun.

The date at which the successful applicants will take up duty may be arranged with them after their appointment.

Statements giving information about the development of Bedford Park and the School of Social Sciences, details of the proposed courses and setting out conditions of appointment, may be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications, in duplicate, should be lodged not later than *March 15, 1965*, with H. J. Buchan, Secretary for Bedford Park, University of Adelaide, Adelaide, South Australia.

WILLIAMS DEACON'S BANK

Annual Report and Statement of the Chairman Mr. Kenneth G. Holden

"Steady and Effective Progress"

The Annual General Meeting of Williams Deacon's Bank Limited will be held on Thursday, February 11, 1965, in Manchester.

In his statement circulated with the Report and Accounts for the year ended December 31, 1964, Mr. Holden paid tribute to his predecessor, Sir Eric Carpenter, who, while remaining on the Board of Directors, had relinquished his office as Chairman at the last General Meeting, and expressed appreciation of the services of Mr. Rudolph E. F de Trafford, who had intimated that he did not wish to seek re-election He welcomed to the Board Mr. Ronald Michael Thwaites and Sir Peter Geoffrey Roberts, whose wide experience would be most valuable to the Bank. During the year Mr. Mallory and Mr. Upton had retired as General Managers, positions which they had held with distinction, and Mr Leslie Fletcher had been appointed to succeed them

NEW BRANCHES

Branches of the Bank had been opened at Manchester Royal Infirmary, Withington Hospital (Manchester), Cambridge, Croydon Guildford, Shrewsbury and Winchester, while at Wilmslow, Cheshire a second Branch had been opened at Water Lane Branches at Park Green (Macclesfield), Poulton-le-Fylde, Sheffield Moor, South Elmsall, West Didsbury and Withington had been rebuilt and premises acquired at Littlemoor (Chesterfield), Northampton, Penwortham Preston) and Shrewsbury Cattle Market where Branches would be established as soon as possible. To provide for Executor and Trusteeship work in Jersey a subsidiary company, Williams Deacon's Bank Executor and Trustee Company (Channel Islands) Limited, had been formed.

During the year an order had been placed for an I.B.M. System 360 Computer which was expected to be operational in the spring of 1966 at the London (City) Office. No matter to what extent new and expensive machinery was installed, however, the Bank remained entirely dependent upon a loyal and enthusiastic staff to sustain and develop the business of the Bank and to them Mr. Holden extended a special word of thanks for their services during the past year.

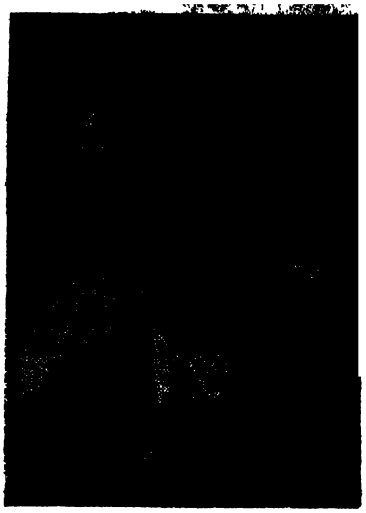
Many opportunities for promotion in the Bank were opening up for young men and merit was increasingly being recognised by rewards for ability and enterprise. Not for many years had banking provided such bright prospects for talented young men and women.

THE ECONOMIC SCENE

In looking at the nation's economic position, the past year, in terms of production and overseas trade, had been one of disappointed hopes with the year-end presenting a disturbing picture of rising wages, increased taxation and high interest rates with disappointing exports and diminishing reserves. Moreover the background to the scene was one of considerable uncertainty, a condition which, to a country having in sterling a reserve currency and being overdrawn against many of the major world financial centres, could only make for very serious difficulties

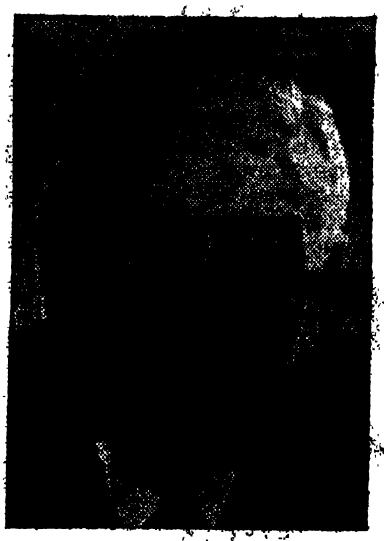
NATION'S PROBLEM

The problem confronting the nation was clear. If we were to obtain a higher standard of living there was only one way open; that was to increase our foreign earnings in order to pay those who supplied us with a large part of our food and vital raw materials. To achieve this, the greatest measure of co-operation from labour and employer alike was essential. One ray of hope would be the negotiation



of a workable prices and incomes policy, on which a Statement of Intent of the negotiating parties had been agreed. The policy would no doubt feel the strain of full employment and full order books but the Statement of Intent was certainly an attempt to deal with the underlying difficulties of our position. It would be a happy conclusion if the negotiations resulted in purchasing power being regarded as of more importance than the level of wages, and if home demand could be contained in order to derive the maximum benefit from exports In this field it was important that producers should know that plans whose execution might often extend over a considerable period of time could be carried out with confidence and that fiscal or other policies would not be altered in such a way as to render those plans less attractive before they were completed. Above all, Mr Holden said, it was essential for the nation to have new confidence in itself Without that, it could not convince others of its ability to succeed and to that confidence, soundly based, he looked as a first step towards recovery.

MIDLAND REPORTS FOR 1964.....



Sir Archibald Forbes on recent developments in banking services

Factors influencing adjustments in interest rates .... International business continues to expand and diversify .... Rapid growth and widening sphere of new accounts

Extracts from the Statement issued to Shareholders by the Chairman, Sir Archibald Forbes, GBE.

In the banking system rates allowed on deposit accounts have been maintained for a generation past on a uniform basis closely related to Bank rate. This initially stemmed from an official request and the banks continue to believe that it contributes to orderliness in monetary arrangements, assists in the financial policy of the authorities and keeps down the rates charged to borrowers. While Bank rate is the fulcrum for determining the level of interest rates in the banking system, that paid on deposit accounts is pitched below it, and that charged on overdrafts above it. The margin between these rates is one of the principal sources to which the banks look for the recoupment of operating costs and the earning of profit.

Although the banks are now free to fix these rates, the authorities have at times made it known that they are not unconcerned with movements in lending rates if these are likely to be out of accord with the Government's view of the needs of the economy at a particular juncture. Accordingly the banks have to shape their own policy in the recognition of this situation. In addition, they have to try to maintain a fair spread between depositors on the one hand and borrowers on the other, and also between different categories of borrowers.

With these considerations in mind some adjustments in borrowing charges proved to be possible in 1964 when a heavy demand for advances persisted and pressed on banking resources. The banks have raised the floor for the finest rates that will be charged to borrowers in the highest category when the cost of money is low. In fact, this required no change in rates being charged at the time, but it simply represented to borrow a phrase from another branch of commerce a "stop-loss" safeguard for the future.

In addition, a rather wider spread of rates between the various categories of borrowers has been negotiated and generally rates for most new overdrafts have been a little higher than hitherto. Then, again, commitment fees have become more prevalent, particularly when facilities are arranged but not drawn upon for some time ahead. But all these were small matters beside the upswing in rates that followed the rise in Bank rate to 7 per cent. This took place scarcely seven weeks ago and it is hard to be sure of the extent to which it will further discourage borrowers in conditions where advances are already proving difficult to arrange for other reasons. No change was made in the basis of rates allowed on credit balances, although the actual rates have risen sharply with the advance in Bank rate.

For overheads generally the banks are no more immune than other organizations from the steady increase in costs, and it is eminently reasonable that this factor should be reflected in the charge for services performed.

DEMAND FOR ADVANCES

During 1964 the demand for advances from business and private borrowers continued to grow and, despite sales of investments, by last autumn the liquidity ratio was nearer to the minimum than was usual at that season. By then the proportion of advances to deposits had risen to about 53½ per cent for the clearing banks as a whole and about 55 per cent for our own Bank.

ATTITUDES TO LENDING

In the distribution of advances, during recent months the weight of lending has swung heavily towards business borrowers, due in no small measure to discrimination by the banks. In existing conditions a tight credit position is judged to be necessary and in several directions business is likely to find developments hampered. When

lending funds were becoming short the banks continued to provide facilities for exports as readily as ever, and the "directive" of last month confirmed this requirement, adding as a further priority borrowing for the productive investment programmes of manufacturing industry. It was addressed also to other financial institutions, but nevertheless today, as on previous occasions when restrictions were placed on bank lending, we must expect to be confronted with the depressing effects of "frustrated borrowers [driven] to other sources of credit."

INITIATIVE IN OTHER FIELDS

Although the banks do not directly compete for deposits with other institutions through interest rates or engage in the specialized forms of lending which these institutions have developed, the banks have entered these fields indirectly through subsidiary and associated undertakings. In the Midland we have a wholly-owned subsidiary dealing with hire purchase (Forward Trust Limited), which in turn has a subsidiary for other kinds of lending (Forward Trust (Finance) Limited). We were also the prime mover in the formation of a new bank in London—Midland and International Banks Limited—in association with the Commercial Bank of Australia, the Standard Bank and the Toronto-Dominion Bank. The objects of this bank are to assist in the financing of exports as well as large-scale development projects on a medium-term basis throughout the world.

Forward Trust and its new subsidiary Forward Trust (Finance) enjoyed a successful year, reaching the highest level of business so far attained and earning a net profit (after tax) of £654,000 out of which net dividends of £277,000 were paid, the balance being retained for development by Forward Trust. The deposits with Forward Trust have risen from £7m. to nearly £87m. over the last six years which is in itself an indication of how resources are attracted by the level of rates offered in that market. It has now 56 offices in operation throughout the country.

Midland and International Banks opened for business in March and has not yet completed its first financial year. By the end of December, however, it had attracted deposits to the equivalent of about £75m. As with Forward Trust the new bank offers the "going rate" for deposits as determined by competition in its own field.

INTERNATIONAL BUSINESS

Our international business, centred in our Overseas branch, continues to grow and to diversify. Unusual and important transactions last year were the arrangements made, with the support of the Export Credits Guarantee Department, for medium-term credits covering the export of large plants and equipment to the USSR and India. Another important step was the development in New York, where application has been approved for our representative's office to become an "agency," with facilities for the transaction of international banking operations from that centre.

Throughout this country, our local overseas branches furnish specialized services for those trading or travelling abroad. Last year offices of this kind were opened at Leicester, Sheffield and Southampton, bringing the number in operation to seven, and others are likely to be added to our network this year.

An interesting aspect of our overseas policy lies in our association with the Amsterdam-Rotterdam Bank, the Banque de la Société Générale de Belgique and the Deutsche Bank. We have gained much from these closer ties with the Continent.

OUR NEW CUSTOMERS

Shareholders will be interested in the results of a special inquiry conducted by our Bank with the object of throwing light upon recent developments in the use

All accounts opened
our organization
weeks in 1963 were
recorded and so as to establish
the sort of were attracting
and those we d to discover
the reasons for

Our survey showed a rapid rate of growth in the number of new customers to the Bank during the weeks recorded, and an average net gain of well over six hundred on each working day. Secondly, it was revealed that more than one-third of the new customers were paid weekly, while a like proportion described themselves as wage earners or clerks, and a similar percentage fell into the group for customers under 25 years of age. The annual incomes of over one-half of the new customers were £750 or less, and a further quarter were receiving below £1,250 a year. Nearly three-quarters of the new accounts were opened balances of less than £100.

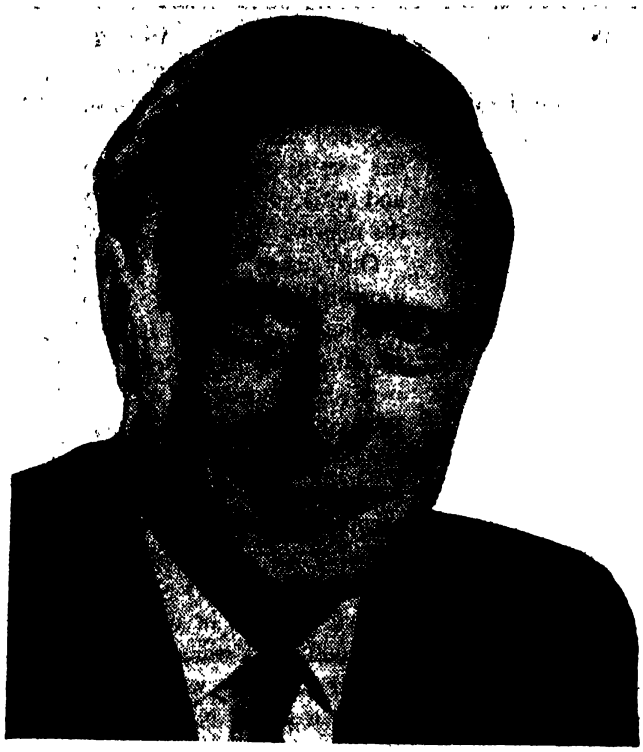
RESULTS FOR THE YEAR

The net profit of the Bank for 1964, after providing for all expenses, contingencies and taxation, amounted to £6,490,000 as against £5,287,000 for the previous year. The directors recommend a final dividend of 6 per cent which, with the interim dividend already paid, would make the distribution for the full year equivalent to 12 per cent on the new level of issued share capital. This share capital is one-and-a-half times that previously existing by reason of the issue during the year, through the capitalization of part of the reserves, of one fully-paid share for every two previously held.

Behind these satisfactory results lie the continued loyalty and efforts of our staff, and our warmest thanks are offered to all of them.

Copies of the Annual Report and Chairman's Statement can be obtained from: The Secretary, Midland Bank Limited, Head Office, Poultry, London, EC2

MIDLAND BANK LIMITED



Higher profits—good progress in all departments

In the course of his statement to shareholders, Mr. Harald Peake, the Chairman, said

After two years of progressively lower profits it is encouraging to be able to report a profit for 1964 of £5,757,913.

In general 1964 has been a year of continued good progress in all departments. In many fields our business has expanded faster than in the previous year.

At the beginning of 1964 deposits totalled £1,554,317,168 and at the end of the year stood at £1,623,697,762. This is the highest figure in the history of the bank.

Overdrafts have increased from £694,861,578 on 1st January 1964 to £817,605,807 on 31st December. Expressed as a percentage of deposits overdrafts increased from 44.7% at the beginning to 50.3% at the end of 1964.

The larger volume of business and the slightly higher rates which money has earned during the year have increased our income and have enabled us to absorb substantial increases in staff and other costs.

We are at present financing export sales to 49 countries. The amounts we have advanced since 1954 in medium-term export loans together with further amounts to which we are committed, now total over £200 million.

In 1964 we have opened fifty-one new branches and sub-branches. This brings the total of new offices opened during the last five years to three hundred and five. This has been a long-term and costly operation. On the average it takes about five years for a new branch to become profitable. We have nearly completed the programme adopted in 1959 and from now on we expect steadily improving results from the new branches.

Our West End Computer Centre was established in 1963 and in the autumn of 1964 we opened another Centre in the City. At these two Centres we are now accounting for over 100,000 accounts and additional branches are being added every week.

Shareholders' Participation

The shareholders are participating in the improved results through the capitalisation of the Share Premium Account with a small amount added from General Reserve. This has given them one new share in the bank credited as fully paid up for every seven previously held, together with the prospect of a final dividend for 1964 maintained at the same rate as in 1963 on the capital before the increase. It is not possible at this stage to forecast the dividends that will be declared in respect of 1965.

The Balance Sheet

The Issued Capital has increased from £53,606,638 to £61,264,729 following the scrip issue approved by shareholders on 4th December 1964.

Our Reserve Fund has been reduced by the use of the Share Premium Account, which amounted to £7,205,000 and by £453,091 which was deducted from General Reserve to provide for the scrip issue. From the profit for the year we have restored £453,091 to General Reserve and have added a further £1,500,000, bringing the total of General Reserve to £30,500,000. To this

must be added the £17,214,000 credited to Capital Reserve following the revaluation of our premises, so that the total of our Reserves is now £47,714,000.

In respect of Bank Premises it has been decided to show a more up to date figure at 31st December 1964 based on a revaluation which was made professionally in 1959. Using this and adding subsequent capital expenditure at cost and deducting sales together with the necessary amortisation provisions bank premises are now shown at a figure of £43,488,861. The increase in the book figure on revaluation is now shown as a separate amount under the new heading of Capital Reserve. Revaluation of our many branch premises is a lengthy and costly exercise. It may be desirable that it should be carried out again at some date in the future but it is not our intention that this should be done regularly or at short intervals.

Trade Investments have, for the first time, been analysed under three headings—Banks, Hire Purchase Companies and Other Trade Investments.

Overseas Department

During the year the Overseas offices at Birmingham, Bradford, Bristol, Liverpool and Newcastle upon Tyne have been expanded so as to enable them to offer a comprehensive overseas service to customers. It is planned to open in 1965 an additional Overseas office at Southampton. Each office has been equipped with an International Telex machine. 1964 has been an exceptionally active year in the foreign exchange field and the turnover has been very heavy.

Company Registration Department

During the year the permanent accommodation and equipment of the department at Durrington, near Worthing, has been completed. This has enabled us to act as registrars of thirty companies with a total of over 700,000 shareholders. The installation is designed to handle a substantially larger number of companies and shareholders.

Lloyds Bank Europe Limited

Our largest subsidiary company has again had a successful year during which deposits have increased to £88,834,120 compared with £70,672,056 on the 30th September 1963. Advances have increased to £50,930,797 compared with £42,891,621. A dividend of 10% less income tax has been recommended. The consolidated balance sheet total at 30th September 1964 exceeds £100,000,000 for the first time. Since that date the issued capital of Lloyds Bank Europe Limited has been increased from £1,200,000 to £2,500,000.

Management and Staff

The number of current accounts on our books at the end of November was 2,336,784, being an increase of 135,374 during the year. These figures give an indication of the magnitude of the task our staff now performs.

The remuneration of our staff was increased by 4% with effect from 1st April 1964 and, in addition, they received a further increase of 3% dated back to 1st April 1963.

In January 1964 we granted increases to pensioners. It has recently been announced that as from 1st January 1965 we are granting further increases to past members of the staff.

The grateful thanks of the shareholders are again due to our management, staff and messengers for their contribution to our progress in 1964.

The Future

Whilst prospects for 1965 are clouded by uncertainties it can be said that the demand for our bank's services continues at a high level. The results for 1965 could be as good as those for 1964. We in the bank must continue to work as a team, just a little harder and more effectively, with this object in view.

The text of the statement by the Chairman has been circulated with the report and accounts for the year ended 31st December 1964. Copies are available on application to the Secretary.

LLOYDS BANK

For good and helpful service

THE ANNUAL GENERAL MEETING OF LLOYDS BANK LIMITED WILL BE ON 12TH FEBRUARY 1965, AT THE HEAD OFFICE, 71 LOMBARD STREET, LONDON, E.C.3.

Mr. Chobei Takeda VI, President, Takeda Chemical Industries, Ltd.

Takeda Chemical Industries, Ltd.

Takeda 武田薬品工業株式会社

Report by Mr. Chobei Takeda VI, President, for the six months ended 30th September, 1964

Our country's economy has continued to expand throughout the period but economic growth has lacked vitality because, although the nation's balance of international payments has gradually improved, the stock market has been weak and there has been a softening of wholesale prices. This resulted from the government's return to a tight money policy at the end of last year which has increasingly affected all sections of the economy.

During the period under review, the pharmaceutical industry generally maintained a steady growth sustained by firm demand, despite intensification of sales competition. In line with its "Sound Management" policy, the Company has continued to take aggressive steps to strengthen every aspect of production, sales, research and management. As a result, total sales rose to ¥46,072 million, up about ¥7,250 million from the previous six months and net profit to ¥3,669 million, up about ¥250 million.

The sales of pharmaceutical products were again excellent, far exceeding those of the previous period. Sales of activated vitamin preparations "Alinamin" and "Alinamin F" were especially good and there was a marked increase in sales of the Vitamin C preparation "Hicee", multivitamin preparations "Panvitan" and a newly marketed "Panvitan-strong Gold", the tranquillizer "Contol" and other pharmaceuticals. Among food products, flavour enhancers "Ribotide" and "Ino-Ichiban" (Ee-Chee-Ban), and the nourishing soft drink "Plussy" have shown substantial increases in earnings. The sales of chemical products as a whole were satisfactory although the sales of certain items reflected unfavourable market conditions.

Exports increased by about 12 per cent. over the previous period. Local pharmaceutical plants in Mexico and Taiwan, which have recently been enlarged, are operating satisfactorily. With regard to its overseas business policy, Takeda's plans to consolidate its sales structure were reflected in tie-ups in May 1964 with a sales agent in Thailand and by the establishment of "Takeda G.m.b.H. Import-Export" in West Germany in June.

With regard to equipment expansion, production facilities for vitamin B_1 at the Hikari plant and for polyether at the Tokuyama plant were completed during the period. Additional buildings for the Research and Technical laboratories in Osaka, as well as various other works, including additional equipment for injection preparations at the Shonan plant, are under construction.

This concludes my review of the Company's activities for the six months ended 30th September, 1964. With regard to the present six months period, we feel strongly that, because the general economic climate does not permit us to forecast a business upturn in the immediate future, the Company must continue to exert every effort and make use of advanced techniques in every aspect of its management to improve its business.

FINANCIAL SUMMARY FOR THE SIX MONTHS ENDED 30th SEPTEMBER, 1964

		Yen Millions
Land, buildings, machinery and equipment, less depreciation		23,702
Investments in and advances to subsidiaries and affiliates		11,712
Current assets	55,076	
less current liabilities	38,710	16,366
Other assets		4,447
		56,227
less employee severance and death benefits	5,773	
Long-term debt	13,735	19,508
		36,719

	Yen Millions
Issued capital of 300 million shares	15,000
Capital and revenue reserves	21,719
	36,719

Net sales	46,072
Operating profit	7,753
Interest and other expenses less interest, dividends and other income	472
	7,281
Provision for income taxes	3,612
Net earnings	3,669

The dividend for the six months to 30th September, 1964, of ¥3.75 per share amounting to ¥1,125 million is not reflected in the above figures.

DISTRICT BANK LIMITED

MARKED EXPANSION IN BUSINESS

LT.-COL. T. MARSHALL BROOKS, ON THE LONG-TERM PROBLEM OF INCREASING PRODUCTIVITY AND EXPORTS

Lieutenant-Colonel T. Marshall Brooks, DL, Chairman, in the course of his statement circulated with the accounts for the year ended December 31, 1964, said:

The Capital of the Bank was increased by £3 million in August last. Capital and Reserves now stand at £18,250,000 an increase of £3,250,000 since the last Balance Sheet.

Current, Deposit and Other Accounts at £307 million show an increase of £3 million over last year's total; the average monthly figure increased by just under 6 per cent.

Cash, Money at Call and Short Notice, Treasury Bills, Bills of Exchange and Refinanceable Credits total £96.6 million, a reduction of £3.6 million compared with last year, and give a ratio of liquid assets to deposits of 31.4 per cent.

Our holdings of British Government Securities have decreased by £13 million. These securities have a date of redemption within ten years and are shown at a figure below their market value.

Advances at £167.5 million are £22.1 million higher than at December, 1963 and during the year reached a new record figure. The increase in advances was spread over almost all categories of borrowers, the most marked increases being taken by manufacturing industry.

The figure of Bank Property has risen as a result of the opening of new branches at Crewe, Darlington, Hinckley, Lowesmoor (Worcester), Luton, Maryport, Plymouth, Strand, WC2, and Wythenshawe (Manchester). Our programme for the improvement and enlargement of existing branch premises is proceeding vigorously and several offices are in course of complete rebuilding.

I am pleased to report that, after making the usual provisions, Net Profit at £1,416,862 stands at a record figure and shows an increase of £247,621 over that for 1963. Apart from the benefit of higher interest rates this increase owes much to a marked expansion in business and turnover and to the exceptionally high proportion of our assets which has been employed in advances, our most remunerative asset. With the amount brought forward there is a sum of £2,038,948 for disposal and of this total £250,000 has been transferred to Reserve Fund and £250,000 to the Reserve for Contingencies. After allowing for these allocations and for a final dividend of 7½ per cent on the larger capital, there remains a sum of £601,823 to be carried forward to the next account.

THE BANK'S SERVICES

The past year has seen the establishment of our Computer Centre in the premises of our Piccadilly Office in central Manchester. The computer was delivered in March last and was operational by June. Since then we have transferred to electronic posting the accounting work of the Head Office and of 55, King Street, Manchester, the old Head Office of the County Bank. A similar transfer of the routine work of branches in the Manchester area is now planned; the first group will be operating under this system by the middle of the year and others will quickly follow. We are also pressing forward with the transfer to the computer of our considerable company registration work; by the end of the year we expect a substantial proportion of the work of preparing company dividends and annual returns to be handled electronically.

We are constantly reviewing the possibilities of extending the use of modern equipment to increase the efficiency of our operations and we shall take advantage of improved techniques as they are developed.

PROGRESS OF THE BANK'S BUSINESS

The growth of our deposits, as mentioned earlier, amounted to about 6 per cent, taking the average for the year, and remained on a steady trend until checked in the last two months of the year. The withdrawal of foreign funds during the crisis of confidence in November and December had an adverse effect on bank deposits and caused an embarrassing stringency in the market for short term money which in turn led to calls for temporary assistance from the banks. It is reasonable to hope that this situation will return to equilibrium as confidence in Sterling recovers.

The prospects for a renewed growth in our deposits in 1965 should be favourable if the present trend in the numbers of new customers persists, for I am happy to report that we added a record number of new accounts to our books in 1964.

However, the custom of great numbers of wage and salary earners has still to be won by the banks. In this field, the stamp duty on cheques remains a hindrance to the wider use of banking services and once again I make a plea for the abolition of this duty. The continued increase in crimes of robbery with violence highlights the need for the encouragement of payment of wages and salaries through the banking system rather than in cash.

Our Personal Loans Scheme has again proved an excellent means of attracting new business from wage and salary earners. A high proportion of those who first come to us for a Personal Loan remain customers after the loan has been repaid and many eventually use their accounts to build up personal savings. Credit restrictions unfortunately obliged us to discourage this type of business in the later part of the year, but I look forward to its resumption when the credit situation has eased.

We are actively promoting the use of Savings Accounts for personal savings, and the number of these accounts is showing a healthy increase. In common with the other Clearing Banks we recently increased the rate of interest on Savings Accounts to 3½ per cent on the first £250, with normal Deposit Rate on the excess over that figure.

THE YEAR UNDER REVIEW

In the earlier part of the year the strength of demand for bank advances was regarded as one of a number of signs that the economy was continuing the buoyant trend established in 1963. By the second quarter some doubts about the continuance of economic expansion began to be expressed. The final outcome proved to be worse than reasonable expectation had suggested. That the economic expansion of 1963 should end in a severe crisis of confidence in November, 1964 was a painful reminder of past experience. The measures taken to correct the situation—restriction of imports, the raising of Bank rate to 7 per cent, large-scale borrowing abroad and a directive on lending—were to some degree inevitable in view of the deterioration in our trading balance. It was regrettable that political considerations should have aggravated the situation but the importance of confidence abroad as well as at home has at least been forcibly reasserted.

Calmer appraisal of the situation has now turned away from the purely political aspects and concentrated on the basic economic factors. The one most immediately relevant is the failure to achieve an adequate allocation of manufacturing output for export.

Whilst there are, without question, many companies, large and small, with outstandingly good records in export sales, there are many firms which do not achieve their full potential in this field. It can hardly be said that there is a lack of advice or help. The banks have supplemented Government services in providing information and encouragement, backed by preferential treatment in supplying financial support. Export Credit facilities have been developed to meet most legitimate needs though there is a point beyond which the granting of long-term credit becomes of doubtful value to the economy.

The long-term problem of increasing productivity and increasing exports is not so impossible of solution as the depressing end to the year seemed to suggest. That large sections of British industry are already competitive is proved by the size of their export sales to Europe and North America. The slow process of increasing productivity should be speeded up as a result of growing pressure of public opinion in support of the ideas behind the statement of intent on productivity, prices and incomes. The ending of restrictive practices by both management and labour is more likely of achievement as closer co-operation between the Government and both sides of industry develops. Control of the wage-price spiral becomes less of a forbidding problem as it is openly discussed and the national interest is persistently represented in the discussions. The deflationary influences now present in the economy should, in any event, work towards control of the rise in prices and incomes as the months pass. In the meantime positive measures of encouragement could bring about the marginal increase in the growth of exports which is required for this country to break out of its current round of trouble.

WESTLAND AIRCRAFT LIMITED

Chairman's Statement

The following are extracts from the Annual Statement by Sir Eric Mensforth, C.B.E., M.A., M.I.Mech.E., F.R.Ae.S.; copies of which can be supplied on request.

The Group consolidated profit for the year amounted to £3,348,787, compared with £3,167,755 last year. Taxation absorbed £1,757,683. A recommended dividend of 21% less tax will absorb £843,125. It is proposed to capitalise £2.5 million of the Capital Reserves.

In your Board's opinion a strong aviation industry is vital to this country. Its advanced technology makes an important contribution to the country's engineering industry on which so many of our exports depend. To make the best use of British resources, and to save foreign exchange, very long-term planning is necessary. Discussions about a new tactical helicopter and a new transport helicopter have been proceeding for a long time. We have taken our designs through the project stage, but no decisions have yet been reached. Production deliveries of Wessex 1, 2 and 5, and Scout and Wasp continue. Civil certification of the Wessex is proceeding, as is development of the Wessex 3. Quick delivery of production SR.N5 hovercraft is available, sales have been achieved, and further sales are well advanced. The design of the SR.N4 Channel hover ferry has been established. The Government announcement of defence interest in hoverships is welcome; for some time we have carried out feasibility studies which we now expect to assume a more specific character.

Normalair has continued to expand its aircraft activities, both at home and in the export field, and the high rate of expansion and profitable operation of Westland Engineers has continued.

The Black Knight space research vehicle programme has continued satisfactorily; it has been characterised by its cost economy and reliability. A British satellite programme using the technology gained from Black Knight has been accepted in principle and is now awaiting a contract. Meanwhile, design work is proceeding.

The Company's volume of work in hand continues to be satisfactory, and profitable trading should also continue. However, it will need an early Government decision about its requirements for new helicopter types if there is not to be a check on the Company's progress in a few years' time, and with it a loss of productivity from an asset of national importance.

LLOYD'S PACKING

Extract from the Chairman's Review & Accounts to 26th September, 1964.

The 49% improvement in Group profit which it is my pleasure to report is a measure of the progress we have made . . . Our policies remain . . . profitable expansion, international trade . . . high quality service . . . export effort . . . Over the past two years, we have incurred more than £640,000 capital expenditure for the development of our business. . . . We have been appointed sole agents in Great Britain for the sale of a wide range of Soviet instruments and control equipment. . . . Subject to general economic conditions, I have every confidence that we shall make further strides forward in the current year.

	1964	1963
Trading Profit	£298,136	£290,590
Taxation and Minority Interests	£150,275	£94,056
Group Net Profit	£147,861	£196,534
Net Dividends:		
Preference	£7,337	£7,337
Ordinary	£78,093	£62,475
(% Gross: 1964 - 7½ 1963 - 6)		

A Group of Companies operating through 8 main Divisions
PACKING · TRANSPORTATION & TRAVEL · PAPER & PACKAGING
TIMBER · CONSUMER PRODUCTS
INDUSTRIAL PRODUCTS & SERVICES.

The Full Report & Accounts can be obtained on request from the Company Secretary

LLOYDS PACKING WAREHOUSES (HOLDINGS) LTD.
20 Piccadilly Street, Manchester.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail, UK £8: overseas £6 10s

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. Airmail is invariably more expensive but usually quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended

By air see below

SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS: AUSTRALIA: John Hunter & Co., 50 Miller Street, Sydney, New South Wales. Gordon & Gotch (Australasia) Ltd., 514-515 Little Collins Street, Melbourne C1. BELGIUM: W. H. Smith & Son, 71 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Croze, Cx.P 3683-Zc-00, Rio de Janeiro. CANADA: Wm. Dawson Subscription Service, 587 Mount Pleasant Road, Toronto 7, Ontario. CEYLON: The Lake House Bookshop, 100 Parsons Road, Fort Colombo. DENMARK: Ejnar Munksgaard, 6 Norregade, Copenhagen K. EGYPT: Librairie Hachette, 45 bis Rue Champollion, Cairo. FINLAND: Akateemisen Kirjakauppa, 2 Keskuskatu, Helsinki. FRANCE: W. H. Smith & Son, 248 Rue de Rivoli, Paris. GERMANY: W. E. Saarbach, Gertrudenstrasse 36, Köln 1, Contra Grossovertrieb GmbH, Hamburg 1, Deutsche Strasse 35a, Hamburg. GHANA: Travel Service Ltd., P.O. Box 401, Accra. GREECE: Librairie Kauffman, 28 Rue de Stade, Athens. HOLLAND: N.V. V/H Van Ditmar's Import, Schiemerstraat 32-36, Rotterdam 4. HONGKONG: The Advertising & Publicity Bureau, Ltd., 704-706 Marina House. INDIA: Parrka Syndicate Private Ltd., Gole Market, New Delhi 1, or 12/1A Lindsay Street, Calcutta 16 or 21 Hamam Street, Bombay 1: Central News Agency, 23/90 Connaught Circus, Post Box 574, New Delhi. IRAN: International Press Agency of Iran, P.O. Box 1125, Teheran. IRAQ: Coronet Bookstore, Merjan Building, Southgate, Baghdad. ISRAEL: Bronfman's Agency, Ltd., 2 Tchernov Street, P.O. Box 1109, Tel-Aviv. ITALY: Messaggerie Italiane, Via Lomazzo 52, Milan 12. JAPAN: Karl H. Buchmeyer Associates, Meiji Heights, 26, Kitaya-cho, Shibuya-ku, Tokyo; Maruzen & Co., P.O. Box 605, Tokyo Central. JORDAN: Joseph I. Bahous & Co., P.O. Box 66, Amman. KENYA: East African Standard, P.O. Box 30080, Nairobi. KOREA: Foreign Publications Supply Co., P.O. Box 238, Kwang-Hwa-Mun, Seoul. LEBANON: The Levant Distributors Co., Place de l'Etoile, D. Assefy Building, Beirut. MALAYA: Messrs. Marjan & Sons, Subscription Dept., 74 Orchard Road, Singapore, 9. NEW ZEALAND: Gordon & Gotch (NZ), Ltd., P.O. Box 584, 75 Anzac Avenue, Auckland; Gordon and Gotch (NZ), Ltd., 32 Waring-Taylor Street, Wellington. NIGERIA: Allas Nigeria Ltd., 6 Labinjo Lane, P.M.B. 2120, Lagos. NORWAY: A/S Narvesens Litteraturtjeneste, P.O. Box 115, Oslo. PHILIPPINES: Morris Corporation, P.O. Box 1451, Manila. POLAND: Ruch, Ul. Wilcza 46, Warszawa 10, Poland. RHODESIA: Kingstons Ltd., P.O. Box 2374, Salisbury, S. Rhodesia. SOUTH AFRICA: American & Overseas Publications, P.O. Box 3025, Port Elizabeth; Central News Agency Ltd., P.O. Box 10799, Johannesburg. SPAIN: Distribuidora International Dupuy de Serio, 36, Apartado 9156, Madrid. SUDAN: Khartoum Bookshop, P.O. Box 968, Khartoum. SWEDEN: Wennergren-Williams A.B., Nordenflychtsvägen 70, Stockholm. SWITZERLAND: Agence Aeberhard, Case 124, Berne Transit. TANGANYIKA: The Tanganyika Standard, P.O. Box 33, Dar es Salaam. TURKEY: Librairie Hachette, 469 Istiklal Caddesi, Beyoglu-Istanbul. UGANDA: East African Standard, P.O. Box 1656, Kampala. UNITED STATES: The Economist, 415 Madison Avenue, New York 17, N.Y.; British Publications Inc., 30 East 60th Street, New York 22, N.Y.; The Economist, National Press Building, Washington 4, D.C.; National Publications Co., 4055 Wilshire Blvd., Los Angeles 5, California. VENEZUELA: Distribuidora Santiago C.A., Quinta Oasis, Segundo Transversal Norte, Urbanizacion Guacaipuro, Apartado No. 2589, Caracas.

CAIRNTON INVESTMENT TRUST LIMITED

SIR DENYS LOWSON ON TRUST'S PROGRESS

FAVOURABLE CONDITIONS IN NORTH AMERICA

The following is an extract from the statement made by **Sir Denys Lowson, Bt,** the Chairman, at the Annual General Meeting of Cairnton Investment Trust held in London on January 22nd:

The Gross revenue has increased by some £27,254 to £113,004. This increase is attributable partly to increased dividend payments from existing investments and partly from the new investments purchased with the proceeds of the rights issue made at the beginning of the year. Your directors are recommending the payment of a final dividend of 9 per cent (less income tax) making 16 per cent for the year against 15 per cent last year on a smaller capital. The amount carried forward is £46,805 against £41,945 brought in.

At October 31st, last, the market value of our investments showed an appreciation of 83.33 per cent over book value giving a break up value for the ordinary shares of 17s. The geographical distribution of the investments, as will be seen from the Directors Report is as follows: Great Britain 78.92 per cent; the Commonwealth excluding Canada) 8.59 per cent; USA & Canada 10.57 per cent; and 1.92 per cent elsewhere; while as regards categories 7.42 per cent are in Bonds, Debentures and Preference Stocks and Shares with 92.58 per cent in Ordinary and Deferred Stocks and Shares.

The performance of the portfolio has been satisfactory showing an appreciation of 10½ per cent during the year under review. The Financial Times Industrial Ordinary Share Index rose 2.8 per cent during the same period.

As regards general conditions in this country, we have seen share prices fall by as much as 10 per cent, since the end of the Company's Financial year, although there has been some recovery of late. Conversely conditions in North America remain buoyant.

In the USA the economy has continued to expand strongly for the fourth year in succession with the Gross national product rising to approximately 622 billion dollars—an increase of 6½ per cent over 1963—Personal consumption, helped largely by the substantial tax cuts last March, also rose to a record figure of 400 billion dollars. Although business in 1965 will almost certainly set new records there are one or two factors which could lead to a slowing down in the rate of expansion. For instance there are the first signs of some measure of increased inventories; the liberal wage settlement in the car industry has led to some concern that other industries less able to increase productivity will also be faced with wage claims resulting in either a squeeze on profits or price inflation. Then there is the possibility of a strike, or further wage demands in the steel industry itself where efforts to adjust prices upward to compensate for the wage increase in 1962, have still proved unsuccessful.

It is possible therefore that 1965 may not be such a dynamic year as 1964, but nevertheless the long term prospects must be considered excellent. It is a startling fact that half the population of the United States of America is under 26 and there is every indication of further substantial population increase, in fact a figure of 69 million has been mentioned for the next 15 years up to 1980, or in itself more than the total population of Great Britain, Northern Ireland and Eire. To cater for the progressively more sophisticated tastes of this generation gives great promise of growth to all sectors of the American economy.

CANADA

The outlook for the Canadian economy is equally good. It is expected that the major stimulus will be provided by the continuing high level of capital expenditures which in 1964 rose 16.1 per cent reaching 10.8 billion dollars. There was also a significant improvement in the balance of payments in 1964; the contributing factors being a record level of wheat sales to Western Europe and Communist countries, high prices for base metals and a rise in exports to the United States. It is questionable however whether 1965 will see a further improvement in the Canadian Balance of payments, imports are expected to increase, stimulated in part by rising expenditures on machinery and equipment, and on the other hand, exports to the United Kingdom, which account for nearly 15 per cent of Canada's total exports, are likely to feel the impact of the 15 per cent import surcharge. Nevertheless over the long term Canada's trade prospects are distinctly favourable bearing in mind the continuing expansion which is taking place in her secondary industries, the rising world demand from the emerging nations for Canadian commodities, and the probable lowering of trade barriers in the "Kennedy round" of G.A.T.T. negotiations.

As regards this company I am pleased to be able to tell you that from an estimate which we have prepared for the year to October 15, 1965, our revenue should compare favourably with that of 1964, and subject to what taxation may have in store for us, I look forward to the future with confidence.

Trading profits up by 6% despite a difficult year

"Every confidence in the long-term future"

MR K. R. M. CARLISLE, CHAIRMAN

The one hundredth Annual General Meeting will be held in London on February 11th. Below are points from the Chairman's circulated statement:

The net result of an eventful year has been an increase in turnover (from £32.4m. to £33.5m.) accompanied by an increase of £226,000 to £3,091,000 in Group Profit before Taxation. The charge of £1,872,000 for Taxation, which includes provision for UK Income Tax at 8s. 3d. is disproportionately high in relation to Profit because no immediate tax relief was available on certain individual losses.

Your Directors recommend a final Ordinary Dividend of 9 per cent, less Income Tax. To mark our Centenary Year they also recommend a Centenary Bonus payment out of capital profits, not subject to UK Income Tax, of 2½ per cent.

Oxo Limited had another successful year, culminating in a higher profit. Sales of the Cube continued buoyant.

The corned beef market was confronted with a serious setback. Until June another record year for Fray Bentos was in sight. But the Aberdeen typhoid epidemic brought sales in this country to a virtual standstill during June, July and August. The report of the Committee of Enquiry under the Chairmanship of Sir David Milne confirmed that your company's brand of Fray Bentos was not involved. Some recovery is now evident. Sales of Fray Bentos Steak and Kidney Pies have developed strongly, and the new Fray Bentos Braised Steak also promises to become a major item in the range.

Lemco Stock Tablets are being well-received nationally. Sales of Oxoid culture media continue to expand throughout the world.

Continent of Europe. We sustained a heavy loss in France, but our Italian Company had a more profitable year, and there were better results from Belgium and Holland.

South America. The swift rise in cattle prices ensured a good year for our farming companies, but led to a substantial loss at the Argentine factory. Your Board has decided to put the factory in a position to produce frozen and chilled beef, and cut down the scale of canning operations. A freezer is also being installed in Paraguay.

General. Having reviewed the Group's activities in Africa, the Chairman said: The current value of the Group's ranches, as estimated by your Directors, was £7m., as compared with a balance sheet value of £2.4m. This assumes free convertibility of proceeds of any sales and takes no account of taxation which would arise, or of possible exchange losses.

Outlook. It is particularly difficult to forecast the pattern of production, sales and profits. Nevertheless, I am hopeful that, for the current year, we shall again be able to show satisfactory results, and I have every confidence in the long-term future of our business.

(Copies of the full statement and accounts are available from: The Secretary, Liebig's Extract of Meat Co. Ltd., Thames House, Queen St. Place, London, EC4.)

THE CHARTER TRUST & AGENCY LIMITED

The following is the Statement of the Chairman, **Mr G. P. S. Macpherson**, circulated with the report and accounts for the year to November 30, 1964:

The optimistic predictions I made last year about the increase in revenue have been justified; so, unfortunately, have the fears expressed then regarding the threats of cost inflation and loss of confidence. The present threat to the international value of the pound dominates other investment considerations; the outcome will clearly greatly affect investment policy.

It is impossible yet to forecast the effect on the Company of the proposed new system of taxation, for it is not known to what extent investment trusts will be directly affected by it or the rate at which Corporation Tax will be charged on the companies in which the Trust is invested. It would probably be reasonable to assume that under the foreshadowed regulations in aggregate the dividends to be received from the UK Companies in which the Trust is invested would be about the same as last year, provided their pre-tax profits were no less. In 1965, most companies will have to meet a substantial rise in costs (National Insurance contributions, higher fuel costs, wage increases and shorter working hours) in the climate of a credit squeeze, lack of confidence and increasing competition. It is unlikely that these additional costs can in such conditions be recovered from the consumer or will be completely offset by the greater productivity hoped for as the result of the Declaration of Intent regarding Incomes. Dividends received in the early months of 1965 reflecting the good profits of 1964 will be higher, but, in spite of this, I would expect revenue from the Trust's UK investments to be similar in 1965 to that of 1964.

USA—Favourable Outlook

In the USA, the near-term outlook continues to be favourable. The rate of increase in gross national product will probably fall in 1965 and the margin of profitability will level off, but the companies in which the Trust is invested in the USA should pay higher dividends. But if and when the new taxes are applied to the Trust (which may not be until 1966), unless the Trust is permitted to claim against them as much of the Federal Tax borne by those USA companies in which it is invested as it does now, the immediate effect will be a reduction, possibly material, in revenue from this source.

When the incidence of the proposed taxes is known, your Directors will have to consider whether and to what extent the pattern in which they have deployed the Trust's funds needs to be changed. Whatever the outcome, I am confident that a satisfactory return will be obtained over the years on the present net asset value of the Ordinary Stock.

Meantime, taking the least favourable basis for the direct incidence of the new taxes and on the assumption that the outcome of the present crisis of confidence in sterling is not disastrous, present expectations are that revenue will be sufficient to maintain the current rate of dividend in 1965.

Higher Net Revenue

Last year there was an increase in net revenue after taxation of 14.1 per cent from £342,316 to £390,706, and in the earnings on the Ordinary Stock from 22.3 per cent to 25.8 per cent. The recommended total dividend on the Ordinary Stock of 21½ per cent involves the same distribution (86 per cent) of revenue as the previous year's 18¾ per cent dividend.

The Distribution of Invested Funds at November 30, 1964, shows that 37.3 per cent was invested in dollar securities as compared with 28.9 per cent a year earlier. This difference was accounted for as to half by the relatively better market performance of dollar investments during the year; and as to half by the net investment in the USA and Canada of just over £500,000, which was roughly balanced by sales of British securities. About £200,000 worth of Australian investments was sold, some £50,000 was invested in Europe, and the bank overdraft was eliminated.

The net asset value of the Ordinary Stock 5s. units, excluding the dollar premium of 10¾ per cent, was 27s. 3½d. (1963—26s. 3½d.). The inclusion of the premium would have increased this to 28s. 7½d. (1963—27s. 3½d.).

Binding Cases

Binding cases for THE ECONOMIST *are available from* LASIBIND LTD. *The cases are in stiff, dark blue cloth covers, and are gilt-lettered on the spine; they provide an extremely effective and firm binding and will hold 13 issues of the normal edition together with the quarterly Index, or 26 issues of the air edition with two quarterly Indexes. The year can be stamped on the spine. The cost per case, post free throughout the world, is 14s. Orders, stating requirements clearly and enclosing a remittance, should be sent,* **not** *to* THE ECONOMIST, *but to—*

LASIBIND Ltd.

(Dept. E), 84 Newman St., London, W.1

THE NATIONAL BANK LIMITED

REVIEW BY THE CHAIRMAN, MR W. ANTONY ACTON

The one hundred and thirtieth Annual General Meeting of The National Bank Limited will be held in Dublin on February 11th.

The following are extracts from the Review by the Chairman, **Mr W. Antony Acton**, which has been circulated with the Report and Accounts.

Introducing himself as Chairman Mr W. Antony Acton, Deputy Chairman of the Bank since 1955, referred to the unexpected death during the year of his predecessor, Sir Ivone Kirkpatrick, whose passing is deeply mourned by the Bank. Other Board Room changes effected, he said, to meet the needs of expanding business were the appointment as Deputy Chairman of two existing Directors, Mr John Leydon in Dublin and Mr Cecil Rait in London and the election of Mr H. J. Woollard, until recently General Manager in London, as a Director after over 45 years' service in the Bank.

BALANCE SHEET

In reviewing the year ended December 31, 1964, the Chairman referred to an increase of some £17m. in Resources which stood at the record figure of £143,292,898. Advances to customers jumped £14m. to £76,253,484—a rise of 22 per cent. In both the United Kingdom and Ireland, the Bank shared the experience of others in granting Advances at a quickening rate to assist business and it was therefore fitting that the standard 30 per cent liquid ratio for London Clearing Banks was lowered to 28 per cent. The National Bank's own ratio was 29.95 per cent at the year end.

The Chairman referred to a change in Trade Investments during the year. By arrangement the Bank sold its interest in Bowmaker (Ireland) Limited to Bowmaker Limited and subsequently became associated with United Dominions Trust Limited by taking approximately 40 per cent interest in United Dominions Corporation (Ireland) Limited.

Net profit at £363,297 compared with £314,677 in 1963. After repeating a transfer of £90,000 to Contingencies the final dividend was raised to 8 per cent making 15 per cent for the year compared with 14¾ per cent forecast at the time of the scrip and rights issues in November, 1963.

THE OUTLOOK

Increases in Irish productivity indicated that the annual average increase of 4.3 per cent envisaged in the Second Programme for Economic Expansion would be achieved in 1964. The Chairman mentioned the considerable impact on profitability which rising costs in England and Ireland were having. He affirmed that unless those could be cushioned by corresponding efforts on the part of everyone to increase efficiency and productivity the ultimate effect, particularly if the general climate of operations became less favourable, could only be to slow down the tempo of growth which had recently characterised the banking systems of both countries.

The National Bank and its customers are fortunate, the Chairman concluded, in having a loyal staff, well qualified to meet the needs of the Bank in an era of increasing competition.

CADET STATISTICIANS

HOME CIVIL SERVICE

Pensionable posts for men and women at least 20 and under 27 on August 1, 1965 (extension for service in H.M. Forces or Overseas Civil Service and/or approved post-graduate experience).

QUALIFICATIONS: Degree or Dip. Tech. (preferably with 1st or 2nd class honours) in mathematics, economics, or other appropriate subject; final year students may apply. Cadets will be required to take one-year university course for higher degree or post-graduate certificate or diploma in statistics during 1965/66; those who qualify will become Assistant Statisticians (Inner London salary scale (interim) £885-£1,423), with promotion prospects to £3,985 and above.

SALARY during course: £836 in Inner London; £811 in Outer London; £766 elsewhere. University fees paid; book grant.

WRITE (preferably by postcard) to Civil Service Commission, Savile Row, London, W.1, for further information and application form, quoting 6040/65. Closing date March 5, 1965.

CHIEF ACCOUNTANT

Chief Accountant required for overseas subsidiary in Uganda. Applicants should hold a recognised accounting qualification with preferably some industrial experience after qualifying. A knowledge of goods or passenger transport accounting desirable but not essential. Preferred age group 30-35. Starting salary by negotiation but not less than £2,250 per annum with good prospects of advancement, together with contributory pension, home leave and medical benefits. This is a senior appointment for the right man who wishes to make a career overseas and affords scope to develop modern methods of control and management accounting. Applications, which will be treated in the strictest confidence, giving full details of experience, qualifications and marital status, should be addressed to the Financial Controller, United Transport Overseas Limited, Berkeley Square House, London, W.1.

AN ADMINISTRATIVE CAREER IN GOVERNMENT SERVICE

ASSISTANT SECRETARY in the POST OFFICE

Applications are invited for a post of Assistant Secretary at Post Office Headquarters in London. This appointment is being made as part of the plan to recruit to the Administrative Class a small number of men and women possessing experience not normally available within the Service.

The post is in one of the divisions responsible for the direction and forward planning of postal and telecommunications services, where policy is concerned with the interplay of factors such as demand, organisation, costs, and charges.

Candidates must be at least 40 and under 46 years of age on February 1, 1965, and should have carried some responsibility for the formulation of policy in a competitive large scale business organisation.

The salary scale is £3,135-£3,985. There are prospects of promotion to Under Secretary (£4,785) and above.

Selection will be by interview early in March, 1965.

Appointment may be made on an established (i.e. permanent and pensionable) basis or for a period of five years initially. This will be a matter for agreement between the Post Office and the successful candidate. A five year appointment would be unestablished (i.e. non-pensionable) but with the possibility of extension or conversion to pensionable status later. It may be possible in certain cases to preserve existing superannuation rights during a non-pensionable appointment.

For further details, application form, and descriptive booklet write to the Civil Service Commission, 23 Savile Row, London, W.1, quoting *6045/65*. Closing date February 19, 1965.

L4452/EB

FRENCH, GERMAN, ITALIAN, LINGUIST

required for appointment as

INTERNATIONAL AUDITOR

This vacancy is for a young man up to 30 years of age who is fluent in at least two of the above languages and English. He may well be an Honours Graduate in Modern Languages, and must be capable of establishing good working relationships with colleagues from many different countries. An accountancy background is desirable, but full training will be given to an otherwise suitable candidate. A man of the intelligence we require will have no difficulty in mastering this aspect of the work.

The appointment will be based in London and will entail high-level international audit projects connected with the activities of the Continental Oil Group of Companies throughout Europe.

The Company is a member of a rapidly expanding international oil group and can offer first class career prospects. An attractive, progressive salary will be offered and fully commensurate overseas allowances will be paid.

Applicants should send full details to:

The Manager—Personnel,
Continental Oil Company Ltd.,
Greater London House,
Hampstead Road,
LONDON, N.W.1.

(Appointments continued on pages 386 & 387)

ITB

Engineering Industry Training Board

This Board, set up under the Industrial Training Act, 1964, is concerned with the whole range of training in the engineering industry. Applications are invited for the following senior posts, all permanent, pensionable and based on London, to form a team to build up the Board's organisation.

DIRECTOR

Responsible for the overall administration of the Board's training policy and control of the Board's staff and organisation—central and regional. Applicants must have had recent administrative experience in industry, preferably in the engineering industry and in training. Degree or professional qualifications an advantage. Salary in the region of £6,000 per annum, according to experience.

TRAINING AND EDUCATION OFFICER

To advise the Board on training and education policy in the industry and to head the Board's advisory and inspection service. Applicants should have had considerable administrative and practical experience in industrial training at all levels. Salary in the region of £4,000 per annum.

FINANCIAL CONTROLLER

To advise the Board on financial policy and manage all financial aspects of the Board's work, including levy and grant procedures. Applicants should have had a wide financial and administrative experience in industry and must be chartered or certified accountants. Salary in the region of £4,000 per annum.

Application forms from

The Secretary, Engineering Industry Training Board, 3 St. Andrew's Place, London, N.W.1.

ECONOMIST

A well-known, fast growing oil company requires an experienced commercial Economist for a new appointment in its Planning Department in London. He will be responsible for advising on forward planning and possible diversification and for undertaking market surveys, economic analysis, statistical work, etc. Applicants aged 30/35 should be graduates and previous experience in the oil or bulk product industries would be an advantage. A practical approach is essential. Starting salary £2,000-£2,500, pension scheme and prospects of advancement. This is an attractive opening for a man with business acumen who wants to contribute to future policy.

Reference Number 592.

Please apply in confidence quoting reference number to

CS Clive and Stokes Limited

Appointments & Personnel Consultants

27 ALBEMARLE STREET • LONDON W1

IRON AND STEEL INDUSTRY
Training Board

Applications are invited for the post of Manpower Research and Statistics Officer.

This post would involve work in connection with the establishment of systems for the collection, assessment, analysis and interpretation of manpower and training statistics required to assist the Board in discharging its functions under the Industrial Training Act.

A degree or other qualification in economics or applied mathematics would be of value, as would experience related to the Iron and Steel Industry.

The post, which is tenable in London, would be permanent and pensionable. Starting salary in the vicinity of £1,700 per annum according to qualifications and experience.

Application forms and further information are obtainable from the Board's offices at Steel House, Tothill Street, London SW1. Applications should be completed and returned within fourteen days of the appearance of this advertisement.

CYANAMID

CYANAMID OF GREAT BRITAIN LIMITED

ECONOMIST/STATISTICIAN

We have an opportunity in our Market Research and Statistics Department for a graduate Economist, who will be responsible for forecasting, supervising the production of internal sales statistics, and preparing economic and operational studies. Other important qualifications are a working knowledge of elementary statistical method, and good powers of self-expression.

Candidates should be male, age 26-30, and with at least three years' relevant experience. The starting salary will not be less than £1,500 p.a., plus fringe benefits.

Brief career details should be addressed, in complete confidence, to:

Company Personnel Manager,
CYANAMID OF GREAT BRITAIN LIMITED,
Bush House, London, W.C.2.

INSPECTOR OF TAXES

At 30 you should be earning over £1,800 and in command of 45 staff in one of the Districts spread throughout the country. By 40 your salary can be more than £3,000 with good prospects of going higher. There are 140 posts with salaries ranging upwards from £3,500; these top jobs afford opportunity to participate closely in formulating taxation policy.

The work has great variety and gives scope for independence and initiative. The Inspector is expected to make his own decisions involving millions of pounds and applies professional skills in determining tax liability over the whole range of industry and commerce. He is in close contact with professional and business people of all kinds.

The main qualities required are common-sense, sound judgment and a developed intellect. The job needs administrative ability but only a normal facility with figures. Arts graduates make successful Inspectors: women find the work satisfying and do well.

Posts in the Tax Inspectorate are available now for Chartered or Certified Accountants (men or women) with at least two years' qualified experience. First or second class honours graduates and final year students may also apply. Candidates must be at least 20 on August 1, 1965, and under 28 on the date of application. (An extension is granted to regular Service personnel and members of H.M. Overseas Civil Service who are under 45.) Selection is by group tests and interviews to be held throughout the year. There is no written examination.

For full details and application form write NOW to: The Secretary, CIVIL SERVICE COMMISSION, SAVILE ROW, LONDON, W.1
(15)

UNIVERSITY OF EDINBURGH

DEPARTMENT OF SOCIAL ANTHROPOLOGY

LECTURESHIP

Applications are invited for the post of Lecturer in the Department of Social Anthropology. Candidates should possess field work experience among their other qualifications.

Salary Scale £1,400 x £85 — £1,740; Bar, £1,825 x £85 — £2,505 per annum with placement according to qualifications and experience, and with superannuation benefit.

The successful candidate will be expected to take up duty on October 1, 1965.

Further particulars may be obtained from the undersigned, with whom applications (six copies), giving the names of two referees, should be lodged not later than February 20, 1965. A candidate from overseas may submit one copy of his application.

CHARLES H. STEWART,
Secretary to the University
January 1965

UNIVERSITY OF BELFAST

LECTURESHIP IN APPLIED SOCIAL STUDIES

The Senate of The Queen's University of Belfast invites applications for a Lectureship in Applied Social Studies from April 1, 1965, or as soon thereafter as possible. Candidates should be graduates with a professional qualification in medical or psychiatric social work with experience of teaching and supervising students in field work. Salary range is £1,400 to £2,505 plus contributory pension rights under the F.S.S.U. Initial placing on the salary scale will depend on qualifications and experience. Applications should be received by *March 6, 1965*. Further particulars may be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary.

MARKETING

Marketing man required for progressive London advertising agency development. Age probably 30-35, with degree and suitable experience. Box 1889.

UNIVERSITY OF BIRMINGHAM

INSTITUTE OF LOCAL GOVERNMENT STUDIES

LECTURER OR SENIOR LECTURER

A Lecturer or Senior Lecturer is required to assist with courses for Senior Overseas Administrators as from September 1, 1965. Salary on the scale £1,400 to £2,505 or £2,410 to £3,130 according to age, experience and qualifications. Membership of the F.S.S.U. The appointment will be for two years in the first instance. Preference will be given to those with experience of developing countries and research interests in the field of local government and administration. Applications in triplicate should be received by February 22nd.

RESEARCH ASSISTANT

A Research Assistant is required for two years in the first instance, to compile bibliographies and give general assistance in research work. Graduates in Social Science or allied fields preferred. Knowledge of local government and administration an advantage. Salary scale £550-£850. To take up duties as soon as possible. Applications in triplicate should be received by February 12th.

Further particulars of both these posts may be obtained from the Assistant Registrar, Faculty of Commerce and Social Science, University of Birmingham, Edgbaston, Birmingham 15, to whom applications should be sent.

ECONOMIST-STATISTICIAN

Trade association of progressive growth industry has a vacancy for a young economist with statistical training. Industry-wide statistics and trends analysis are being developed and there will be considerable scope for initiative here and in relation to Official and N.E.D.C. requirements.

Candidates should have a University degree with statistical training and several years' experience, preferably in industry. Commencing salary in the range of £1,350-£1,650 according to qualifications and experience. Write to: The Director, Association of the British Pharmaceutical Industry, Mercury House, 195 Knightsbridge, London, S.W.7.

UNIVERSITY OF READING

Applications are invited for a Lectureship in the Department of Politics. Preference will be given to candidates with teaching and research interests in the Soviet Union (its government and domestic politics or its international relations), but applications from persons interested in other fields of political institutions, behaviour, or thought will be welcomed.

Further particulars may be obtained from the Registrar (Room 22, O.R.B.), the University, Reading, by whom applications must be received not later than February 20, 1965.

For further announcements see pages 374, 385 and 387

BRADFORD INSTITUTE OF TECHNOLOGY — PROPOSED UNIVERSITY OF BRADFORD. Yorkshire Residential Centre for Short Full-time Management Courses.

The Bradford Institute of Technology, acting on behalf of a number of other educational bodies in the Yorkshire region, wishes to appoint a Director to investigate the possibility of establishing a Residential Centre for short full-time management courses. The Director will be responsible for the investigation which will be to determine the feasibility and need for a residential centre and to advise on the most suitable location.

Applications are invited from persons with good honours degrees and experience of management education. The position will require exceptional drive and determination.

The person appointed will join the staff of the Bradford Institute of Technology. He will be seconded to carry out the investigation indicated above. The security of the post will be guaranteed by the Institute. Salary is in the range for Senior Lecturers in universities—£2,505 to £3,250 per annum. It is expected that the person appointed will be capable of becoming the Director of the Residential Centre if it is decided to proceed with its establishment. As an alternative, the sponsors of the scheme would agree to the secondment of someone with suitable qualifications from industry or commerce to direct the investigation. He would be attached to the Institute but his salary would be paid out of the funds provided by the sponsors of the scheme.

Further particulars and application forms which should be returned not later than February 15, 1965, may be obtained from the Registrar, Ref. 76Y/M, Bradford Institute of Technology, Bradford 7. Preliminary confidential enquiries are invited from intending applicants and should be addressed to Professor T. Kempner, The Management Centre, Bradford Institute of Technology, Emm Lane, Bradford 9.

The United Nations will shortly begin recruiting staff for the new trade machinery established by the General Assembly following the Geneva Trade Conference of 1964.

A substantial number of vacancies at various levels of responsibility will be available for highly trained economists and econometricians, including those with experience in one or more of the following fields: trade in primary products or manufactures, trade projections, trade policy, shipping, insurance, tourism.

Please send applications to W. H. Tarzi, Administrative Officer, Office of Personnel, United Nations, New York.

UNIVERSITY OF OXFORD

BALLIOL COLLEGE

P. D. LEAKE RESEARCH FELLOWSHIP

The college proposes, if a suitable candidate presents himself, to elect to a P. D. Leake Research Fellowship to be taken up on September 29, 1965 (or such later date as may be arranged) at a stipend of £2,250 per annum with certain additional benefits. The Fellowship will be tenable for three years in the first instance and may be renewed. The duty of the Fellow will be to conduct research in the field of accounting, applied economics and public finance. Practical experience either in accounting or in related fields will be taken into account.

Applications should be sent by March 1st to the College Secretary, Balliol College, from whom further particulars as to duties, tenure and emoluments can be obtained.

UNIVERSITY OF NEW ENGLAND

ARMIDALE, NEW SOUTH WALES

ASSOCIATE PROFESSOR / SENIOR LECTURER / LECTURER IN ECONOMIC STATISTICS: Qualifications or experience in economic statistics or econometrics are necessary. The successful applicant will participate in the teaching of economic statistics courses within the Faculties of Economics and Agricultural Economics, where a full sequence leading to Honours year specialisation is being developed.

LECTURER IN SOCIOLOGY: The position is within the Faculty of Agricultural Economics. Applicants should have an Honours degree in Sociology, Anthropology or Rural Sociology.

CONDITIONS OF APPOINTMENT

Commencing salary will be determined according to qualifications and experience in the case of the above-mentioned appointments. The salary ranges are as follows: Associate Professor, £A3,595; Senior Lecturer, £A2,745 x £A100 — £A3,245; Lecturer, £A1,895 x £A105 — £A2,630. Salaries are at present under review.

Provision is made with all appointments for travel and removal expenses incurred on taking up an appointment, and for permanent staff, superannuation benefits and staff housing loans. Academic staff are also entitled to travel grants and full salary for study leave.

TUTOR/DEMONSTRATOR IN ECONOMIC STATISTICS: Applications are invited from persons with an Honours degree in Economics, Agricultural Economics or Agriculture with a major in Economics or Mathematical Statistics or in Biometry. Opportunity may exist for the successful applicant to work towards a higher degree.

CONDITIONS OF APPOINTMENT

Commencing salary will be determined according to qualifications and experience within the ranges for Demonstrators and Tutors as follows: Grade I, £A1,295 x £A60 — £A1,535; Grade II, £A1,495 x £A80—£A1,735; Grade III, £A1,735 x £A80—£A1,995. Salaries are at present under review.

Provision is made with all appointments for travel and removal expenses incurred on taking up an appointment.

APPLICATIONS

Further information and method of application may be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on *February 26, 1965.*

MARKET RESEARCH

Applications are invited from graduate economists for the appointment of Head of the Market Research Department.

Graduates should include a good economics degree with a sound knowledge of applied statistics and either previous experience in the market research field or a lively interest in modern selling and advertising techniques.

Applications, giving brief details to the Personnel Officer, Milk Marketing Board, Thames Ditton, Surrey.

McMASTER UNIVERSITY

DEPARTMENT OF ECONOMICS AND POLITICAL SCIENCE
HAMILTON, ONTARIO, CANADA

The Department plans to make several academic appointments in Economics *and* in Political Science as of the next academic year (1965-66). Because of its prospective expansion beyond that date, the Department will be able to accommodate a broad range of academic (teaching and research) interests in its new appointees. Initially, however, *one* of its earliest appointees in Economics will be primarily interested in development economics and economic history, and in Political Science, one will be primarily interested in comparative politics. The academic work of the Department is carried on at both the undergraduate and graduate levels.

The ranks in which applicants will be appointed will depend upon their particular qualifications. Present *minimum* salary levels (now under review for 1965-66) for the ranks of Professor, Associate Professor, Assistant Professor and Lecturer are $13,000, $9,500, $7,500 and $6,000, respectively. An attractive life insurance, hospitalisation and medical plan is also provided for staff members. Assistance with travel expenses of new appointees is also provided.

Applicants are invited to submit full *curriculum vitae*, including details of their teaching experience and research interests, and the names of three referees. This information should reach the undersigned by February 15, 1965.

R. CRAIG McIVOR,
Chairman.

Department of Economics and Political Science.

UNIVERSITY OF EXETER

Applications are invited for the following posts tenable from October 1, 1965.

FACULTY OF SOCIAL STUDIES

DEPARTMENT OF ECONOMICS

ONE LECTURESHIP/ASSISTANT LECTURESHIP IN ECONOMIC AND SOCIAL STATISTICS

ONE ASSISTANT LECTURESHIP IN ECONOMIC AND SOCIAL STATISTICS

ONE ASSISTANT LECTURESHIP IN APPLIED ECONOMICS

DEPARTMENT OF ECONOMIC HISTORY

ONE ASSISTANT LECTURESHIP
for which preference will be given to candidates having special interests in Non-British economic history since 1750.

ONE ASSISTANT LECTURESHIP
for which preference will be given to candidates having special interests in British economic history since 1500

SALARY SCALES:
LECTURER £1,400 x £85 — £2,505 PER ANNUM
ASSISTANT LECTURER £1,050 x £75 — £1,275 PER ANNUM
Initial salary will be fixed according to qualifications and experience.
Further particulars of these posts may be obtained from:

THE SECRETARY OF THE UNIVERSITY,
NORTHCOTE HOUSE,
THE QUEEN'S DRIVE,
EXETER.

THE CLOSING DATE FOR ALL THE ABOVE POSTS IS THE 11TH FEBRUARY, 1965.

SQUIBB

require a

DEPUTY PURCHASING OFFICER

The successful applicant will be directly responsible to the Chief Purchasing Officer and will take over his duties during his absence.

Previous experience in the purchasing techniques of a pharmaceutical company is preferable but not essential. It is desirable that the applicant should have previous experience with packaging materials and be a graduate or a member of the Purchasing Officers' Association.

This is a new position and the successful applicant will be given a wide scope for showing initiative and taking on considerable responsibility. A good salary is offered together with a non-contributory pension scheme, 5-day week and full subsidised canteen facilities.

Apply to: The Personnel Officer,
E. R. SQUIBB & SONS LIMITED,
Edwards Lane, Liverpool 24.

EDUCATION, BUSINESS AND PERSONAL

UNIVERSITY OF NOTTINGHAM

M.SC. COURSE IN AGRICULTURAL ECONOMICS

Applications are invited from graduates, preferably in economics, agricultural economics, agriculture or horticulture, for this two-year course leading to the degree of M.Sc. (by examination). The course gives special emphasis to statistics and econometrics.

Scholarships are available from the Ministry of Agriculture, Fisheries and Food and from other bodies.

Further particulars and application forms are obtainable from the Secretary, University of Nottingham, School of Agriculture, Sutton Bonington, Loughborough, Leicestershire.

M.SC. (ECON.) LOND., long teaching experience, offers private or group tuition in theoretical and applied economics for Part I and II of B.Sc.(Econ.) Degree. Also all compulsory subjects.—Box 1871.

UNIVERSITY OF LONDON: A course of two lectures entitled "A Synthesis of Capital Theory" will be delivered by Professor I. F. Pearce (Southampton) at 5 p.m. on February 2nd and 4th at the London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2.
ADMISSION FREE, WITHOUT TICKET.
JAMES HENDERSON,
Academic Registrar.

Home Study Courses

B.Sc.(ECON.), LLB.

and other external degrees of the University of London. Also Accountancy, Secretaryship, Law, Costing, Banking, Insurance, Marketing, G.C.E., and many (non-exam.) courses in business subjects including the new Stockbrokers and Stockjobbers course.

Write today for details or advice, stating subject in which interested, to

METROPOLITAN COLLEGE

(Dept. G9/2), St. Albans,
or call at 30 Queen Victoria Street, London, E.C.4. City 6874. (Founded 1910)

TUITION AT HOME

Wolsey Hall (Est. 1894) provides successful courses for G.C.E. (all Examining Boards) and for London University External B.Sc.Econ., B.A., B.D., B.Sc., LL.B. Degrees; also Diplomas and Certificates. 1,824 Wolsey Hall students passed B.Sc.Econ. since 1950. Tuition also for Law, Statistical, Secretarial and other Professional Exams., R.S.A., etc. Moderate fees, instalments if desired. Prospectus from E. W. Shaw Fletcher, C.B.E., LL.B., Principal, Dept. F.17.

WOLSEY HALL, OXFORD

ROYAL COLLEGE OF ADVANCED TECHNOLOGY, SALFORD

DEPARTMENT OF MANAGEMENT STUDIES
PLANNING FOR EFFICIENT MARKETING

A residential course for those of professional standing to be held on April 7-9, 1965. Fee for the course 23 guineas.

A brochure giving details of the course, and application forms may be obtained from the Head of the Department of Management Studies, Royal College of Advanced Technology, Salford 5, Lancashire.

LISEZ-VOUS LE FRANÇAIS? List of hundreds of French books, mainly at 4s. 6d., free on request.—Hachette, 4 Regent Place, adjoining 130 Regent Street, W.1.

OMBUDSMAN: All-day Conference, February 6th. Speaker from Danish Ombudsman. Discussion under Chairman from Canadian Royal Commission.—Particulars: Society for Individual Freedom, 55 Park Lane. GRO. 6475.

THE ROYAL BANK OF CANADA

DIVIDEND NO. 310

Notice is hereby given that a DIVIDEND of 65 cents per share upon the paid-up capital stock of this Bank has been DECLARED for the current quarter and will be payable at the Bank and its branches on and after March 1, 1965, to Shareholders of record at the close of business on January 30, 1965.

By Order of the Board,
F. H. COLEMAN,
Chief General Manager.

January 20, 1965.

INVEST IN MIDDLESBROUGH

6½%

CORPORATION BONDS

FOR 1 YEAR or 2 YEARS. Minimum £5,000

Details from:—BOROUGH TREASURER, Dept. E.
MUNICIPAL BUILDINGS, MIDDLESBROUGH, YORKSHIRE

Japan's Mount Fuji has long been considered an ideal representation of timeless, unchanging permanence . . . yet, paradoxically, it is also symbolic of a dynamic nation characterized by phenomenal growth and progress in response to changing times.

Fuji Bank, too, represents both permanence and change. It has been a solid foundation stone of Japan's economy for over three-quarters of a century. Yet, during all that time, it has only been through constant improvement and expansion – through change – that Fuji Bank has been able to contribute to the stabilized growth of the nation's domestic and foreign business.

Now that Japan has assumed full membership in the international economic community, Fuji Bank looks forward to even further growth and expansion as a truly international bank, permanently linking Japan with the rest of the world.

JAPAN'S LARGEST COMMERCIAL BANK

THE FUJI BANK LTD.

Head Office: Tokyo, Japan
Nation-wide network of branch offices throughout Japan
Overseas Offices: London, New York and Düsseldorf
Representative Office: Calcutta

3 books for the businessman interested in Australia

Nominee & Investment Services

A guide to, and service for, your Australian and New Zealand portfolio investments – specially designed to assist non-resident investors.

Forming a Company in Australia

Covers various aspects of Company Law as defined in the Uniform Companies Act now operating in most Australian States – and much else besides.

Opportunity Australia

The purpose of this 174 page book is to give a factual and balanced picture of the resources and business opportunities in Australia.

All copies freely available upon request.

THE COMMERCIAL BANK OF AUSTRALIA

LIMITED *Incorporated in Victoria*

C.B.A BANK

LONDON OFFICE
12 Old Jewry EC2 · Telephone MET 8761

HEAD OFFICE
335-339 Collins Street, Melbourne.

Tokyo Invites The World to the

The ideal showcase for the world's capital and consumer goods, except metal working machine tools.

April 16 – May 6, 1965

For further information contact:
Tokyo International Trade Fair Commission
C.P.O. Box 1201, Tokyo, Japan

For the Processing and Packaging of Foods and Beverages

we supply complete plant, machines and equipment

Under the slogan NAGEMA COMBINES TRADITION AND PROGRESS, the manufacturers united in the NAGEMA Group for machines for the processing and packaging of foods and beverages will be exhibiting some 20 new and further developments in addition to their standard range in Hall 7 of the Technical Fair Grounds at the Leipzig Jubilee Fair held from February 28th to March 9th, 1965. The manufacturers are each specialized in the production of certain machinery. Particular emphasis is being placed on complete production lines of highest efficiency. All products are backed by decades of exhaustive research and infinite production know-how.

Our export programme includes also canteen kitchens in standardized add-on units, normal kitchen equipment as well as refrigeration and air-conditioning plant.

CHEMIEAUSRÜSTUNGEN

Deutscher Inngon- und Aussenhandel, 108 Berlin, Mohrenstrasse 53/54
German Democratic Republic

At the Leipzig Fair: Technical Fair Grounds, Hall 6

Paris Opéra
Business Centre

HOTEL AMBASSADOR

16, Bd. HAUSSMANN—9e

Your Hotel★★★★ in
the heart of Paris

Tel.: PRO 63-74 and 94-53
Cable Address: Ambassotel PARIS

Also at **FONT-ROMEU**, (Pyr.-Or.) Altitude 1,800 m
Winter and Summer Season HOTEL DES PYRENEES, Tel 49 and 94

WE HOLD THE KEY TO BETTER BANKING

Our experience is your biggest banking asset. Let us use it to your advantage.

THE DAI-ICHI BANK, LTD.

Head Office: Tokyo, Japan New York Agency: New York
Overseas Representative Offices: Chicago, London

Japan's remarkable economic growth has been greatly helped by the Long-Term Credit Bank of Japan. Since its establishment, the bank has been making long-term loans to various important enterprises with funds raised through the issuance of bank debentures. The bank also engages in foreign business, with emphasis on the introduction of foreign capital.
As a long-term financing specialist, the bank will play an increasingly vital role in Japan's industrial future.

THE LONG-TERM CREDIT BANK OF JAPAN LTD.
(Nippon Chōki Shin-yō Ginko)

Head Office: Otemachi, Tokyo, Japan
New York Representative Office:
20 Exchange Place, New York, N.Y. 10005

The Economist

Guide to Weights and Measures

This Guide was compiled by the Statistical Department of The Economist for use within our own office; it was decided to publish it as a book to serve a wider public. The Guide has now been out of print for some years but requests for copies still come in. It has therefore been decided to revise and extend the Guide and to publish a second and up-to-date edition.
In 96 pages it provides facts and figures on the weights and measures of the world. For the most widely used units, tables of equivalents are given;
for units that are used only in certain countries and trades, conversion factors are given.
The Guide, price 17/6d. (U.S. $2.45) post free for cash with order, is obtainable from:

Publications Department, The Economist, 25 St. James's Street, London, S.W.1.

Now open for business—

the new London branch of the First National Bank of Chicago

The first American mid-western bank to set up European representation in London now widens its scope. Now it offers a complete banking service to its clients looking towards America. No one knows American business better than the First National Bank of Chicago. They're right in the heart of it.

The First National Bank of Chicago

38 WALBROOK • LONDON EC4 • MANSION HOUSE 3371 • EST 1863 • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

STOCK PRICES AND YIELDS

LONDON STOCK EXCHANGE INDICES

1965	The Economist-Extel Indicator (1953=100) Noon	Close	Yield %	Financial Times (1935=100) Ord. Index	Yield %	F T-Actuaries Indices (April 10, 1962=100) 500 Shares	Yield %	2 1/2% Consols Yield	Bargains Marked
Jan. 13	385·0	384·8	5·23	332·5	5·49	106·26	5·27	6·36	9,986
„ 14	385·8	385·7	5·24	333·7	5·47	106·43	5·26	[illegible]	10,176
„ 15	386·8	387·6	5·21	335·0	5·45	[illegible]	5·24	[illegible]	10,083
„ 18	387·8	387·3	5·21	333·9	5·47	[illegible]	5·26	6·30	13,253
„ 19	387·2	388·2	5·21	335·6	[illegible]	[illegible]	5·22	6·26	11,938
„ 20	388·0	389·1	5·19	337·9	[illegible]	107·03	5·23	6·24	10,644

Economist-Extel: High, 431·5 (October 1, 1964); Low, 371·6 (December [illegible])

Financial Times: High, [illegible] (Oct. 1, 1964); Low, [illegible] (Feb. 3, 1964)

F T-Actuaries: High, 118·77 (August 13, 1964); Low, 103·24 (December 18, 1964)

BRITISH FUNDS AND GUARANTEED STOCKS

Prices, 1964/65 High	Low	British Funds and Guaranteed Stocks	Price, January 13, 1965	Price, January 20, 1965	Net Red. Yield, January 20, 1965§ £ s. d.	Gross Red. Yield, January 20, 1965 £ s. d.
98 11/16	97 5/16	Savings Bonds 3% 1955–65	97 29/32	98	5 12 1	6 14 7f
93 9/16	90 13/16	Savings Bonds 2 1/2% 1964–67	91 1/32	91 13/32	5 8 7	6 12 8f
97 1/4	88	Funding 3% 1966–68	88 3/16	88 7/16	5 8 6	6 14 11f
94 3/8	88 7/16	Conversion 3 1/2% 1969	88 9/16	88 7/8	4 18 10	6 12 10
98 1/2	95 3/8	Victory 4% 1920–76	95 5/8	95 7/8	3 6 9	5 3 0‡
88 9/16	84 1/8	Savings Bonds 3% 1960–70	84 1/8	84 1/2	5 2 7	6 12 1f
95 1/4	90	Funding 4% 1960–90	90 1/8	90 1/4	3 12 2	5 8 4f
81 13/16	73 1/4	Savings Bonds 3% 1965–75	73 3/8*	73 7/16*	5 0 5	6 9 10f
79 13/16	72 1/4	Treasury 3 1/2% 1977–80	72 3/8	72 3/4	4 11 2	6 6 8f
96 1/4	88 5/8	Funding 5 1/4% 1978–80	88 9/16	88 7/8	4 1 11	6 9 2f
78 15/16	71	Treasury 3 1/2% 1979–81	71 1/8*	71 1/2*	4 11 4	6 6 7f
98 15/16	90 3/16	Funding 5 1/2% 1982–84	90 3/8*	90 5/8	3 18 10	6 7 4f
97 3/16	92 7/16	Funding 5 3/4% 1987–91	92 9/16	92 15/16	3 17 6	6 8 11f
63 5/8	56 3/4	Redemption 3% 1986–96	57 3/8	58 1/4	4 3 9	6 0 9f
67 1/8	60 1/4	Funding 3 1/2% 1999–2004	60 1/2	61 1/16	4 0 10	6 2 9f
95 5/8	87 9/16	Treasury 5 1/2% 2008–12	87 5/8	88 7/16	3 16 4	6 8 4f
67	61 1/4	Consols 4% ......after Feb. 1957	61 3/8*	62 3/16*	3 15 6	6 8 5f
60	54 3/16	War Loan 3 1/2% ....after 1952	54 1/4	55 3/16	3 14 11	6 8 0f
59 3/4	54 1/2	Conv. 3 1/2% ......after Apr. 1961	54 3/4	55 1/2	3 15 0	6 8 8f
51 3/8	46 3/8	Treasury 3% .... after Apr. 1966	47	47 3/4	3 14 8	6 8 1f
43 5/8	39 3/8	Consols 2 1/2%	39 3/8	40 1/8	3 13 4	6 5 0f
43 1/2	39 3/8	Treasury 2 1/2% . after Apr. 1975	39 3/8	40 1/8	3 14 1	6 7 1f
85 3/16	78 7/16	British Electric 3% 1968–73	78 1/2	78 7/8	5 0 7	6 10 4f
80 5/8	73	British Electric 3 1/2% 1976–79	73 1/8	73 1/2	4 11 6	6 7 1f
64 1/8	57 1/2	British Gas 3% 1990–95	58	58 5/8	4 4 5	6 0 10f
67	60 1/4	British Transport 3% 1978–88	60 5/8	61 1/8	4 9 3	6 3 6f

DOMINION AND CORPORATION STOCKS

Prices, 1964/65 High	Low	Dominion and Corporation Stocks	Price, Jan. 13, 1965	Price, Jan. 20, 1965	Red. Yield, January 20, 1965 £ s. d.
90 1/4	85 7/8	Australia 3 1/4% 1965–69	[illegible]*	86 1/8*	6 14 0‡
103	97 1/4	Australia 6% 1974–76	97 1/4	98	6 7 4f
70	65 1/2	Ceylon 4% 1973–75	66 1/4	67	9 4 0f
102 3/4	97 1/4	New Zealand 6% 1976–80	[illegible]	97 3/4	6 8 6f
85	69	Northern Rhodesia 6% 1978–81	81	81 1/4	8 0 6f
95 1/4	92 1/2	South Africa 3 1/2% 1965–67	92 3/4	93 1/4	7 0 6f
66	53 1/2	Southern Rhodesia 4 1/2% 1987–92	[illegible]	[illegible]	8 19 6f
89	79 1/4	Agricultural Mortgage 5% 1959–89	[illegible]	79 3/4	6 12 0f
94 3/4	88 1/4	Birmingham 4 1/4% 1967–70	[illegible]	88 1/4	6 13 6f
97	89	Bristol 5% 1971–73	89 3/4	89 1/2	6 12 0f
98 1/4	87 1/2	Corporation of London 5 1/2% 1976–79	87 3/4	88 1/4	6 10 6f
49 1/4	41 7/8	LCC 3% ....after 1920	44 1/4	45 1/2	6 11 6f
94	84	LCC 5% 1980–83	84	85	6 10 0f
98 3/8	88	Middlesex 5 1/4% 1980	88 1/2	88 3/4	6 6 11f

NEW YORK PRICES AND INDICES

	Jan. 13 $	Jan. 20 $		Jan. 13 $	Jan. 20 $		Jan. 13 $	Jan. 20 $
Atch. Topeka ..	34 1/8	33 7/8	Chrysler	61 7/8	59	Inter. Paper ..	33 3/8	33 7/8
Can. Pacific......	56 1/8	59 3/4	Col. Palmolive ..	50 7/8	51 5/8	Kennecott	95 1/2	98 3/8
Pennsylvania	40 5/8	41 5/8	Crown Zeller. ..	59 7/8	58 7/8	Litton Inds.	79 3/8	78
Union Pacific	43 3/4	43 7/8	Distillers Seag. ..	30 5/8	31 3/4	Monsanto	85	84 7/8
Amer Electric ...	45	46 7/8	Douglas........	31 7/8	32 1/2	Nat. Distillers. .	27 1/2	27 5/8
Am. Tel. & Tel .	68 5/8	68 1/8	Dow Chemical. .	77 3/4	78 1/2	Pan-American .	30 1/8	29
Cons Edison.....	95 7/8	96 1/2	Du Pont......	245 3/4	244 3/4	Procter Gamble	81 1/2	81 1/2
Int Tel & Tel .	63 3/4	63 3/8	East Kodak	144 3/4	146 3/4	Radio Corpn .	32 5/8	32 1/8
Western Union...	31 3/4	33 7/8	Ford Motor. .	55	54 3/4	Sears Roebuck	128 1/2	129 1/4
Alcoa	61 7/8	65	Gen. Electric ..	97 1/4	97	Shell Oil	57 3/4	59 3/4
Aluminium	30 1/4	31 5/8	General Foods . .	83 7/8	83	Socony-Mobil . .	91 5/8	92
Amer Can	45 1/8	44 1/4	General Motors	96 1/4	97 3/4	Stand Oil Ind .	42 7/8	43 3/4
Am Smelting	48 3/4	52 3/8	Goodyear	46 1/4	48 1/4	Stand. Oil N J	89 5/8	90
Am Viscose	91	91	Gulf Oil.... .	59 1/8	59 3/8	Union Carbide	126 3/4	132
Anaconda	55 1/2	58 1/8	Heinz	47 3/8	45 3/4	U.S. Steel	51 5/8	54 1/4
Beth Steel.. ...	35 3/4	37 1/2	Int. Bus. Mach...	424	443 3/4	West. Electric. .	43 5/8	42 1/8
Boeing	68 1/2	65 5/8	Int. Harvester.	80 1/2	80 5/8	Woolworth ..	27 5/8	27 5/8
Celanese	76 7/8	78 1/4	Inter. Nickel....	82 7/8	82 3/4	Xerox	102 3/8	105 3/4

Standard and Poor's Indices (1941–43=10)

1964/65	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt Bonds	Yield %
Dec. 23	88·94	3·00	45·72	4·35	74·32	3·21	87·16	4·16
„ 30	89·12	2·99	45·64	4·36	74·18	3·21	87·06	4·17
Jan. 6	89·76	2·98	46·05	4·36	74·66	3·19	87·06	4·17
„ 13	90·74	2·94	46·71	4·30	75·68	3·16	87·08	4·17
„ 20	91·50	2·93	47·16	4·26	76·62	3·13	87·16	4·16

425 Industrials :—High, 91·29 (Nov. 20, 1964). Low, 79·74 (Jan. 2, 1964).

ORDINARY STOCKS

Prices, 1964/65 High	Low	Last Two Dividends (a) (b) (c) %	%	Ordinary Stocks	Price, Jan. 13, 1965	Price, Jan. 20, 1965	Yield, Jan. 20, 1965 %	Cover
				BANKS, DISCOUNT & HP				
59/-	45/-	5 a	6 1/2 b	Barclays..........£1	53/6*	53/3*	4·32	...
45/6	37/7 1/2	3·9 a	5 1/2 b	Lloyds £1	40/6*	40/3*	4·67	...
19/9	16/7 1/2	7 a	8 b	Martins 5/-	17/-*	17/4 1/2*	4·32	...
59/-	44/6	6 a	8 b	Midland..........£1	52/9*	53/3*	4·51	...
72/7 1/2	59/6	7 1/2 a	8 1/2 b	Nat. Provincial..........£1	66/-	66/9	4·79	...
56/-	42/6	5 1/2 a	7 1/2 b	Westminster 'B'..........£1	52/6*	52/9*	4·95	...
54/6	44/7 1/2	4 a	8 b	Australia & N. Z. £1	47/-‖	48/-‖	5·00	...
39/9	34/-	9·1 c	3 1/2 a	BOLSA..........£1	35/9	36/3	5·24**	...
£25 11/16	£22 3/16	$2 15 c	$2 20 c	Bank of Montreal $10	£24 1/8	[illegible]	3·01	...
58/9	49/3	5‡‡a	5‡‡b	Bank of New S. Wales..£1	55/3	53/9	2·98	...
39/9	32/7 1/2	5 a	8 b	Barclays DCO..........£1	38/9	38/9	5·68	...
54/9 3/4	47/-	7 1/2 b	7 1/2 a	Chartered..........£1	49/-	48/9	6·15	...
[illegible]	£19 3/4	11% b	5/- a	Hongkong & Shang. ..[illegible]	£22 7/8	£22 3/4	3·52	...
[illegible]	27/4 1/2	5 a	7 b	Nat. Com. Bk. Scot. ..10/-	28/-‖	28/9	4·17	...
[illegible]	£26 1/16	$2 [illegible] c	$2 [illegible] c	Royal Bk. Canada $10	£28 1/2	£29 1/16	29·9	...
57/6	43/3	17 1/2 c	7 1/2 a	Standard Bank..........£1	56/6	57/-	5·14	...
36/-	24/9	10 1/2 b	7 1/2 c	Hambros..........5/-	28/-	29/-	4·14	...
34/-	[illegible]	13 c	[illegible]	Montagu Trust 5/-	29/6	29/9	3·53	...
68/6	53/-	8 1/2 b	[illegible]	M. Samuel..........£1	57/9	57/3	3·32	...
71/-	50/-	9 a	[illegible]	Schroders £1	54/-	54/-	3·33	...
54/9	45/-	[illegible]	[illegible]	Union Discount £1	48/6	48/6*	5·15	...
15/4 1/2	10/3	[illegible]	[illegible]	Bowmaker 5/-	10/9	10/9	6·98	1 1/2
19/3	12/10 1/2	[illegible]	5 a	Lombard Banking 5/-	16/9	16/7 1/2	5·26	...
17/3	12/-	5 a	12 1/2 b	Mercantile Credit 5/-	13/3	13/4 1/2*	6·54	1 3/4
24/-	14/6	30 c	9 a	United Domins. Tst....5/-	15/6	15/9	6·35	1 1/2
				BREWERIES, Etc.				
16/3	13/-	[illegible]	[illegible]	Allied Breweries 5/-	13/7 1/2*	13/7 1/2*	5·32	1 1/2
18/3	15/6	4 a	12 b	Bass, Mitchells & B. ..5/-	16/9	17/-	4·71	1 3/4
16/3	13/6	12 1/2 c	5 a	Charrington United. .5/-	14/6	14/6	4·83	1 1/2
29/1 1/2	22/4 1/2	5 a	6 1/2 b	Distillers 10/-	22/7 1/2	23/-	5·00	1 3/4
24/3	18/9	8 a	13 b	Guinness 5/-	20/9	20/6	5·12	1 3/4
20/9	15/10 1/2	5 a	11 1/2 b	Harveys 5/-	17/4 1/2	17/6	4·71	1 3/4
68/-	59/6	5 a	8 b	Scottish & Newc. Brew. £1	64/-	63/9	4·08	2
19/2 1/4	16/2 1/4	4 2/3 a	12 1/3 b	Watney Mann..........5/-	16/4 1/2	16/7 1/2	4·81	2
19/-	15/4	11 b	5 a	Whitbread 'A' 5/-	15/3	15/9	5·08	1 3/4
				BUILDING, PAINT, Etc.				
62/3 3/4	52/9	8·6 c	3 1/2 a	Associated Portland...£1	54/3	54/3	3·18	2 1/4
28/4 1/2	22/7 1/2	10 1/2 c	4 1/2 a	British Plaster Bd....10/-	24/9	25/1 1/2	4·18	1 3/4
35/-	23/-	18 c	8 a	Richard Costain 5/-	25/9	26/-	3·46**	2
13/6	9/-	8 1/2 b	3 1/2 a	Crittall Mfg. 5/-	9/3	9/6	6·32	2
17/3	13/-	24 c	8 a	International Paints ..4/-	13/10 1/2	13/9	6·98	1 3/4
25/-	20/6	14 6c	5 a	London Brick..........5/-	20/9	20/9	3·52	2 1/2
28/6	23/3	12 1/2 c	5 a	Rugby Portland 5/-	23/9	24/6	2·55	3
23/7 1/2	17/1 1/2	7 1/2 a	12 1/2 b	Wall Paper 5/-	20/7 1/2	20/6	4·88	2 1/4
				CHEMICAL				
24/4 1/2	17/10 1/2	15 8c	6 a	Albright & Wilson...5/-	21/6	21/6	3·67	1 3/4
22/6 3/4	17/-	5 a	11 b	Borax Dfd. 5/-	19/6	19/-	4·21	2
50/6	39/6	4 1/2 a	7 1/2 b	Fisons..........£1	49/9	50/3	4·78	1 3/4
49/6	41/3	10 c	5 a	I C I..........£1	42/7 1/2	42/9	4·68	1 3/4
19/7 1/2	14/-	8 3/4 b	3 3/4 a	Monsanto..........5/-	14/6	14/6	4·31	1 1/2
				DRAPERY & STORES				
18/-	14/2 1/4	10 c	4 a	Boots Pure Drug 5/-	15/7 1/2	15/10 1/2	3·15	2 1/4
34/6	21/-	2 a	6 b	Montague Burton...10/-	25/-	26/-	3·08	1 1/2
45/4 1/2	35/-	6 1/4 a	15 5/12 b	Debenhams..........10/-	37/9	37/9	5·74	1 1/2
48/9	34/6	47 c	11 1/4 a	Grattan Warehouses .5/-	37/-	38/-	3·95**	1 3/4
47/11 1/4	39/9	31·8c	10 a	GUS 'A'..........5/-	43/-	43/6	3·66	2
33/9 3/4	23/10 1/2	18 1/3 b	14 1/6 a	House of Fraser 5/-	25/3	25/3	6·44	1 1/4
15/10 1/2	12/10 1/2	9 1/2 b	5 a	Lewis's Invest Tst ..4/-	13/3	13/0 3/4	4·44	2
48/1 1/2	32/9	[illegible] c	8 3/4 a	Marks & Spencer 'A'.5/-	34/6	34/6	4·17**	1 1/2
36/9	27/6	[illegible] c	8 a	United Drapery 5/-	27/9	28/6	4·21	1 3/4
33/-	20/-	[illegible] b	14 1/2 b	Woolworth..........5/-	22/9	21/3	4·71	1 1/2
				OIL				
64/4 1/2	[illegible]	[illegible] b	†3 1/3 a	British Petroleum £1	54/9	55/9	6·51	2 3/4
61/10 1/2	[illegible]	†11 1/3 c	†4 7/12 a	Burmah Oil £1	49/6	50/6	7·33**	1
£19	£16 3/16	[illegible] c	13 a	Royal Dutch ......20 fl.	£16 15/16	£17 3/8	3·34	2 1/4
42/1 1/2	32/9	†18 1/3 b	†11 2/3 a	Shell Transport 5/-	34/3	35/-	7·00	2 1/4
31/-	23/9	...	...	Ultramar 10/-	26/3	26/6	...	...

FOREIGN AND OVERSEAS STOCKS

FRANCE	Jan. 13 Frcs.	Jan. 20 Frcs.	GERMANY	Jan. 13 %	Jan. 20 %	HOLLAND	Jan. 13 %	Jan. 20 %
Air Liquide..	700	692	A.E.G.......	494 1/2	492	A.K.U.	516 1/2	526
Banque de Paris	332·5	327·5	Bad'che. Anilin.	578	574	Amster Rot. Bk.	Fl. 67·5	Fl 69·3
Citroen	149	143	Bayer......	619	586	Bijenkorf .	785	785 1/2
C. F. Petrole..	246	247·5	Commerzbank	480 1/2	475 1/2	Heinekens	461	477 1/2
Cie G. d'Elect.	527	517	Deutsche Bank	540	538	Interunie (Fl 50)	Fl.208	Fl 210
Machines Bull.	126·5	126	Hoechst Farb..	531 1/2	528 1/2	K N Hoogovon	542	547 3/4
Pechiney	207·5	206·5	Kundenkredit	393	390	Kon Zout-Ket	935	980
Printemps	229	241	Loewenbrau	1 101	1,100	Philips (Fl.25).	Fl.153·2	Fl.153·8
Rhone-Poulenc	346·5	342	Mannesmann	218	214 1/2	Roboco (Fl 50)	Fl 232	Fl 235
S.I.M.......	318	320	Siemens	555	558	Thomassen & D	650	673
Saint-Gobain..	260	256	Thyssen-Huette	196	195	Valeurop......	Fl. 70·4	Fl 68·2
Usinor	134	130·1	Volkswagen .	539	537	Zwanenberg .	1,078	1,076
Index .. .	*99·3*	*97·7*	*Herstatt Index*	*103·21*	*102·52*	*Index* ..	*358·6*	*366·4*
High.. ...	*99·8*	*(4.1.65)*	*High*........	*111·46*	*(6.4.64)*	*High*.. .	*366·4*	*(20.1.65)*
Low	*97·5*	*(8.1.65)*	*Low*	*99·88*	*(2.1.64)*	*Low* .	*326·5*	*(23.7.64)*
Dec. 31, 1963=100			*Dec. 31, 1959=100.*			*1953=100.*		

CANADA	$	$	AUSTRALIA	£A	£A	JAPAN	Yen	Yen
Abitibi Pr. & P.	14 1/4	13 3/8	Ampol Pet .	11/7	11/4	Ajinomoto . ..	283	278
Aluminium ...	32 3/4	34 1/8	Ass Pulp & P...	33/9	34/9	Fuji Iron	57	58
Bell Tel.......	64 3/4	64 1/4	Aust. Con. Inds.	64/3	63/6	Hitachi	94	93
Can. Brewer's.	11 1/8	11	Aust. Oil & Gas	34/9	34/-	Honda Motor .	192	200
Can. Imp. Bank	68 3/4	69 3/8	Brit. Tobacco..	34/-	33/3	Kirin Brewery .	223	218
Can. Pac. Rly. .	60 3/8	64 1/2	Broken Hill Pty.	55/-	54/6	Mitsub. Chem.	131	129
Hiram Walker	37 1/4	37 7/8	G. J. Coles.....	15/11	15/11	Mitsub. Elect ..	68	66
Imperial Oil ..	57 7/8	58 5/8	Colonial Sugar	68/3	70/-	Mitsub. Heavy .	92	91
Noranda Mines	53 5/8	54 3/4	Felt & Textiles	8/10	8/9	Nippon Elect .	221	214
Power Corpn.	15 1/8	16 1/8	I.C.I., A.N.Z...	58/6	57/6	Sony	325	323
Steel of Canada	28 1/8	29 1/4	Myer Emporium	36/-	36/3	Toyo Rayon ..	166	170
Trans.Can.Pipe	41 3/4	41 3/8	Woolworth ...	16/2	16/-	Yawata Iron ..	57	57
Montreal Ind. Index ...	*164·0*	*168·7*	*Sydney Ind. Index*	*360·59*	*357·66*	*Dow Jones Average*	*1281·67*	*1268·88*
High......	*166·7*	*(17.11.64)*	*High*.......	*379·21*	*(27.2.64)*	*High*.......	*1369·00*	*(3.7.64)*
Low.......	*131·9*	*(2.1.64)*	*Low*	*354·90*	*(3.12.64)*	*Low*	*1202·69*	*(9.11.64)*
1956=100.			*1937/39=100.*					

* Ex dividend. † Tax free. ‡ Assumed average life, 7 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Equivalent to 8·0 sterling.
(a) Interim dividend. (b) Final dividend. (c) Year's dividend (e) To earliest date (f) Flat yield (g) Ex all (h) After Rhodesian tax. (l) To latest date. (n) Interim since reduced or passed.
(p) Resulting from split of Federation of Rhodesia & Nyasaland Stock Japanese prices supplied by Daiwa Securities, Tokyo Canadian 65 Stock Industrial Index supplied by the Montreal Stock Exchange

MONEY AND EXCHANGES

LONDON: NEW YORK: FRANCE
GERMANY: HOLLAND: CANADA
AUSTRALIA: JAPAN

Prices, 1964/65 High	Prices, 1964/65 Low	Last Two Dividends (a) %	(b) %	(c) %	ORDINARY STOCKS	Price, Jan. 13, 1965	Price, Jan. 20, 1965	Yield, Jan. 20, 1965 %	Cover
					ELECTRICAL & RADIO				
51/3	36/-	4¼	b	3¾	a AEI £1	41/7½	43/-	4·65	¾
78/6	65/3¾	12½	c	6	a BICC £1	69/-	68/7½	4·37**	2
15/9	12/-	5	a	6	b Crompton Parkinson ..5/-	13/9½	13/6¾	4·06	2½
82/-	60/6	7½	a	20	b Decca 10/-	66/-	68/-	4·04	1½
30/11¼	19/7½	12½	c	5	a EMI 10/-	24/9*	25/10½*	4·83	2¼
24/9¾	16/6¾	9½	c	4	a Elliott-Automation ...5/-	17/10½	17/6	2·71	1¾
50/-	40/3	7	b	3	a English Electric £1	42/6	43/6	4·60	2¼
44/3¾	28/6	5·91	c	3	a General Electric £1	42/3*	44/-	3·41**	2¼
69/3	43/9	8½	b	4½	a C. A. Parsons £1	44/-	44/9	5·59	1
145/-	122/6	10	b	6	a Philips Lamp Works. 10 fl.	133/-*	135/6*	2·36	2
44/9	30/-	5½	a	6½	b Plessey 10/-	34/9	36/4½	3·30	2½
26/3	15/7½	11·4	c	20	c Pye (Cambridge) 5/-	17/9	17/6	5·71	2
51/-	26/1½	15	a	25	b Radio Rentals 5/-	35/10½	41/-	4·88	2
50/7½	41/3	4⅞	b	2 7/16	a A. Reyrolle £1	44/-	44/3	3·80**	2½
93/3	58/-	22½	c	15	a Thorn Electrical 5/-	72/-	71/-	1·58	4½
					ENGINEERING				
45/9	30/3	4½	b	4½	a Babcock & Wilcox £1	30/9	32/-	5·63	1
41/3	32/-	4	a	7	b John Brown £1	33/6	33/6	6·57	1¼
10/-	7/-	8	b	4	a Cammell Laird 5/-	7/6½	7/6¾	7·95	2
38/4½	23/3	20	b	10	a Internat. Combust. 5/-	23/3	23/6	6·38	1¼
29/3	19/3	7½	b	2½	a Swan Hunter £1	22/9	24/-	8·33	¾
10/6	7/-	3¾	b	3	a John Thompson 5/-	7/3	7/4½	5·93**	1¾
33/7½	27/7½	†3¾	a	†6¼	b Coventry Gauge 10/-	32/6	32/3	5·06	2
51/-	40/-	†4½	b	†2	a Alfred Herbert £1	42/-*	42/-	5·18	1½
32/-	21/6	12½	a	11¾	b Acrow (Eng.) 'A' 5/-	22/9	23/9	4·86**	1½
32/3	22/9	17½	b	7½	a Allied Ironfounders ..5/-	22/10½	23/3	5·38	2
24/0¾	19/1½	15	b	5	a Averys 5/-	20/3	20/2¼	4·95	1¾
19/6¾	14/1½	4	a	6	b BSA 10/-	18/7½	18/3¾	5·46	1¼
14/9	11/6	14	c	6	a George Cohen 5/-	14/9	14/7½	5·47**	1¾
14/-	10/1½	6	b	5	a Davy-Ashmore 5/-	13/4½	12/7½	4·36	...
52/-	44/10½	11½	c	5	a Guest, Keen £1	47/-	46/9	4·88	2
21/1½	14/3	4	a	12	b Hand Wrightson 5/-	16/6	16/3	1·23	2
63/5¼	52/7½	11½	c	5	a Head Wrightson £1	55/3	54/9	4·09	1½
19/6	15/9	4	a	13	b Ransome & Marles ..5/-	16/4½	16/1½	5·27	2
41/9	33/1½	8¼	c	4½	a Renold Chains £1	36/9	36/3	4·97**	1¾
67/3	58/-	7	a	8	b Tube Investments £1	60/3	62/-	4·84	2
31/1½	21/4½	7½	b	2½	a Vickers £1	21/9	22/4½	8·94	1
50/-	40/8¼	2½	a	9⅛	b Ward (Thos W.) £1	42/-	43/3	8·09	2
21/6	11/3	10	a	7½	b Wellman Smith Owen 5/-	12/-	11/3	7·78	1
18/6	12/6	16	b	5	a Woodall-Duckham ...5/-	14/6	14/3	7·37	1½
					FOOD & TOBACCO				
32/-	26/10½	12½	c	14	c Allied Suppliers 10/-	30/1½	30/1½	4·65	2¼
8/1½	6/4½	28½	c	12	a Assoc. British Foods. .1/-	7/1½	7/1½	4·00	2
46/6	35/-	8	b	4	a Bovril £1	35/6	35/6	6·76	2
13/-	10/4½	†2½	a	†5	b Brooke Bond 'B' 5/-	12/-*	12/-	5·10	2¾
8/11¼	7/-	6¼	a	7½	b Fitch Lovell 2/6	7/9	7/9	4·44	2½
11/1½	8/8¼	8½	b	12½	a International Stores ..5/-	9/-	10/4½	4·02	2
93/3	72/6	12½	b	5	a J. Lyons 'A' £1	79/6	80/-	4·38	2
35/4½	30/6	5½	a	10½	b Ranks Hovis 10/-	31/-*	32/-*	5·00	2
36/6	30/-	14	c	7	a Reckitt & Colman ..10/-	30/-	30/6	4·59	2
15/9	12/10½	11½	c	3½	a Spillers 5/-	15/-	15/-	4·17**	2¼
39/3	30/6	9·9	c	8	a Tate & Lyle £1	32/3¾	33/1½	5·98	2
9/1½	6/1½	25	c	12	a Tosco Stores 1/-	9/-	8/9	2·86	2¼
14/11¼	10/10½	13·6	c	5	a Unigate 5/-	13/7½*	13/7½*	4·99	1¾
56/-	47/9	†9½	a	10⅝	b Brit. Amer Tobac. .10/-	50/9	52/3	6·41	2½
25/4½	20/5¼	11	4h	5	a Gallaher 10/-	24/7½	24/6	6·94**	2¼
52/3	39/-	15½	c	6	a Imperial Tobacco £1	50/3	51/9	6·05	2
					INSURANCE				
6¼	5⅛	9½	c	43½	a Britannic 5/-	5¼	5¼	4·37	...
48/3	37/3	25	b	20	a Commercial Union . 5/-	39/3	37/3	6·04	...
6 3/16	4⅝	†26½	c	†26½	c Equity & Law Life . 5/-	4¾	4¾	2·29	...
68/9	42/3	25	b	12½	a General Accident ..5/-	46/3	42/3	4·44	...
40/3	27/3	5	b	11½	a Guardian 5/-	27/9	27/9	4·80	...
12⅛	8⅝	50	b	50	a Legal & General 5/-	9⅝	8⅞	2·82	...
162/6	105/-	13	b	11	a Northern & Empl. £1	112/6	105/-	4·57	...
11¼	9 3/16	†95	b	†20	a Pearl 5/-	9 9/16	9¼	5·08	...
26½	21	†29½	c	†25	a Prudential 'A' 4/-	24¼	24⅛	3·95	...
40/-	33/6	16½	b	15	a Royal 5/-	36/9	35/-	4·52	...
95/-	69/9	11¼	b	7½	a Royal Exchange £1	74/3	69/9	5·38	...
					MOTORS & AIRCRAFT				
17/10½	11/9	5	a	5	b Birfield 5/-	13/3	13/9	3·64	3½
18/-	13/8¼	20	c	20	c British Motor 5/-	14/9	14/9	6·78	1¾
47/6	26/9	10	c	12½	c Jaguar Cars 'A' 5/-	31/2½	32/4½	1·93	6¼
11/9	6/1½	4	e	4	c Reores Motors 'A' 4/-	7/2¼	7/3	2·21	3
53/6	37/2¼	2½	a	8½	b Leyland Motors £1	52/3	53/-	4·15	1¾
24/-	15/-	8½	b	5	a Bristol Aeroplane ..10/-	16/1½	15/4½	8·78	2
39/6	27/4½	7	b	5	a Hawker Siddeley £1	29/-	29/6¾	8·12	1¾
39/-	23/8¼	7½	b	2½	a Rolls-Royce £1	31/5¼	32/10½	6·08	2
37/-	27/3	†8	c	†3¼	a Dowty Group 10/-	28/3	30/-	4·35	2
31/6	25/7½	13·8	c	5	a Dunlop Rubber 10/-	27/7½	28/-	4·93	1½
40/3	32/9	2½	a	5⅝	b Joseph Lucas £1	34/9	34/-	4·90	2½
22/10½	13/3	20	c	9	a Pressed Steel 5/-	17/9	18/-	5·56	¾
35/3	27/7½	4	a	8½	b Triplex Holdings ... 10/-	28/6	28/9	4·35	2½
					PAPER & NEWSPAPERS				
49/6	38/-	20	b	3	a Financial News 5/-	42/9	44/-	2·84	2¾
72/-	56/-	30	b	7½	a Financial Times 5/-	61/3	62/3	3·04	2½
20/6	15/-	14	b	6	a Internat. Publishing ..5/-	16/10½	16/10½	5·95	1½
31/6	26/-	16	b	14	a News of the World ..5/-	28/9	29/-	5·17	2
64/6	49/-	11	c	4	a W. H. Smith & Son 'A' .£1	53/-	53/-	4·15	2
24/3	16/-	14	b	10	a Thomson Org'n. 5/-	18/4½	18/-	6·67	1½
51/9	40/-	6¼	b	5	a Bowater Paper £1	42/10½	43/9	5·14	1½
25/3	19/6	22½	c	10	a British Printing 5/-	20/6	20/9	5·42	1¾
36/-	27/6	10	c	13½	c Bunzl Pulp 5/-	28/9	30/-	2·50**	4¼
65/7½	52/3	11	b	5	a Reed Paper £1	57/-	55/8¼	5·77	1½
61/6	43/-	10	b	4	a Wiggins Teape £1	46/3	46/-	6·09	2
					STEEL				
38/-	26/-	6	a	10	b Colvilles £1	26/-	28/-	11·43	1½
30/3	21/3	4	a	10	b Dorman Long £1	23/9	23/9	11·79	1½
27/-	19/3	3½	a	6½	b Lancashire Steel £1	19/6	19/9	10·13	¾
27/-	14/4½	4	a	8	b South Durham £1	16/6	17/6¾	13·67	1
25/6	17/9	3¾	a	6¼	b Steel Co. of Wales £1	18/-	18/6	10·81	...
39/6	24/9	5	a	12½	b Stewarts & Lloyds £1	30/6	31/3	11·20	1½
38/4½	27/6	6	a	10	b John Summers £1	27/6	28/-	11·43	1¾
37/9	23/9	6	a	9	b United Steel £1	27/6	28/-	10·71	1

Prices, 1964/65 High	Prices, 1964/65 Low	Last Two Dividends (a) %	(b) %	(c) %	ORDINARY STOCKS	Price, Jan. 13, 1965	Price, Jan. 20, 1965	Yield, Jan. 20, 1965 %	Cover
					MISCELLANEOUS				
26/6	18/9	20	b	10	d Assoc. British Picture .5/-	26/1½	25/10½	5·80	3
14/8¼	8/2¼	10	a	12½	b Assoc. Television 'A' .5/-	14/8¼	14/8¼	7·66	2
28/6	25/1½	3	a	8½	b Wm. Baird £1	28/-	28/9	6·61	2
23/4½	19/3	18	c	9	d Beecham Group 5/-	19/4½	19/7½	4·59	1¾
23/3	17/3	†3½	b	†3½	d Bookers 10/-	18/3	18/1½	9·01	2½
48/10½	38/6	7½	b	3½	a British Match £1	43/-	41/7½	5·21	2
13/-	8/6	3	a	7	b British Oxygen 5/-	8/11¼	9/0¾	5·52	1¾
12/-	9/1½	8½	b	3	d British Ropes 5/-	9/7½	9/7½	5·97	1¾
16/1½	9/10½	65	c	17½	a Butlin's 1/-	10/10½	10/7½	5·18**	1
39/10½	28/9	10	b	5	d De La Rue 10/-	29/9	30/6	4·92	1½
28/4½	15/3	8	c	12	a Dragos 5/-	17/3	17/3	3·48	2¾
24/10½	20/-	13½	c	4	a Gestetner 'A' 5/-	22/3	23/6	2·84	2½
34/6	27/9	5·6	d	8	b Glaxo 10/-	31/3	32/-	4·25	2¼
57/-	43/4½	2·14	e	12	b Harrisons & Cr. Dafd. .£1	46/7½	46/4½	6·08	2
51/3	43/3	55	b	15	d Hoover 'A' 5/-	45/3	45/7½	6·03	2
114/-	95/6	12·04	b	7·04	d Hudson's Bay £1	96/-	101/-	3·78	2¼
58/9	39/3	4½	a	7 1/18	d ICI £1	46/9	47/9	4·71	2
33/3	17/3	12	b	11	d Mecca 'A' 5/-	20/-	19/-	6·05	1
58/9	31/9	11·4	c	12½	a National Canning £1	33/6	33/-	7·58	1
24/9	19/10½	7	b	3	d Powell Duffryn 10/-	19/10½	20/3	4·94	2
45/9	26/9	7½	a	11¼	b Rank Organisation ..5/-	29/3	30/3	3·10	2½
16/7½	11/7½	12½	c	4	a Schweppes 5/-	12/3	12/1½	5·15	1½
29/9¾	17/2¼	25	c	25	c Sears 'A' 5/-	19/2¼	19/4½	6·45	1¾
23/9	19/-	15	a	5	a Stanley 5/-	21/6	21/6	3·49	2½
25/-	21/-	24	c	10	d Thomas Tilling 4/-	21/9	22/3	4·94**	1½
47/-	37/6	3¾	a	7	b Turner & Newall £1	40/-*	40/9*	5·28	1¾
36/9	32/1½	22½	c	9¼	d Unilever 5/-	33/1½	33/4½	2·37	3
10 9/32	8 13/16	18·9	c	7·65	d Unilever NV ..... 12 fl.	9 1/16	8 15/16	2·53	3
15/-	10/9	10	b	5	a United Glass 5/-	11/3	10/10½	6·90	1¼
42/6	23/3	†4¼	a	†10⅝	b United Molasses 10/-	26/9	26/-	9·42	1¼
					MINES				
247/6	196/-	60	i	40	a Anglo-American 10/-	241/3	244/4½	4·09	1¾
98/4	79/-	10	a	20	b Consolid. Gold Fields £1	95/3	95/3	6·30	2¼
146/3	118/1½	20		15	a General Mining £1	140/-	137/6	5·09	2
106/9	71/6	136	c	40	d Union Corporation ..2/6	105/6	105/3	3·23	3¾
136/3	98/1½	70	m	120	b Free State Geduld ..5/-	128/9	128/10½	7·49	1¼
109/4½	83/9	33	a	33	b W. Driefontein 10/-	107/6	105/-	6·29	2
66/3	41/3	6¼	a	8¾	b Western Deep 'A' £1	62/6	61/3	4·90	6¾
210/7½	152/6	115	a	160	b Western Holdings ..5/-	205/-	202/6	6·79	1¼
66/-	46/3	36½	b	13½	d Chartered 15/-	58/3	59/6	6·72**	...
72/6	55/7½	30	c	60	b Rhod. Anglo-Amer. 10/-	57/6	59/-	15·25	1¼
51/7½	38/9	7½	a	147 1/16	b Roan Selection Tst. ... £1	39/3	39/-	11·25	2
15/4½	10/3	7½	c	7½	c Tanganyika Cons. ... 10/-	11/7½	11/6	6·52	1¼
151/3	111/3	150	c	60	a De Beers Defd. Reg. 5/-	149/4½	143/9	5·22	2
$178	$136	$2·25	c	$2·75	c Internat. Nickel ... n.p.v.	$163	$162½	3·03	...
24/1½	16/11½	30	b	7½	a London Tin 4/-	17/11½	18/1½	8·28	1½
35/6	27/4½	17½	c	5¾	a RTZ 10/-	29/9	30/6	5·74	1¾
26/6	18/-	50	c	32½	a Tronoh 5/-	20/-	20/6	12·20	1
					SHIPPING				
50/9	40/3	2	a	5½	b Anglo-Norman £1	43/-	43/-	3·49	4
21/9	17/-	10	7c	4	a Brit. & Com'wealth 10/-	17/6	17/10½	5·99	1¼
17/10½	14/-	4	c	5	c Cunard £1	14/0¾	14/0¾	7·11	...
37/-	26/-	8	c	10	c Furness Withy £1	35/-	34/9	5·76	...
33/6	22/10½	10	7c	3	a P & O Defd. £1	28/3	29/9	6·72	...
17/-	10/3	1	c	3	c Royal Mail £1	15/-	14/11¼	4·02	...
					TEXTILES				
11/11¼	7/10½	10⅛	c	6	a English Sewing Cotton 5/-	10/7½	10/4½	5·78**	1¾
23/4½	16/11¼	20	c	8½	a Courtaulds 5/-	21/4½	21/10½	4·57**	1¾
72/9	58/6	6	a	12	b West Riding Worsted .£1	60/-	58/6	6·15	2
29/-	19/6	7½	b	2½	a Woolcombers £1	20/10½	19/9	10·13	1
11/8¼	7/9¾	4	a	10	b Calico Printers 5/-	10/8¼	10/5¼	6·71	2½
50/7½	37/9	12½	c	4¾	a Coats, Patons & B. £1	38/11¼	38/3¾	7·05**	1½
23/-	10/11¼	5	c	15	c Viyella Int. 5/-	18/3	18/6	4·73**	1¾
					TRUSTS & PROPERTY				
26/3	21/-	15	c	7	Alliance Trust 5/-	22/10½	23/1½	3·24	1¼
59/9	47/10½	37½	b	25	c BET 'A' Defd. 5/-	50/10½	52/7½	5·94	1½
20/4½	15/4½	6½	a	6¼	b Cable & Wireless 5/-	16/7½	16/4½	3·82	1¼
23/-	15/6	9½	b	5½	a Philip Hill 5/-	18/9	19/-	3·95	1½
33/3	25/9	23	c	11½	a Industrial & General .5/-	28/6	28/9	4·00	1¼
44/-	23/-	12½	a	17½	b City Centre Props. .. 5/-	26/4½	27/1½	5·53	1
78/-	54/-	16	c	6	a City Lond. Real Prop. .£1	54/-	53/6	5·98	1
21/8½	15/-	5¼	b	2	a Land Securities 10/-	16/5¼	16/6¾	4·38	1
33/-	23/6	16½	c	4⅛	a Lond. Cnty. Freehld. .10/-	24/1½	24/7½	6·77	1
					TEA & RUBBER				
63/6	43/-	†17½	b	†2½	a Cons. Tea & Lands ... £1	47/-	46/6	14·06	1½
28/9	24/-	†3	a	†5	b Jokai (Assam) £1	24/6	24/-	10·89	...
3/10½	3/-	20·8	c	8½	a Highlands & Lowlands 2/-	3/-	3/3	12·80	1½
4/3¾	3/2¼	23½	b	5	a London Asiatic 2/-	3/6*	3/7½	15·63	1½
60/7½	45/9	24	b	8	a United Sua Betong ... £1	48/-	49/9	12·84	1½

UNIT TRUST PRICES

	January 20		Yield		January 20		Yield
A. E. & G. Un. Tst.	15/11½	16/9½	4·00	Investment Trust	7/11½	8/5	3·29
Bank Insurance	6/3	6/7	3·84	M. & G. Gen. Tst.	13/6½	14/2*	5·13
Bank Units	10/6½	11/1½	3·87	Second M. & G.	10/11½	11/5½*	5·23
Brit. Ind. Flex. Iss	6/3½	6/7½	5·75	Metals & Mins.	17/2	18/-	6·98
" " " 2nd.	22/6	23/7	5·87	Mid. Ind. & Gen.	11/5	11/11*	4·93
" " " 3rd.	6/5½	6/9½	5·62	Nat. B.I.F.S.	7/2¾	7/8	4·15
" " " 4th.	26/5	27/7*	5·71	New Issue	5/-	5/4½*	4·11
British Life Units	5/6½	5/10	3·75	Orthodox Unit	14/11½	14/11½	5·58
B. S. International	12/11½	13/7*	3·82	Overseas Units	5/4	5/7½	4·05
Brit. Shareholdrs.	14/4	15/0½	4·42	Propits	3/11½	4/2	4·43
Capital Units	7/8½	8/1½*	3·36	Scotbits	4/11	5/2*	3·23
Commonwealth	11/6½	12/3½	5·61	Scotshares	5/8½	5/11	4·66
Community Un.	3/3¾	3/5¾	5·49	Scot-Units	7/5	7/10¼	4·88
Consol'd. BITS	13/5½	14/2	3·63	Security Iss	9/-	9/6½*	5·29
Domestic Unit Fd.	5/1½	5/5½	4·68	Shield Unit Fund	5/0⅛	5/4¾	4·11
Elect. & Ind. D.	12/9½	13/5*	5·57	Southern Units	4/11	5/3	4·70
Falcon Trust	5/1½	5/5½	5·35	T.B.T. Cap.	21/4	21/10	3·58
First Prov. 'Res.'	14/0½	14/9½	4·17	T.B.T. Inc.	23/6	24/-	5·62
Income Units	5/10½	6/2½	5·43	Unicorn Trust	6/11	7/4	4·28
Insurance Units	6/-	6/4*	3·75	Welsh Dragon	5/-	5/4	4·16

** Yields based on assumed dividends :—Acrow (Eng.) 'A', 23·1%. BICC, 15%. BOLSA, 9½%. Bunzl Pulp, 15%. Burmah Oil, 11½%, tax free. Butlin's, 35%. Chartered, 26½%. Coats, Patons & B., 13½%. George Cohen, 16%. Richard Costain, 20%. English Sewing Cotton, 12%. Gallaher, 17%. General Electric, 7½%. Grattan Warehouses, 30%, after scrip issue. Marks & Spencer 'A', 28¾%. Renold Chains, 9%. A. Reyrolle, 8·4%. Spillers, 12½%. John Thompson, excludes special bonus, 4%. Thomas Tilling, 27½%. Viyella Int., 17½%.

MONEY AND EXCHANGES

KEY MONEY AND ARBITRAGE RATES

January 20

London

	%
Bank rate (from 5/6, 23/11/64)	7
Deposit rates	
7 days' notice *	
Clearing banks	5
Discount houses	5
Local authorities	7 1/8
3 months' fixed:	
Local authorities	7 1/4
Finance houses	7 1/4–3/8
Call money:	
Clearing banks' minimum	5 1/8
Day-to-day spread	5 3/8–6 5/8

Market discount rates (*3 months'*)	
Treasury bills	6 3/8
Bank bills	6 13/16–7/8
Fine trade bills	7 3/4–8
Euro-dollar deposits:	
7 days' notice	3 3/4–4 1/4
3 months'	4 1/4–4 3/4
Euro-sterling deposits (in Paris):	
2 days' notice	7–7 1/4
3 months'	7 1/8–7 3/8

New York

Treasury bills:	
January 13	3·81
" 20	3·82
Forward cover (*3 months'*).	
Annual interest cost, US dollars	2 19/32–2 25/32

Market paper.	
Bank bills	4 13
Certs of deposit	4 13

Covered Arbitrage Margins

	In favour of.
Treasury bills	London
Prime bank bills	London
Euro-dollar/UK local authority loans	London
Euro-dollars/Euro-sterling	London

These covered arbitrage margins show the differentials in rates on the particular sterling and dollar assets, as adjusted for the cost of forward exchange cover, shown above

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91-Day Average Rate of Allotment	Allotted at Max Rate	Tender Issue Outstanding
			s. d	%	
1964	*91-Day*				
Jan. 10	210·0	371·6	74 3 33	33	3 160 0
Oct 16	250·0	421·5	94 4 69	44	3,300 0
" 23	260 0	414·4	94 5 45	52	3,330 0
" 30	250·0	458 3	93 11 61	30	3,330 0
Nov. 6	250 0	457 5	93 5 09	41	3,330 0
" 13	240 0	422 6	93 3 71	33	3,320 0
" 20	240 0	395 0	94 8 31	46	3,300·0
" 27	220·0	327 9	132 7 25	63	3,260 0
Dec. 4	200 0	335·1	132 4 62	37	3,200 0
" 11	230 0	388·2	132 5 45	33	3,170 0
" 18	200 0	332 9	132 5 83	40	3,070 0
" 24	220 0	336 7	132 6 52	52	3,070 0
1965					
Jan. 1	190 0	336 7	132 5 39	28	3,000 0
" 8	180 0	310 5	132 5 81	31	2,930 0
" 15	170 0	321 2	132 5 68	20	2,850 0

* On January 15th tenders for 91-day bills at £98 6s 11d secured 20 per cent, higher tenders being allotted in full The offer for this week was for £160 million 91-day bills

MONEY MARKET REPORT

OFFERINGS of UK Treasury bills fell £10 million to a 12 year low of £170 million at last Friday's tender in London. In sharp contrast to the previous week, moreover, outside applications rose by £10.7 million to bring total applications to £321.2 million against the reduced offering. As a result, the discount houses, which again held their agreed bid at the post 7 per cent Bank rate level of £98 6s. 11d., were awarded with allotments equivalent to only 20 per cent of their applications against a quota of 28 per cent the week before. The average rate of discount on the three-month bills fell fractionally to £6 12s. 5.68d. per cent.

This week the bill offering will fall another £10 million to £160 million, a reduction once more reflecting not only the normal seasonal increase of tax flows into the Treasury's coffers but also the large flows of sterling into the Exchange Equalisation Account against sales of its gold reserves.

At last Monday's auction in New York the average rate of discount on 91-day US Treasury bills rose to 3.821 per cent from 3.814 per cent the week previous. This was, of course, exactly the effect that the American authorities had intended when they announced the week before that they were planning to swell the supply of bills by offering an extra $100 million at each auction over the immediate future. Nevertheless, the strengthening of sterling in the exchange markets over recent days swung covered arbitrage margins in London's favour all along the line; the week before all but the margin on swaps of Treasury bills had been in New York's favour.

Bank of England Returns

(£ million)	Jan 22, 1964	Jan. 13, 1965	Jan 20, 1965
Discounts and advances	48 5	77 8	89 0
Notes in circulation	2,406 5	2,620 8	2,581 3

LONDON CLOSING EXCHANGE RATES

Spot

	Effective Limits	January 13	January 20
US $	2·78–2·82*	2 79 1/8–1/4	2·79 1/8–1/4
Canadian $	..	2 99 13/16–15/16	2 99 7/16–11/16
French Fr.	13 622–14·027	13 67 7/8–68 1/8	13·68–1/4
Swiss Fr.	11·94–12·54 7/8	12·03–1/4	12·05 3/4–06
Belgian Fr.	137·06–142·05	138 50–55	138 50–55
Dutch Gld	9·98 3/4–10·28 1/2	10·03–1/4	10·02 7/8–3/8
W Ger. Dm.	11·037–11·365	11 10 1/2–3/4	11·10 5/8–7/8
Italian Lire	1725–1775	1744–1/2	1,744–1/2
Swedish Kr.	14·27 1/4–14·70	14·34 3/8–5/8	14 33 1/2–3/4
Danish Kr.	19·06 1/2–19·62	19·30 1/8–3/8	19·29 3/4–30
Austrian Sch.	72·25–73·345	72 10–13	72·12–15

* Official limit

Three Months Forward

United States $	2–1 7/8c. pm	1 15/16–1 13/16c pm
Canadian $	2–1 7/8c. pm	1 15/16–1 13/16c pm
French Fr.	9 1/2–9c. pm	9 1/2–9c. pm
Swiss Fr.	12 1/2–12c. pm	12–11 1/2c. pm
Belgian Fr.	95–85c. pm	92–82c pm
Dutch Gld	8 7/8–8 3/8c. pm	8 3/4–8 1/2c. pm
W German Dm.	10 3/4–9 3/4pf. pm	10 1/4–9 3/4pf. pm
Italian Lire	11 1/2–10 1/2 lire pm	10 3/4–9 3/4 lire pm

Gold Price at Fixing

$ per fine oz	35 12–14	35·11–13

Investment Currencies

Investment $ (London) % pm	9 3/16	9 1/2
Security £ (New York) % dis	0 3	0 3

BUDGET CASH FLOW

Exchequer Returns

£'000	Estimate 1964-65	April 1, 1963, to Jan. 18, 1964	April 1, 1964, to Jan 16, 1965	Week ended Jan. 18, 1964	Week ended Jan 16, 1965
Ord. Revenue					
Income Tax	3,043,000	1,559,153	1,695,339	160,758	154,370
Other Revenue	4,412,000	3,234,499	3,561,544	74,872	95,840
Total	7,455,000	4,793,652	5,256,883	235,630	250,210
Ord. Expend.					
Supply Services	6,549,000	4,550,272	4,859,170	08,800	123,500
Other	839,000	652,211	647,287	366	17,567
Total	7,388,000	5,202,483	5,506,457	09,166	141,067
"Above-line" Surplus or Deficit		408,831	249,574	26,464	109,143
"Below-line" Expenditure*		497,255	784,720	45,399	25,365
Total Surplus or Deficit		906,086	1,034,294	81,865	83,778

Non Market Borrowing

Net receipts from.				
National Develop. Bonds		130,771	—	2,621
Tax Reserve Certificates	61 511	103,804	*55,970*	*-38,959*
Savings Certificates	*15,000*	*15,700*	*1,100*	1,300
Defence Bonds	13,019	*55,015*	1,107	*1,377*
Premium Savings Bonds	31,300	41,400	700	1,200
Total		90,830	205,260	-55,263	-35,215

* Net repayments to Civil Contingencies fund £9 million in 1964–65 compared with £2 million in 1963–64

UNIT TRUSTS

Despite the general stock market uncertainties in the latter months of 1964 funds continued to flow into unit trusts at a good rate in the last quarter of 1964. Total sales of units last year amounted to £99.6 million and repurchase to £22.6 million giving a net investment for the year of just over £77 million. The total value of funds at the year end was almost £429 million compared with £371.2 million at the end of 1963 while the average size of funds for the year just touched £400 million. At the end of September funds stood at £453 million and the fall in stock market prices since then is reflected in the decline in the total value of funds, despite an injection of £18.5 million of new funds in the last quarter of the year. The new year has already seen a further flow of block offers and the launching of new trusts and the new National High Income Units attracted applications for £1.12 million of units.

Sales and Repurchases

(£ million)

Quarters	(I)	(II)	(III)	(IV)	(I)	(II)	(III)	(IV)	(I)	(II)	(III)	(IV)	(I)	(II)	(III)	(IV)
													1964			
Sales	3 2	7·3	3·3	7 7	10 6	12 0	8·7	13 7	15 5	18 8	21·0	22·1	25 7	26 3	23 9	23 7
Repurchases	4 0	5·4	2 5	2·3	3·2	3 0	1·9	2 9	3 6	4·7	4·5	5 0	5 7	5 6	6 0	5 2
Net investment	0 8	1 9	0 8	5 4	7 4	9·0	6·8	10 8	11 9	14·1	16 5	17 1	20 0	20 7	17 9	18 5
Total net investment		7 3				34 0				59·6				77·1		
Average size of fund		219 0				254 6				321·8				400·1		
Number of unit holdings* ('000s)		672				818				1,050				1,312		

* End year.

Newspaper Authorised as Second Class Mail Post Office Dept., Ottawa Printed in England by St. Clements Press Ltd., London, E.C.4 Published by The Economist Newspaper Ltd., at 25 St James's Street London S.W.1 Telephone Whitehall 5155 Postage on this Issue: UK 4½d., Overseas 8d

THE ECONOMIST THIS WEEK

AFTER CHURCHILL

The best and [illegible] of Sir Winston, after all the tributes, will be for Britain's politicians and people to face Britain's future **page 408.**

CAN RADICALISM SURVIVE?

After the Leyton by-election, Labour will be hard put to it to govern effectively and courageously, unless there is some sort of Liberal-Labour alliance. But the heightened possibility of an early Conservative return to power is not one that radicals should welcome, until the Conservatives have had time to re-think their policies **page 410.**

DESPITE SIR ALEC?

Oddly, to Tory modernisers the by-election victory at Leyton is almost certainly a set-back. If Sir Alec Douglas-Home does mean to carry on he must stamp now on the squalid racialists on the fringes of his party **page 411.**

ARE EXPORTERS CLUBBABLE?

The rag-bag of new export stimulants should be marginally helpful, but the British Government has to beware of the danger of implying that exporting is a burdensome duty rather than ensuring it is good business **page 449.**

THE MANAGEMENT OF CHANGE

Britain's very top managers, conferring at Eastbourne, displayed a non-ideological appetite for change that this Government ought to try to work with. So ought the press **page 414.**

HOW STEEL MAY BE NATIONALISED

Since the Government says it is still, despite Leyton, set on re-nationalising steel, *The Economist* consults a true believer for his ideas about how the naughty deed may be done **page 453.**

ANYONE FOR PEACE?

Not just a test of will between Russia and America, of the whole membership's collective will, is in present United Nations crisis. Do the great majority want an effective peacekeeping organisation even a modest price for one? **page 412.**

VIETNAM NEAR CRACKING POINT

The alliance of Buddhist and military toughs has succeeded in ending South Vietnam's brief spell of relatively sensible semi-civilian government. Now General Khanh is back again. The grotesque waverings of authority in Saigon lead to a fundamental question: for how much longer can the American commitment and presence be justified? **page 419.**

SLOW BOAT TO EUROPE

Through the mists of the Rambouillet meeting, France and Germany can be seen making their slow but not unsteady way towards European unity. If Britain is to try, as it must, to join them, it must hurry **page 420.** Spain is more certain than Britain is that it doesn't want to be left out; the Europeans are not welcoming **page 423.**

NO AID FOR REPUBLICANS

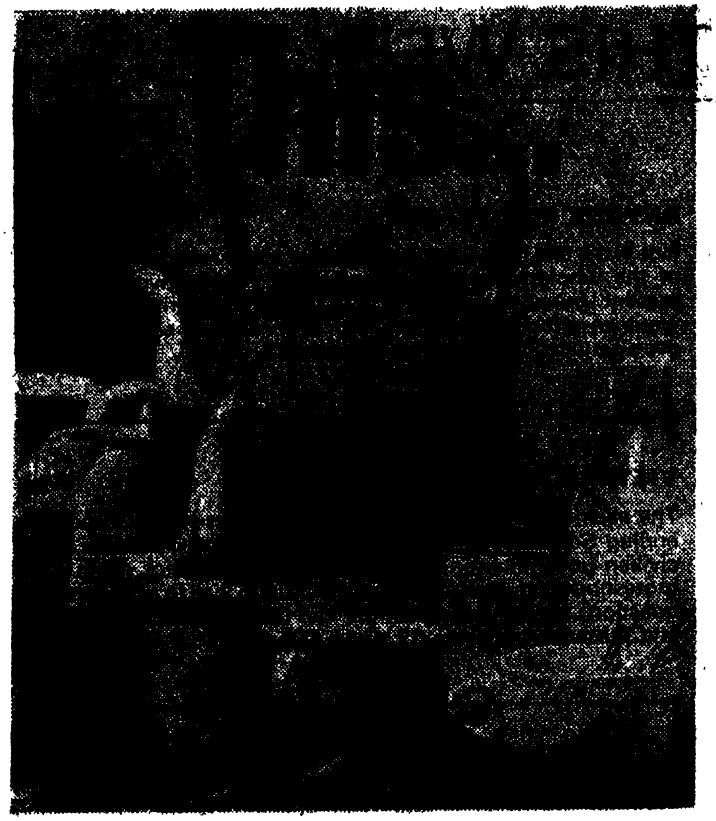
The two wings of the American opposition party have been reconciled formally, but this uneasy peace does not seem likely to be very profitable for the Republicans **page 437.**

BUDGET FOR AMERICANS

President Johnson can continue a Keynesian policy of spending more on welfare and cutting taxes without inducing inflation, because the steady influx of young people into the American labour force means that unemployment is persistent without being painful **page 433.**

BUSINESS BRIEF

Expansion is still the mood of the American economy but a strong temporary stimulus can be traced to stockpiling in anticipation of a possible steel strike in the spring. Car production has astonished forecasters by starting 1965 at a rate which could reach ten million in a year **page 451.**



VENDEPAC PUSH BUTTON BEVERAGES SAVE MESS AND MONEY

Trolleys, urns, kettles and cups are obsolete systems of worker refreshment. A costly mess that modern management can't afford to ignore. The Vendepac Service puts Push-Button Beverages on a 24-hour production line. Dispenses top-quality freshly made tea, coffee and chocolate in sterile, infection-proof cups. Sites the machines strategically for speed in use and access. Keeps 'Ten-Minute' breaks ten minutes long, instead of the usual twenty. Wipes out wastage, boosts productivity, peaks the efficiency of your factory or office. The Vendepac Service needs no capital outlay. Vendepac maintains and replenishes the dispensers free of worry.

Cost free. Installation is free and at suggested prices (3d for tea, 6d for coffee) the revenue is usually enough to cover our expenses—anything over, Vendepac shares with you.

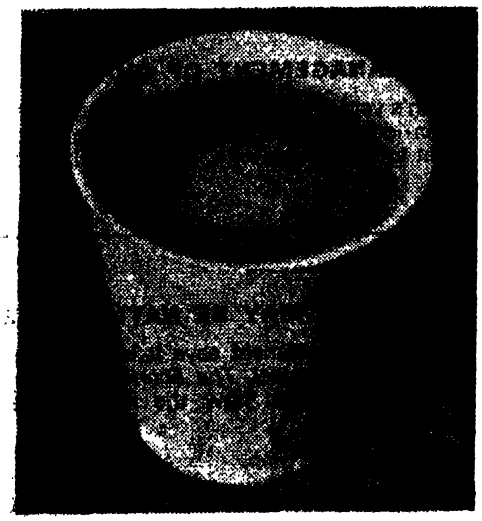
Vendepac Beverages Satisfy. Each drink is freshly made, each drink piping hot. The good, rich-tasting balance of the beverages can't vary from cup to cup.

Vendepac Boosts Productivity. Research shows that in most factories the 10-minute 'tea break' can take 20 minutes or longer. If 1,000 people, earning 7/- an hour waste 5 minutes a day in this way, the wages cost in wasted time is over £7,000 per year.

Vendepac Helps Health. Vendepac dispenses in sterile, disposable cups. The spread of infections that cost so many man-hours is minimised by Vendepac Service.

Free Consultation from Vendepac Advisory Service. A card or phone call to the address below will bring a Vendepac Service Consultant to explain the 2 months trial system and assess requirements.

VENDEPAC, AJAX AVENUE, SLOUGH, BUCKS.
SLOUGH 25122 *(A division of Mars Limited).*



VENDEPAC

THE PUSH-BUTTON REFRESHMENT SERVICE THAT SAVES MESS AND MONEY

SECOND CLASS POSTAGE FOR *THE ECONOMIST* PAID AT NEW YORK, N.Y.
Published weekly every Saturday, fifty-two times a year in London, England

LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available.

International Lending

SIR—Your brief comment on the new interest rate policy of the International Bank ("Two-Tier Lending," January 9th) demonstrates the folly of trying to finance economic development with loans. The prime borrowers, who are to be charged high rates, are precisely those who shouldn't go to the International Bank anyway; and the more risky borrowers who will get low rates are piling up debt repayments that will soon become unbearable political burdens to the governments concerned—particularly those which have any sort of democratic base.

I fear that neither bankers nor economists are yet prepared to accept the consequences of their own analyses of the requirements for economic development in most of Asia, Africa and Latin America. One distinguished economist stated recently that "The realistic fact is that by 1975 living levels in most of the underdeveloped countries will be much the same as they are now" and added that in some countries they are likely to fall. The United Nations Secretariat estimated that the developing countries will have a balance-of-payments gap of around US $10 billion in 1970; other estimates have doubled that figure. This is much more than just a "gloomy outlook" as another well-known economist commented. It is the stuff of economic and political chaos in which the collapse of the inverted pyramid of International Bank loans will look quite insignificant.—Yours faithfully,

Kuala Lumpur HAMLIN ROBINSON

Unfair to Females

SIR—I was appalled by the advertisement on page 204 of your issue of January 16th. The *Daily Mirror* has cast a terrible aspersion on its female readership.

> "She's illogical, she's impossible . . . but she's your [presumably the advertiser's] dream come true."

I wonder if the *Mirror* is prepared to justify in its own columns why it has branded its female readership as irrational spendthrift Simple Simonesses.—Yours faithfully, RICHARD T. PERKINS

University of Leicester

Doctors on the Left

SIR—It would appear that you have missed the most important point (January 23rd); the present crisis in the health service is so serious that if drastic steps are not taken rapidly the whole service is going to grind to a halt. The Medical Practitioners' Union welcomed the introduction of the health service and was deeply concerned for its future success; but from the beginning it has been subject to recurrent crises. The MPU has consistently advocated reforms which, if adopted, would have done much to avoid the present troubles, but it is only in the past two years that many of our policies have finally become accepted by the rest of the profession. After the fiasco of the "14 per cent" in 1963 we instituted a campaign of meetings throughout the country. We were agreeably surprised at the volume of support which they evoked and the MPU achieved a measure of prestige and influence which it had not known before. This found expression through the activity of groups of doctors whose voices had a decisive influence on the course of events in the profession as a whole, and led to a reawakening of interest in medico-political affairs amongst general practitioners throughout the country and a fresh challenge to the established leadership in the profession. I am convinced that it was the increasing success of the MPU in this field which precipitated the savage attacks upon it under the guise of a political witch hunt.

We have been given no grounds to believe that the present Government have a true appreciation of the critical situation which confronts them. There was no statement of policy on this urgent matter during the election campaign or in the Queen's speech. Moreover, the present Minister of Health has not been accorded cabinet status. This is the background against which the MPU sent out its "Crisis Special." Careful reading of this will show that we have constructive proposals to make, and these will be outlined in greater detail in subsequent issues.—Yours faithfully,

P. SIDNEY GREAVES
General Secretary,
Medical Practitioners' Union

London, WC1

Europe

SIR—Just what should one mean by *Europe*? You recall that General de Gaulle vetoed our entry into Europe two years ago. Surely only into the common market? The policy of the West at that time was the economic unification of Europe. Surely only of part of the western part of it? The Americans were willing through the MLF to "offer a larger say in American nuclear policy" to "any" interested European nation. Surely only to western European nations? And when you write about "the Atlantic approach to the German problem," do you mean the Federal Republic, or the Federal Republic plus what Dr Mende the other day called "Central Germany," or Germany within its 1937 frontiers? What do you envisage as the eastern frontiers of the Atlantic community? And is it a frontier or an Iron Curtain? Might a more precise use of place names itself suggest solutions?—Yours faithfully, ELIZABETH YOUNG

London, W2

Ministry of Labour

SIR—I have read your review of Hilda R. Kahn's book "Repercussions of Redundancy" (January 9th) and found the strictures on the Ministry of Labour most interesting.

Last year, this Society undertook a research project in two areas just south of London. We found that employers and employees failed to use the Ministry for an important range of jobs. Our conclusions were that the Ministry was too much saddled with the image of "dishing out the dole"; it ought to concern itself with career planning and placing.

From conversations it is clear that the officials are aware of this need but much remains to be done. Mrs Kahn's conclusions were also supported in important other areas. For example, we found that the statistics of married women available for work were either inadequate or incorrect. Information was obtained from two neighbouring seaside towns. One professed to have a surplus of labour, the other stated that employment was overfull. The facts were found to be exactly opposite.—Yours faithfully, F. A. TUCKMAN

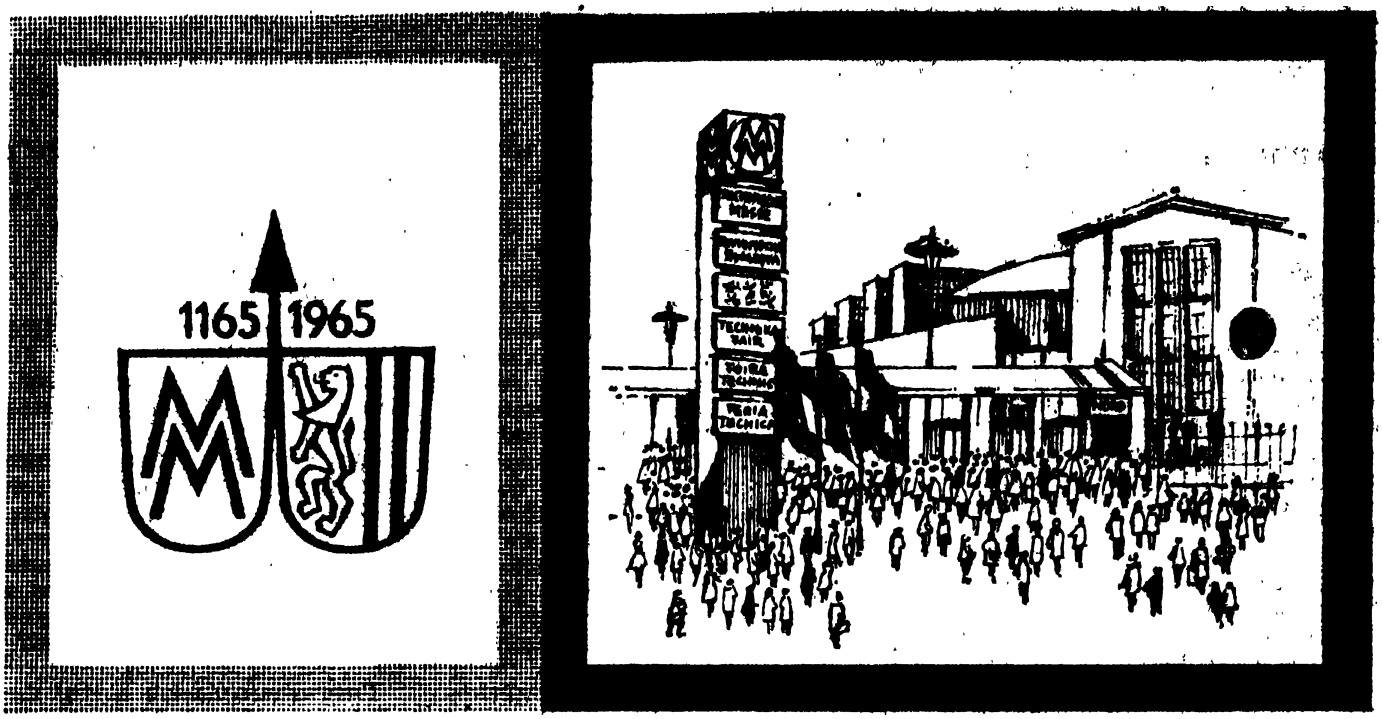
Institute of Personnel Management

London, EC4

POINTS

You insinuated (December 26th) that by selling two million eggs per week at 2s. per dozen in Britain as compared with 14½ *million* home-grown eggs sold during the same period, South Africa is dumping eggs in this market. The figure for home-grown eggs is, in fact, 145 *million* (and not 14½ million). South African eggs are sold here at a minimum of 2s. 3d. at the beginning of the season (October) rising to 3s. 3d. at the end of December, as compared with the figure 2s. as quoted by you.—W. A. BARNARD, Commercial Counsellor, *South African Embassy, London, WC2.*

I do not know whether it is the editor of the book or your reviewer (Books, January 2nd) who is responsible for the statement that "from China came . . . zero and decimals in mathematics, etc." May I point out that the conception of zero and the invention of the decimal system came originally from India, and not China? The West came to know of these inventions through the Arab savants who popularised them.—N. V. RAJKUMAR, Ambassador, *Embassy of India, Warsaw.*



LEIPZIG FAIR 800th ANNIVERSARY

CENTRE OF WORLD TRADE AND TECHNICAL PROGRESS

This Spring, at the 800th Anniversary Fair, you will have the opportunity to see the latest developments in the world's electrical industries. In Halls 11, 15 and 18, the electrical industry of the German Democratic Republic will show the achievements which have already brought substantial export orders from 88 countries.

You will find our experts on the spot to deal immediately with your technical and commercial problems.

Deutscher Innen- und Aussenhandel

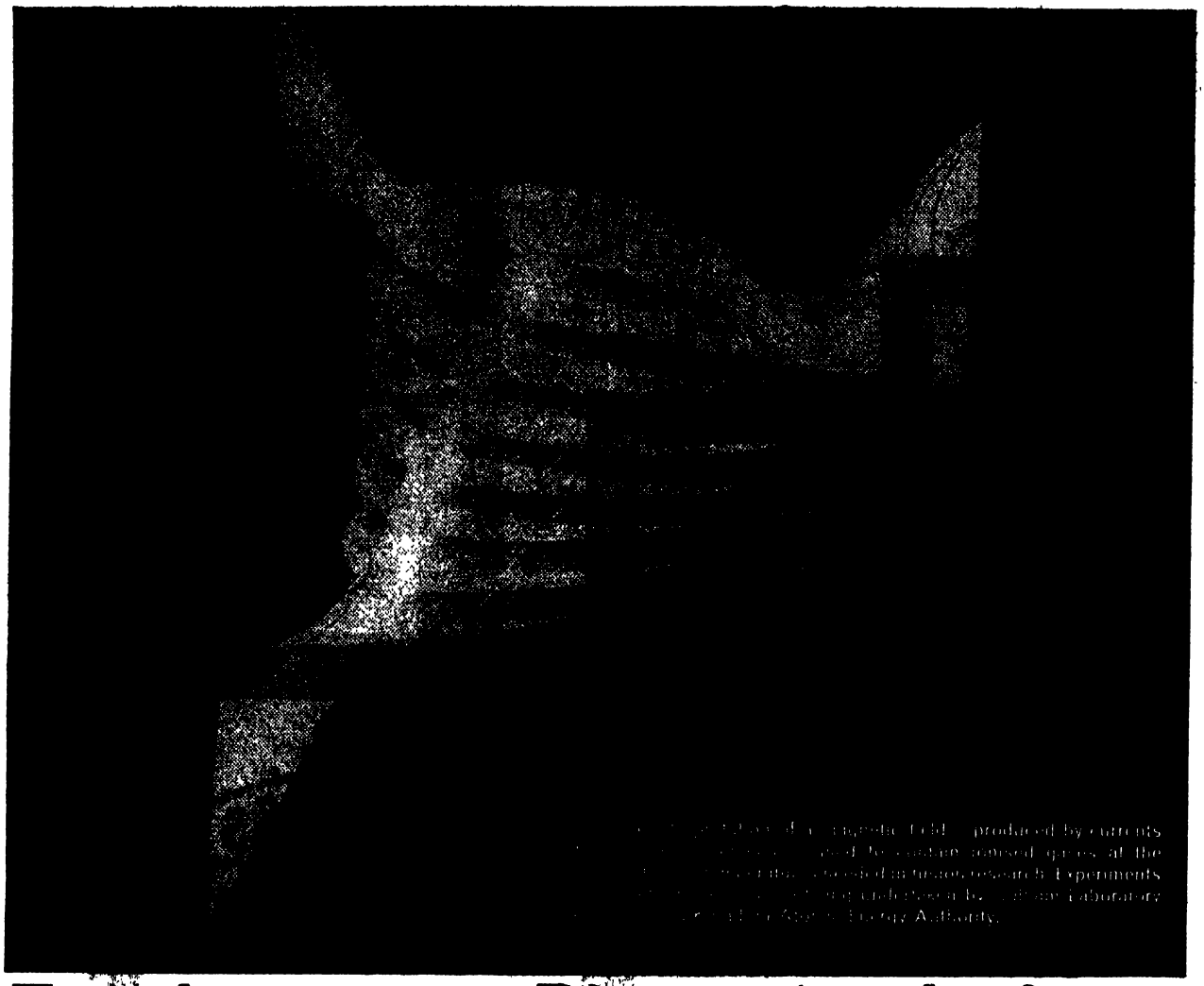
LEIPZIG SPRING FAIR
28th February to 9th March, 1965

Elektrotechnik

Berlin N 4, Chausseestrasse 111/112
GERMAN DEMOCRATIC REPUBLIC

the index to precision instruments of world-wide repute

VEB Carl Zeiss JENA



Together . . . Discovering the future

However unorthodox the shapes to symbolize the twenty-first century it can be certain that copper and its alloys will have contributed to their final development. Copper is a proved metal of the modern age and the resources of the Delta Group of Companies . . . Europe's leading manufacturers of non-ferrous metals . . . will be devoted to discovering new alloys and new applications to establish copper as a proved metal for the future.

DELTA GROUP

THE DELTA METAL COMPANY LIMITED

EAST GREENWICH · LONDON · S.E.10 and DARTMOUTH STREET · BIRMINGHAM 7

EXTRUDED RODS AND SECTIONS : COPPER TUBES : WIRE

ROLLED PLATE, SHEET AND STRIP : CABLES

HOT STAMPINGS, PRESSINGS AND FORGINGS

GAS, ELECTRICAL AND SANITARY FITTINGS

PRESSURE, GRAVITY AND SAND CASTINGS

ENGINEERS' AND PLUMBERS' BRASSFOUNDRY : TURNED PARTS

NON-FERROUS FIXINGS FOR THE BUILDING AND MASONRY INDUSTRIES

SM/DG/DM. 15372

Looking for a key to international trade?

YO[illegible]N
FROM C. ITOH
HAS
A KEY
FOR
EVERY [illegible]

C. Itoh, one of Japan's oldest and most experienced trading companies, is a master locksmith when it comes to opening the doors of international trade. With a staff of almost 7,000 experts and over 75 branches and affiliates throughout the world, C. Itoh offers you fast efficient service in export, import, triangular trade and joint investment ventures. Why not let your nearby C. Itoh man give you his expert help? You'll find one in every major city of the world.

CI C. ITOH & CO., LTD.
SHOJI KAISHA

International Traders/General Importers and Exporters/Business Consultants

LONDON OFFICE: C. ITOH & CO., LTD., LONDON BRANCH
Kempson House, Camomile St., London, E.C.3, ENGLAND
Cable: "ITOHCHU LONDON EC3"

HEAD OFFICE: C.P.O. Box 117, Osaka, Japan Cable: "CITOH OSAKA"
TOKYO OFFICE: C.P.O. Box 136, Tokyo, Japan Cable: "CITOH TOKYO"

Offices in Europe: London, Paris, Hamburg, Düsseldorf, Amsterdam, Milano, Madrid, Beograd. **Offices in other continents:** New York, Los Angeles, Montreal, Mexico City, Sao Paulo, Buenos Aires, Johannesburg, Beyrouth, Teheran, New Delhi, Bangkok, Singapore, Djakarta, Hongkong, Sydney and other main cities.

Toyo Kogyo's Mazdas are coming!

Mazda is the Trade Name for the vehicles of Toyo Kogyo, Japan's most modern and fastest growing auto maker.

Mazdas are coming fast. All over the world.

In the last ten years, we have put more than 1,370,000 Mazdas on the road in Japan, Okinawa, Southeast Asia, Australia and South Africa.

And we're just getting started.

We have big plans for our Export Division, and here's what we back these plans up with:

The most modern production facilities in Japan.

The most fully computerized vehicle factory in the world.

A 68 vessel ocean-going fleet that docks right at the end of our production line.

18,000 hard working, quality minded employees.

A new sales record last year of over £112,000,000.

Total corporate assets of more than £137,000,000.

These cars and trucks are extremely well built and practical, and we expect them to find a large and ready market throughout the world.

That's why, wherever you are, Mazdas are coming.

□ TOYO KOGYO, CO., LTD. Hiroshima, Japan

MAZDA

NATIONAL DEVELOPMENT BONDS

5% per annum guaranteed for 5 years

2% bonus (free of U.K. income tax) after 5 years

repayment at only one month's notice

FURTHER DETAILS FROM POST OFFICES AND BANKS

Issued by the National Savings Committee

Ancient DEVI statue at National Museum, New Delhi

Circa 800 B.B.*

Is it not fitting that one of the world's oldest civilizations should have been among the first to create a civil airline? The year was 1932.

* Before Boeing

AIR-INDIA

Over 32 years of flying experience.

17/18 New Bond Street, London W.1. — Hyde Park 8100.
And at Birmingham, Cardiff, Glasgow, Leeds, Manchester.

In association with B O A C and Qantas

PICTURE OF A MAN NOT WORRIED ABOUT ERGS

Atlas Copco air tools and compressors are used in the production of Volvo cars - world famed for the quality of their engineering.

By name, an erg is unlikely to worry him anyway. By nature, however, this unit measure of the energy he puts into running nuts is as vital to him as it is to production. Too many ergs and he'll need to rest his arm. Which is where anatomy experts [illegible] Karolinska [illegible] come into the picture—and ergs go out. They applied medical technology to create a new Atlas Copco air tool design to keep the arm virtually at rest while maintaining peak working rates. This they did by relating the grip, weight and balance of the tool to muscular energy and bone structure. The result? Call it productivity.

It needed advanced compressed air technology to meet the new norms—motors small enough to hold in a clenched fist yet capable of developing half a horse power, designs that reach working speed in a tenth of a second.

The performance of these tools is a practical demonstration of the research and experience that goes into all Atlas Copco equipment—for industry, construction and mining. In fact, wherever air power can be applied.

Atlas Copco

puts compressed air to work for the world

GROUP HEADQUARTERS · ATLAS COPCO AB · STOCKHOLM 1 · SWEDEN · SALES & SERVICE IN OVER 100 COUNTRIES

The Economist

JANUARY 30, 1965

After Churchill ... 409
Can Radicalism Survive? ... 410
Despite Sir Alec? ... 411
Anyone for Peace? ... 412
The Management of Change ... 414

COMMENTARY ... 415
The Government Changes; Russia and China; New Cardinals; Incomes Policy; Government Spending; V-bombers; Algeria.

THE WORLD

INTERNATIONAL REPORT
Vietnam Near Breaking Point ... 419
Germany and Europe; Spain; France and the UN; Greece and Cyprus; India; Mongolia; Burundi; United Arab Republic; Iraq.

AMERICAN SURVEY
Oh, What a Beautiful Budget! ... 433
Budget for the Great Society; No Aid to the Party; Dockers Turn Around; Presidential Insurance; Brighter Copper; Dotted Goal Line; Capital Friend.

BRITAIN
Faithful to the Grave ... 440
Labour's Local Difficulties; Justice in Private?; Scotland's Open Secrets; New Kew View.

BOOKS
Lessons Unlearnt ... 443

LETTERS ... 401

BUSINESS
Are Exporters Clubbable? ... 449
How Steel may be Nationalised ... 453

BUSINESS BRIEF ... 451

INTERNATIONAL ... 455
Kennedy Round; Metals; France; Vive la Technologie!; Japanese Cars; Spanish Railways; Unilever; Swiss TV Advertising; Wheat.

BRITAIN ... 461
Investment Decision; Trade Figures; Restrictive Practices; The Burning Homes of England; Energy; Manpower; Trading Stamps; Bank Credit; Motors; Aircraft Cancellations Central Heating; Shorter Notes.

INVESTMENT ... 469
Stock Market; Breweries; J. A. & P. Holland; Coats/Pasolds; British Oxygen; Initial Services; Wallpaper Manufacturers; Australian Stock Exchange; In Brief.

Annual Postal Subscription by ordinary mail UK £6; overseas £6 10s.; by air see page 445
VOLUME CCXIV · NUMBER 6336

After Churchill

HISTORY and recollection have been ransacked the world over to pay tribute to him, since he died last Sunday morning. His body has been lying in state this week in Westminster Hall, with his fellow people filing past in grateful numbers. On Saturday, the body will be taken to St Paul's, where the Queen and the world's personages will be, and then to Bladon by Blenheim to be buried quietly beside his family. These final acts have done Sir Winston's memory the honour that belongs to him. The tributes would have gladdened, much moved and often amused him. The pause for two weeks in the nation's public affairs, since he was stricken, would have raised his eyebrows. Certainly he would say now, bluntly, "On with the job."

Two images of him are really one: the leader whose example, precept and exertion exactly matched; and the Parliament man of whom the Prime Minister spoke so aptly well on Monday. In an age when dictators and presidents have shaken the faith of parliamentary democracies in their capacity to decide and do what has to be done, he was proof himself of his own faith that, among all men's imperfect political devices, the parliamentary way was the least imperfect. It has to be proved again by those who tread in his steps. Is parliamentary leadership possible only when a mortal war and a Churchill coincide?

In 1940 the task was not only survival. It was transformation of an economy and society to fight and win the war. Now the task is transformation again of a different sort, not into the blind alleys of siege economics but on to the road ahead of the skilled and competitive efficiency that alone can earn Britain its living and place in the world, and give its people the choices that free men should have. Churchill, faced with change in the war-caught nation, was the best not the worst sort of conservative. What needed to be done was done and put to the people; and if he was nettled when crossed in Parliament, this was not because he thought its backing ought to be a formal stamp but because it was all-important to him that it should be freely given. His wartime mobilisation of Britain went beyond what the Nazis could do by dictate, but he had always in mind the grafting of the new necessities on to the ancient ways and virtues. The spectacle now of so many of the same nation, people and politicians, indifferently digging in against the uncomfortable changes needed to let Britain be itself in a world transformed, denies his sort of democratic leadership. A Wilson cannot become a Churchill just by trying; but he can do big things by doing, and saying to Parliament and the people, what has to be done, with courage and clear sight.

Better at any rate to lose that positive way than pusillanimously. Labour's debacles at the Nuneaton and Leyton elections last week were overlaid by Sir Winston's stroke and death. Clearly the voters and abstainers upset the scales against the Government as much for fear of the hard new decisions it had not quite had the courage to take as for what it had done or not done. The pain of a new idea, in Bagehot's phrase, still hurts most. Britain ought to regard itself now as one of the "developing" countries, where the familiar tests of hope for future progress are the feasible rate of adjustment to innovation, the political and social acceptability of change, and its economic practicability. Change and growth, entirely possible here, will do hurt to entrenched axioms of British life and work. Churchill would have faced this, if it was for the country's sake. Mr Wilson, surely, can attempt no less. This is why, by a wafer, he was elected.

Can Radicalism Survive?

What happens to British politics now, after Labour's disaster at Leyton?

WHEN two hundred abstaining electors of Leyton dismissed Britain's Foreign Secretary last week, stock markets rose and sterling strengthened in macabre celebration. But people who believe that Britain needs a modernising government, of whatever party colour, must look on the prospect ahead with some consternation.

If the trend in last week's by-elections proves to be typical and continuing, there must now be an actuarial probability that Labour will be driven into a general election within, and perhaps well within, the next year and a half. The swings at both Leyton and Nuneaton last week would suffice to bring back the Conservatives with a majority larger than they enjoyed at any time in the 1950s. If the Conservatives do thus sweep back into office, not because they have turned over any new leaves (the chance of this is the next article's theme), but because the country has resignedly come to regard even the briefest interlude of Labour administration as an inefficient joke, this could prove a recipe for a long period of inertia in British government. The Conservatives have not yet had time in opposition to begin to rethink their policies for the modern world. They have still got—radicals should be brutally frank about this—the wrong man to lead them if they are to be regarded as an innovating party.

To say this is not to deny that the Conservatives might provide sounder and less panicky government than we have recently been experiencing from the present Labour mess. If the height of the British people's ambition is to return to the *status quo* before last October, the prospect of an early Roman holiday at the polls for the Conservatives may not be too alarming. But anybody who looks at the long-term decline of Britain's economic position in the world, which was already in progress before October and has been continuing since, must really regard a return to last year's *status quo* as a very low summit for ambition.

Is there any way of escaping from this gloomy prognostication? Presumably, there are three possible escape roads.

I—The Possibility of Labour Recovery

THE first escape road would be if Labour began to recover both in electoral popularity and, especially, in governmental performance. Note that both recoveries would be needed. Now, on the first point, Transport House may well be right in judging that last week's by-elections were too bad for Labour to be nationally representative—yet. A somewhat poujadist atmosphere clearly caught hold at Nuneaton and Leyton, which induced some irreverent ex-Labour electors to decline to support two ministerial candidates whom they regarded respectively as a bumbler and a wet. The outcome in Leyton at least would probably be very different in a general election. In the absence of this personal factor, last week's large swings will not necessarily be repeated in the three by-elections in Conservative-held seats next week. Yet, when all this has been said, the fact remains that the honeymoon period for Labour has ended vastly sooner than any outside commentators had expected. Mr Wilson now has to look ahead gloomily to next winter, with the knowledge that a government almost invariably does worse in by-elections during its second year than in its first. On most past experience, he cannot expect to have touched bottom yet.

Once the feeling has caught hold at Westminster that Labour would lose an early election, it is difficult to see how the government can operate effectively, except in alliance with the Liberals, with its present majority of three. The reason why things have so far gone smoothly for Labour at Westminster is not that the Liberals have always voted with them; on a strict mathematical count Mr Grimond's team has supported the opposition more often than the government. The reason why Labour has not lost any divisions so far is that the Conservatives have not been constantly eager to win any, because they suspected that Labour was likely to increase its majority if it was forced into an early general election. If, after next week's second round of by-elections, that feeling finally disappears, the old 1950-51 battle cry is likely to go out from the Conservative whips of "harry this government into its grave."

It may be said that Labour could still successfully resist such harrying—by all-night sittings, Stalinist discipline, keeping ministers penned at Westminster, disregarding "accidental votes," wheeling sick men into the lobbies, and undesirable things like that. But even if Labour's whips worked with ferocious efficiency in the House, there would still be the overlying calculation that the loss of only two more Labour seats at by-elections would overturn the government's majority. Almost one-third of all Labour seats would be lost even on the swing shown last week at Nuneaton, almost one half on the swing shown at Leyton; and more than two or three Labour MPs are likely to die within the next eighteen months.

At best, a decision by Labour to hang on and brave the elements in this desperate isolation would mean that the country was being ruled by a government that was fighting a constant and nerve-racking election campaign. Such a government seems unlikely to be very courageous.

II—The Possibility of Lib-Lab Alliance

THE second possible escape road would therefore be if Labour's majority in the Commons were made more secure by a formal alliance with the Liberals. There would be a good national case for this, if only the Liberals could grasp what is the right tune for them to try to call. Mr Grimond's team are presumably in politics because they want to influence the broad policy of the country in a liberal direction. They now have an almost unique opportunity to do this, but they are not taking it. The proper way for Liberals to exert influence is not by their present tactic of "judging every issue on its merits," voting with the Conservatives on clause one of the Machinery of Government Bill and with Labour on

clause two. The proper way, as *The Economist* suggested immediately after the general election, is by a much wider strategy of contingent alliance with Labour.

We repeat that the Liberals would be wise to enter into a formal (but of course revocable) agreement with Labour that all nine Liberal MPs will vote with Labour on all matters which they can in conscience support; and that they will merely abstain, thus leaving Labour with a normal majority of 12, in divisions on government business which Liberals cannot in conscience support. The factors which the Liberals should watch when deciding whether to keep in being such an agreement are two. First, that Labour should foster the closest possible relations with Europe; so far Mr Wilson's government is working reasonably assiduously here, though it could do with much Liberal nudging. Secondly, that Labour should maintain its internal economic policy on a generally progressive tack. Perhaps the one instance so far when the Liberals should have moved in with a warning that Labour needed to reverse its policies was when it became evident that Mr Wilson was going to drop Dr Beeching from the role of transport co-ordinator, because Mr Wilson was surrendering to sectional interests. If the cabinet had been served notice that this pusillanimous decision on what was to them a side issue would be counted as a serious blow against an agreement of great value to them, Mr Grimond might really have managed to influence policy on this matter; at present, so long as he follows a tactic of fair shares in skirmishes with both the other parties, it is difficult to see that he is managing to exert any influence on any matter at all.

Mr Grimond would do the cause of radicalism a good service if he were now to provide Labour with some sense of parliamentary security in fulfilling its programme—but were to make clear that the main domestic point he will be watching is that there should be no further Labour surrenders to vested protectionist interests in the aircraft industry, the trade unions, the national coal board and elsewhere. It may be said that this image of being a hard-hearted apostle of industrial efficiency would not make his party electorally popular; but it would be the right course for the country. Moreover, even electorally, an image of some definite sort is most important for the Liberals to capture now. Their long, slow, undeserved decline since 1916—into being a sort of wastepaper basket party for odd sorts of protest vote—must not be allowed to continue in this parliament. But it probably will continue if Liberals do not use this moment—when they have most opportunity for swaying the policy of the country—to get over to the general public some very clear idea of what they really care about.

III—The Possibility of Tory Reform

THE third possible escape route to radicalism will be if the Conservatives do come back to early power, but fortunately prove to have reformed themselves in opposition before they arrive. This is by no means impossible; it happened in 1945-51, under the imaginative drive of Mr Butler and his brains trusters, and the Conservative administration which ruled Britain for the next four years was by far the ablest government of any colour that we have had since the war. The way the Conservatives seem to be setting about their task of regeneration and reform in the present Parliament is discussed in the next article.

Despite Sir Alec?

The Tories may win the next general election, but not on visible merit

IT has all been too much for the Tories. Was it only yesterday that Mr Heath was flying desperately to Berwickshire to rough out a manifesto for that March election which every Conservative knew he would fight with his heart in his boots? Was it only yesterday that Mr Macleod was stumping the country making up policies for himself? Was it only yesterday that Mr Maudling was stoutly telling the disbelievers that there was no leadership crisis?

There is no leadership crisis now. There is only, under the mourning garb, euphoria. Now that Sir Alec has struck it lucky for the first time in 15 months he is above question, at least until after the Liberals have shown what they can do in the Tory-held seats of Altrincham and Sale, East Grinstead and Salisbury on February 4th. And if it turns out that under a Labour government of the present sort Liberal votes gravitate to the Tories anyway, then Sir Alec may be aggressively dreaming of returning to No 10 himself very soon. Which should give everyone pause.

Under Sir Alec's leadership in the past three months the Conservative party has looked slightly chastened and even a little despairing. It has not looked more intelligent, more aware of what it wants to do, more purposeful about how it means to bring change about.

What coherence do present Conservative mumblings have with the modernisation of Britain that Mr Macmillan (and countless Central Office advertisements) once committed the party to? On aviation the Tories have said nothing except that they stand flat-footedly by both Concord and TSR-2. Since they ordered both, this may be thought consistent. But if consistency against financial reality is the be-all why ever jettison Mr Julian Amery? On land prices the Tories have said nothing that does not reveal their divisions: into which Mr Macleod has jumped. On education it is still Mr Hogg with his foot on the brakes. On transport planning there is not even Mr Marples any more, there is Mr Enoch Powell. Even on the Atlantic alliance and the multilateral force Sir Alec still gives the impression of waiting for something to turn up to save him reaching a decision. The complaints that were validly laid at Sir Alec's door before the Gallup poll breathlessly caught up with the statistics of Leyton and Nuneaton are every whit as valid today.

All that has happened is that the more trusting Tories have got hold of the idea that they can win the next election anyway because Mr Wilson is falling flat on his face; that is, they can win with Sir Alec, or even despite Sir Alec. But whether that would make Sir Alec's Conservative government any more relevant to Britain's needs than Mr Wilson's conservative government is altogether another question. The Tory modernisers, who were ready to make their party the real party of change, have as much cause to regret Leyton as Mr Gordon Walker himself. Is the victor of Leyton a representative of the new Toryism? One could call him the Eric Lubbock

of the Conservative party were it not that Mr Lubbock has since brought himself to stand for something.

SIR ALEC is the last man who would wish to remain Conservative leader through sheer pride; his political integrity has always rested on an absence of vanity. The real failure of the Tory modernisers has been to let a situation develop in which they have no single candidate with which to replace him. If Sir Alec's idea of a leadership ballot includes the liberal subtlety of a single, transferable vote, then no doubt he can expect to win such a ballot himself whenever he chooses. To a majority of Conservative MPs he still looks the best compromise candidate. But one would expect Sir Alec, with his experience of the hereditary system, to be thinking much more purposefully about his political heir than Mr Macmillan ever chose to do until it was too late. And if Sir Alec is decided which of the Tory modernisers he will ultimately throw his weight behind there can be little doubt that the political news of the past week has quickened the pulse of Mr Edward Heath. It would not be true to say that in Mr Du Cann Mr Heath has his own man at Central Office, just as Sir Alec had Lord Blakenham. The faith of Lord Blakenham in Sir Alec was fervent and exclusive. But Sir Alec's appointment to replace his friend has overtones beyond Mr Du Cann's bright and smooth image. Even the Leyton result itself, by reinforcing Sir Alec's hold over the *housecarles* of the party, means that he could deliver a block vote to whichever young candidate he chose if the decision were to be reached in the next few months.

But there is now an even more immediate task for Sir Alec which can be done without thought of electoral strategy or leadership calculations. If there is a single new idea about Conservative policies that has got into the heads of the electorate in the past three months it is the belief, stretching far beyond Smethwick now, that the Conservatives are the party of colour prejudice. It was evident at Leyton, though not as important as some of Mr Gordon Walker's apologists have made out. It is even more evident in the quarrels that Mr Aubrey Jones (who is being despitefully treated by little local men) and Sir Edward Boyle are having with their constituency parties in Birmingham. When Mr Wilson tried to savage Mr Griffiths of Smethwick in the first debate of the new session, he seemed to have it in mind to stamp the Tories with the mark of Goldwater. That turned out to be an appalling tactical mistake in the country at large. It also gave some people the green light to spread more prejudice. Sir Alec did not take up the challenge to disown Mr Griffiths then. Now that he is no longer under pressure, he could and should stamp quickly on the petty racialists on the party's fringes. One would expect Mr Heath (or Mr Maudling or Mr Macleod or any younger leader) to do so.

Anyone for Peace?

To relaunch the United Nations will now require more than words. How many members are prepared to pay any real price? How many realise how costly the alternative may prove?

MOURNED and honoured this week at the United Nations as a founding father of the organisation, Sir Winston Churchill, even in death, bestowed upon it a last gift—a few more days of grace before its moment of painful truth. The dragged-out speechmaking of the nineteenth Assembly's ritual "general debate" at last ended on Tuesday; but the pronouncing of formal tributes to Sir Winston and the Assembly president's departure for London to attend the funeral put off until next week the long-awaited showdown over voting rights. Because of the procedural deadlock that has lasted since the session began on December 1st, the Assembly has not chosen any vice-presidents; thus, in Mr Quaison-Sackey's absence, it cannot even sit.

The president is not likely to find, when he goes back to New York next Monday, that he must at once take part in the United Nations' own last rites. The world organisation will not end with a bang. Whatever happens next week, the real danger is that it will fade away with a series of whimpers. One form this could take would be a further lengthy adjournment, in effect amounting to a tacit admission that the nineteenth Assembly can no longer hope to complete a normal session, and probably cannot even make a real start on one. A seeming bang would be heard if—as present indications suggest—the Assembly's first attempt to get down to business, by appointing officers and adopting an agenda, led America, Britain and others to insist that Russia, France and others be deprived of the right to vote. But even this challenge would probably set off a lengthy procedural haggle, during which further efforts would be made to avert the ultimate showdown. And the showdown itself, when in the end it did arrive, need not mean sudden death yet for the United Nations.

It might, however, be a fate not much worse than death. The Russians and their associates have served warning that, if the Assembly decides to suspend their voting rights, they will walk out and stay away. The French, whose less explicit intentions are discussed by our Paris correspondent on page 423, might do the same. If, on the other hand, the Assembly failed to enforce Article 19 of the Charter, which penalises with loss of voting rights any member falling two years in arrear with its dues as apportioned by the Assembly, then not only the United States but others too who have hitherto given the UN generous financial support, over and above their strict assessments, would react strongly. Mr Adlai Stevenson's speech on Tuesday was a sharp reminder that, in the Americans' view, a failure to uphold the Assembly's fiscal authority would critically set back the whole evolution of the United Nations as a peacekeeping instrument.

If Russian and French recalcitrance about peac costs were the only problem faced by an organisat developing vigorously in all other directions, the other members might be more willing to push on without chivvying the backsliders, in the hope that time would convert them. The money directly involved in the present controversy is, as Lord Caradon pointed out on January 19th, a trifling sum in the context of other international expenditures. The validity of Article 19 clearly had to be asserted this year, when first Russia and then France came within its scope, if the rule was ever to be upheld at all; but this dispute would be less important if all was going well otherwise with the United Nations.

Indonesia's withdrawal (which is supposed to be completed by March 1st) and Mr Chou En-lai's rather casual suggestion on January 24th about forming a rival organisation are not of great significance in themselves. President Sukarno's action has been accurately interpreted as a showy gesture meant to divert the eye from the failure of his designs on Malaysia. Those who have hitherto partnered him in Afro-Asian non-alignment have deplored his exit and shown no wish to follow him. As to the idea that Mr Chou threw out, in a speech in which he also demanded a reorientation of the United Nations itself, it ought to be clear to Indonesians, and to any others who might be tempted to join China in a rival body, that the Chinese would ditch them the instant a seat in the real UN was made available (as it should be) for the real China. The most striking effect of Mr Chou's words so far has been to provoke *L'Humanité* into a sturdy defence of the virtues of the United Nations even as the organisation stands today.

Much more ominous is the general mood of disenchantment with the UN that now affects so many Americans, Asians and Africans as well as the various European groups that have been sceptical about it for a long time. African distrust of it was made very plain indeed during the Security Council's December debate on the Congo. That debate also sharply reduced American enthusiasm for an organisation easily depicted as having become an American-subsidised platform for venomous anti-Americanism. Neither India nor Pakistan seems able to forgive the UN for its inability to satisfy their conflicting claims in Kashmir. Neither Turks nor Greeks are inclined to hail its halting of the reciprocal butchery in Cyprus. The Arabs cannot forget its part in the creation of Israel as easily as Dr Sukarno can forget its part in the creation of Indonesia. And so on, it seems, through most of the list of members.

BEHIND the lip-service that most governments still pay to the ideal of a world free from war, there is a swell of irritation with anybody who meddlesomely tries to keep the peace. Already historians addicted to cyclical theories may be working up papers that demonstrate the inevitability of the decay of the United Nations now that it has equalled the life-span of the League. Already there are murmurs—painfully evocative of the League's twilight stage and the last efforts of Joseph Avenol—about the value of maintaining the economic and social functions of the UN even if its political mechanisms lapse into innocuous desuetude. Nobody any longer seems to expect that the organisation can be used effectively to ward off worse trouble between Indonesia and Malaysia, or to curb the spread of the Congo conflict, or to continue much longer to keep the Cyprus conflict curbed. How soon will its force on the Egypt-Israel border have to withdraw?

Whether the United Nations is or is not to remain in the peacekeeping business is really the issue underlying the legalistic complexities of the clash over Article 19. And the clearly definable source of the present malaise is the disproportionate financial dependence on a few major powers of an organisation which, as Mr Hammarskjöld told a cheering Assembly in 1961, should serve above all as a protector of the weak against the strong. Half the United Nations' basic budget is contributed by America and Russia alone. America, and Britain, have paid much more than their due share of its peacekeeping costs and rescue funds; Russia has refused liability even for the modest observer missions on the Palestine frontiers. It is bad for the organisation when a great power refuses to pay its share; it is bad, too, when another great power pays a lion's share so often that it gets to be regarded as a permanent milch-cow. Those who pay get tired of paying; the others accuse them of calling the tune. No organisation so susceptible to increasing discontent of this kind can long endure, let alone develop and enlarge its scope.

THUS the real challenge now is to the hundred or so member states that are neither super-powers nor, as in the case of the Russian-led group, automatically identified with a super-power's policies. If this mass of smaller and not so small states really want the world to have a peacekeeping organisation (and most of them still protest loudly that they do), they cannot go on leaving it to the big fellows to pay (or refuse to pay) the larger part of the bill. The hundred-odd are not, after all, just a crowd of desperately poor countries. If, say, Australia, Sweden and Italy alone undertook to finance the whole basic UN budget plus the costs of three or four simultaneous peacekeeping operations on the Cyprus or Egypt scale, it would cost them only a fraction of one per cent of their national incomes—less than they already devote to foreign aid. Spread more widely, the load would be quite tolerable. Would the treasury departments in Washington and Moscow object to a revision of UN financing that sharply reduced their shares? Would not even the most pinchpenny government in the world's other capitals respond to the thought that a raising of dues might represent a real bargain, if it makes the difference between a moribund United Nations, and a relaunched organisation that could not be again paralysed by a duel of giants?

Peacekeeping has its price. Lip-service will not pay it, but a surprisingly modest sum will. How many of the UN's member states realise that the present crisis is, at bottom, not a test of will between Russia and America, but a test of the collective will of all the membership? If the hundred-odd want a peacekeeping organisation that no longer depends on the generosity of a few great patrons, it is in their power to shape one. Perhaps they think they can do without it. In that case, it could be an instructive experience to see the United Nations lapse, for a period of several months at least, into total incapacity—and see how hastily, at the next moment of general international alarm, the governments of the world scurried to get it going again.

The Management of Change

Top managers who were assembled by the Federation of British Industries at Eastbourne want to present an open-minded image

NOBODY would expect radicalism, or any marked appetite for it, from Britain's very top managers. But the 140-odd of them who conferred at Eastbourne last week were at any rate anxious to present an affirmative attitude to change; indeed, they surprised some of the planners present by their readiness to consider selective and detailed intervention to bring it about. With scepticism about whether some of the selective formulæ would work, yes: but no ideological horror. It would be unreal to pretend that the conjecture of the future of the Labour government that Friday's by-election headlines set off in this gathering was in any sense unhappy. But by comparison with the bloodymindedness about this government that one can encounter in the City, these industrialists struck the outsider with their sheer lack of open political rancour.

This was a hopelessly biased sample of the mood of British management today: too intelligent, too articulate, too meshed in already with the gears of industry-government relations. But powerful, directly as well as in influence. No government seeking to any degree the co-operation of British industry could get it without convincing most of these. Any government that could convince most of these of its own fair-minded empiricism could get away with a lot with British industry. So what they think may not be representative: but it matters.

Among their arguments, some distinct attitudes emerged, positive and negative:

Scepticism about what this government ("or the other lot either") could effectively achieve in re-shaping the economy: fear that some of what this one would try would turn out ineffective and rather nastily small-minded too; uneasiness that neither "lot" would ever escape from short-term pressures to take a long cold look at what Britain might need in the long.

A deep, though not uncritical, commitment to planning (which the last of these Federation of British Industries conferences, in 1955, felt it set off), that might well hearten the Department of Economic Affairs. But also an attachment to the present machinery—especially "a strong and independent Ned office"—that could embarrass DEA. Those industrialists were not favourably impressed with ministers' obscure and competitive fiddling about with the planning structure.

A strong majority feeling that exporting is less profitable than the home market; though also a feeling that it often pays "on marginal costing" (sometimes, perhaps, wishfully reckoned). Non-devaluationists, almost entirely: but looking for tax or other modifications, tolerable to Gatt, to even the balance a bit.

Opposed, avowedly, to corporation tax; partly over the uncertainty of the announcement; markedly because now that businessmen are just getting around to try to fathom the full net benefits of investment allowances, these will all be altered if not diminished; somewhat because of effects on overseas investment ("and the government had better find out whether it thinks this is a plus for the British economy or a minus"); also because the tax may rule out some kinds of useful "co-operation short of merger" between firms.

Committed, to a large extent, to a re-approach to Europe. Lord Plowden's "Soon we shall be the only great manufacturing country who will not have a home market of between 100 million and 200 million people" was preaching to the converted. A corollary: "British governments, and not only this one, had better decide too whether they want industrial units of sufficient scale to be efficient, or whether they want the results of anti-trust in an economy a quarter the size of the United States."

A wish to be seen to be co-operating in promoting change, not just accepting it. The accent is not so much on the affirmative as on the positive. Any government can have co-operation until it gets too ideological. But managers don't like being done to: they like to feel they are acting to rearrange the circumstances they encounter (which is their trade).

THEY also dislike, intensely, being presented, more often than not, as incompetent at that trade. Sensitiveness about their public image has been stirred into alarm, perhaps, by television; but it is a general problem not only for them but for the press as a whole. Coverage of industry—from sensational to serious—habitually focuses on what goes wrong, because what goes right is often boring and may sound as if it has been bought. (It can be: one may find in the same issue of a serious British newspaper a trenchant article on the main news page advocating, not without gusto, the virtual abolition of some British industry or other; and next to it an eight-page supplement lauding, shall we say, the achievements of Messrs. So and So of Such and Such, which over the last 50 years has made itself a household name in the manufacture of inspissated glue thinnings.) Straight industrial journalism in Britain (not excluding that in *The Economist*) still finds it more useful to write an exposure than a puff. American journalism pursues a middle course (more competently, less critically); European journalism hardly tries; the industrial columns of both are never slow to reprint the British mass media's castigation of British industry.

Admitting this is easier than curing it: finding industrial changes to write positive but not lickspittle pieces about will need hard thinking from both sides. But industry is not unreasonable in asking that while it tries to improve its own image, the mirror should reflect more than one, obtuse, angle.

The point affects industry's relations with government too. If you want to get industrial management's co-operation for change, it is not necessarily ideal to begin by proclaiming that the other fellow is so lazy and inefficient that of course you have to reorganise him. Particularly if you want him to go on increasing his exports in the meantime. This is far from saying that even the very top of management would welcome all the changes it is going to need: none of us does. But that could come out in the wash.

COMMENTARY

THE GOVERNMENT CHANGES

Virgin Foreign Secretary

It is not being rude to say that a *tabula rasa* has been appointed to run Britain's foreign policy. Mr Michael Stewart doubtless has his own ideas about the world ; the point is that, except for a gleam here and there, nobody knows what these ideas are, and Mr Stewart is taking care not to unveil them until he has read enough Foreign Office papers to know what he is talking about. This is an odd situation, but not unprecedented ; few people realised that Ernest Bevin had what it takes to be a good Foreign Secretary until he turned out to be an excellent one. The danger is not that Mr Stewart, who is just about the only cabinet minister to emerge from Labour's first hundred days with more credit than he went in with, will not do the job competently once he has switched himself over from home affairs to foreign ones. It is that people abroad especially those who liked and trusted Mr Gordon Walker most, will gloomily jump to the conclusion that Mr Stewart is going to be a change for the worse before he has had a chance to prove that he is not.

This applies particularly to some people in Germany, as the report from our Bonn correspondent on page 420 shows. The outcome of the present crisis in the western alliance depends more than anything else on whether or not Germany and Britain can achieve some real confidence in each other between now and the end of the year. There are certainly too many people in Britain whose ideas on Germany date from about 1943. But there are also people in Germany who are not even trying to grasp the point of present British—and American—foreign policy.

The past month has seen attacks by several German politicians, the latest by Dr Richard Jaeger on January 22nd, on the ideas about an Atlantic nuclear force that Mr Denis Healey expressed on December 20th ; the complaint is that Mr Healey paid too much attention to Russia's interests in the matter. But the problem of Nato nuclear reform will never be solved if people in Britain go on thinking that the aim of the exercise is simply to keep Germany in a half-nelson, and people in Germany keep on thinking it is simply to intimidate the Russians. The real objective is a double one: to give the Germans the feeling that they are being treated as equals in the alliance, while creating a system of nuclear control in the West that can be the basis of future arrangements with the Soviet Union. The whole project is in danger of falling to pieces if Britons and Germans revert to uncomprehending suspicion of each other. So are Mr Stewart's chances of doing, as he may do, a decently constructive job as Foreign Secretary.

The Domestic Reshuffle

Mr Roy Jenkins apparently refused Mr Wilson's offer of promotion to cabinet rank, in Mr Stewart's old post at the Department of Education, because he deemed it his duty to stay on in his hornets' nest at Aviation. Even granting the importance of re-organising the aviation industry, which is mainly a management efficiency job, one wonders if he was right. A rising star of Mr Jenkins's calibre—with top leadership potential in either economic or foreign affairs, especially if any other really senior minister falls by the wayside—is urgently needed in the upper middle ranks of this cabinet now. Education has gone instead to Mr Tony Crosland, the Oxford economics don who mirrors Mr Jenkins's progressive views and image in almost every respect, and who has moved over from his former job as number two to Mr Brown at the Department of Economic Affairs. Unfortunately, Mr Crosland's departure from his old job may prove ill-timed.

The new civil service at Economic Affairs has been built up with able outsiders of strong and individualist ideas. Like all men with strong and individualist ideas, their minds do not run in precise tandem with each other. The department has needed a junior minister with Mr Crosland's economic expertise, who could translate these conflicting ideas (and the still more conflicting ideas of the Treasury) into clear-headed economic terms, ready for Mr Brown's decision. Now Mr Brown will have to make the choice between policy ideas himself, and he is frighteningly liable to make it on impulse ; the whole tone of approach to Mr Brown with policy memoranda within his department might be subtly altered, now that the various protagonists know that Mr Crosland's economically literate comments will no longer be put there in the margin. In Mr Crosland's place, Mr Brown has been given Mr Albu, a management efficiency expert who may be of forceful value in what might be called the " little Neddy " side of the department's operations, but of less value on matters of general economic policy ; moreover Mr Albu, unlike Mr Crosland, will cut no ice with the Treasury.

The promotions that Mr Wilson has made and attempted show that he is now intent on bringing forward his best and most liberal men. Clearly and fortunately, the balancing act between different sections of the party, which marred his original process of cabinet-making, is no longer his main concern. But somehow—even though Mr Crosland's own rule at Education may well be distinguished—one has a lurking apprehension that the prime minister may have reshuffled the right men into the wrong places.

RUSSIA AND CHINA

Warning Shots

In Peking they have begun to drop heavy hints about fresh trouble on the Sino-Soviet front. The hints take the customary form of reprinting other people's articles that are critical of the Russians. Most notable of these was an Albanian article published in Peking on January 21st, which without naming any names was in fact a remarkably strong attack on the present Russian leaders. It declared that " Khrushchevian revisionism " was an ulcer on the healthy body of the communist movement which would have to be removed " with a courageous operation by revolutionary communists."

Presumably the Chinese want to put the Russians as much as possible on the defensive (and in the wrong) before the meeting of the preparatory commission for a world communist conference that has been called in Moscow for March 1st. The Russians, for their part, doubtless with the same date very much in mind, have been trying hard to play it cool. They even published in *Pravda* on January 12th a 2,500-word summary of Mr Chou En-lai's recent report to the Chinese People's Congress. Most of the issues on which Russia and China disagree—like the aggressiveness or otherwise of the Americans—were carefully omitted; it has therefore been interpreted as an attempt to show that, whatever their disagreements, there are many issues on which the two countries are united.

It is, indeed, their devotion to the unity of the communist movement that Russia's new leaders must be most anxious to emphasise. This, after all, is what many otherwise pro-Russian communists accused Mr Khrushchev of endangering by his insistence on summoning a meeting of the whole communist movement. At their talks in Poland on January 19th to 21st with other east European leaders, Mr Brezhnev and Mr Kosygin presumably tried to sug-

gest that in their hands such a meeting would have a unifying, not a divisive, effect. It cannot have been an easy assignment.

NEW CARDINALS

Hats to the East

TWENTY-SEVEN new cardinals were appointed by Pope Paul on Monday, thus swelling the membership of the college of cardinals to the record number of 103. This is a devastating riposte by the Pope to those who have been hinting that he has put off appointing cardinals because he has been unable to make up his mind. Only six Italians are included in the list, which means that the share of Italians in the college (now 32) has fallen to an all-time low of less than a third of the whole. The likelihood of Pope Paul's successor being a non-Italian has thus been substantially increased.

A striking feature of the list is its inclusion of three prelates from communist countries. The most interesting appointment is that of Archbishop Beran of Prague, whom the Czech government obliges to live in virtual retirement: he was not allowed to attend the Vatican Council. The pessimistic view that his elevation is a challenge to the Czech government (under somewhat similar circumstances Bishop John Fisher of Rochester at the time of Henry VIII received the hat but lost his head) can be ruled out. Archbishop Beran's appointment to the college of cardinals could well open the way to his dignified withdrawal from Czechoslovakia to Rome and thus ease the return to a normal relationship between the Vatican and the Czech government.

A cardinal's red hat has also gone to Archibishop Seper, the successor to Archbishop Stepinac at Zagreb, who has taken the lead in trying to work out a solution of church-state conflicts in Jugoslavia. The Jugoslavs have welcomed the honour, and with negotiations already in train to find a modus vivendi there is now a distinct chance that official diplomatic relations can be opened up between Belgrade and the Vatican. Archbishop Slipyi of the Ukraine, whose release from a Russian prison was obtained by Pope John, also joins the college. This appointment had probably been decided on, in secret, by Pope John, and Pope Paul may therefore merely be discharging his predecessor's obligation. But even this, coupled with the other two appointments, shows that the movement towards a new relationship between the Catholic and communist worlds goes on.

INCOMES POLICY

The Tribunal's Task

ON February 11th Mr George Brown hopes to set up his prices and incomes tribunal, created on judicial lines and backed by royal warrant. The tribunal will have a prices division, which can set up separate panels to investigate individual rises in prices; and an incomes division, which can set up panels to look at individual wage settlements and even (one hopes) individual impending wage claims. Even if the tribunal declares any particular rises in prices or wages to be against the national interest, it will not apparently have legal power to veto them. This power could presumably be added later to stop price rises, but not so easily to veto wage rises; also, although price rises can conceivably be rolled back, nobody supposes that wage increases, once they have been made, can easily be taken away. It follows that if the wages side of the tribunal is to rely on public opinion, one quality will be vital.

That quality is speed of deliberation and of announcement. Any announcement that "a rise for railwaymen of over 4 per cent would be against the national interest" must come out at the time when debate on such a claim is in the centre of public attention. There was little virtue in the method of the old National Incomes Commission, which used to inquire into wage rises already granted, take several months over the inquiry, and then report sadly that it was a great pity that the first jet of what was by then a great torrent of water was ever allowed over the dam.

The experience of Nic therefore suggests, first, that most inquiries by the wages tribunal should be into wage claims, not wage settlements. It suggests, secondly, that these inquiries should be mainly economic, not mainly judicial. The candid truth is that any reputable economist—provided he is told what is the official policy on the national guiding light, and given access to the statistics—should generally be able to set down a reasonable judgment, on whether any particular level of wage rise is or is not economically justifiable from the nation's viewpoint, in very quick time indeed.

The rest of the time spent by courts of inquiry on the compilation of lengthy reports of reasons and evidence is mainly flim and flannel. It remains to be seen whether Mr Brown has dared to grasp these points; it will also be interesting to see whether the Trades Union Congress, which has agreed manfully to co-operate with Mr Brown's machinery so far, shudders somewhat when the government's economic advisers have reported what this year's "norms" should be. They will certainly have to be less than half of last year's rises, which put up the average male factory worker's earnings by just over 8 per cent in the Tories' last year of power.

GOVERNMENT SPENDING

Watch That Axe

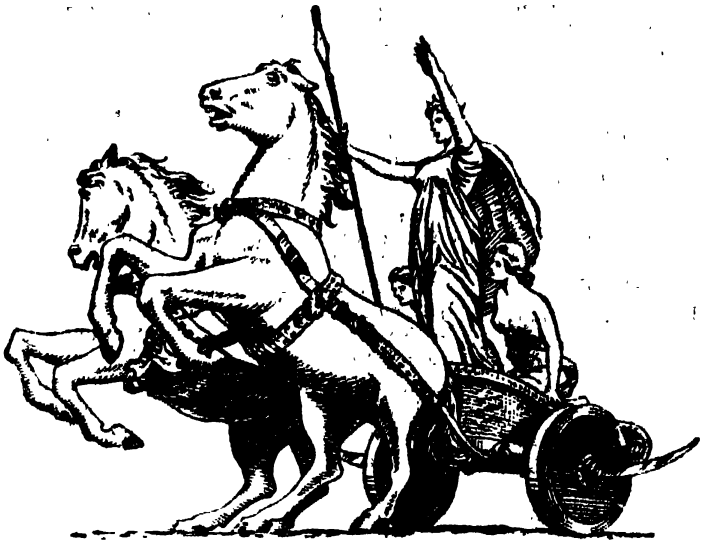
IN an interview to *The Times* at the end of his hundred days this week, the Prime Minister intimated that the wicked Tories had left his government in a hole with their lavish commitments to public expenditure.

The Economist

JANUARY 28, 1865

THE NEW ZEALAND KNOT

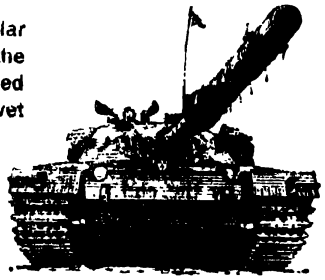
¶ The consequences of our mistaken policy in New Zealand have this month become so apparent that Parliament will next session be compelled to devote much more attention than it will like to New Zealand affairs. The Colonial Office appears to be fast driving the mother country and the colony into a position in which no relations at all are possible, and out of which a declaration of independence is the only escape. A strong party has arisen recently in New Zealand, which declares that the difficulty before their population must be faced whatever the result, and holds that it cannot be faced without concessions which amount in the aggregate to a surrender of all prerogatives whatsoever. It is quite clear, for instance, that whatever the ultimate terms of our connection with the colonies, the mother country, if it is to defend them, must retain certain powers, the right of making peace and war, the control of intercolonial disputes, the administration of military affairs, and that general right of voice and veto on subjects of imperial magnitude, which is involved in the appointment of Governor. Yet the colonists of New Zealand have now been driven to ask that every one of these prerogatives shall in this particular case be suspended, and their asking is not unfair. The Assembly is about, it is said, to require that the Ministry should direct the garrison, and we cannot blame them, for English direction has led to nothing but disaster. They are forced to request, almost to order, that Sir George Grey should be recalled, and there is no ground for refusal, for he is admitted in this country to be a vacillating, injudicious, and unsuccessful Governor, and to have displayed those incapacities on a question of life and death on which toleration is not possible. Finally, they have suggested that if England does not approve their views, the united islands must either be separated into two, which is an Imperial matter, yet obviously reasonable, the island without war now paying for the one with war, or she must withdraw her troops, and leave them to wage war at their own discretion, as if they were not subjects of a Sovereign at all. What are we to reply when we have incessantly threatened, if they went their own way, to withdraw those very troops? The colonial demands amount in the aggregate to a declaration that Great Britain can have no authority except the burden of protecting them; but we have driven them into those demands, and made them so just that the Imperial Government is deprived of the means of making any unanswerable reply.



Man's ingenuity in devising engines of destruction has led from the scythe-equipped war chariot to the armoured car and the tank. But this process of evolution would have been impossible if technical progress had not made available new methods of production which are in general use to-day.

Progress in the field of riveting practice has led to the introduction of important new techniques and to-day, when faced with any riveting problem, it pays to turn to The Bifurcated & Tubular Rivet Co. Ltd. for sound, money-saving advice. The earlier the approach at the component designing stage, the greater the saving will be.

"Aylesbury Brand" Bifurcated, Tubular and Semi-Tubular Rivets can solve the most intractable problems when used with "Aylesbury" Automatic Rivet Setting Machines.



CO·LTD

—"Let us know your production problems"—

THE BIFURCATED AND TUBULAR RIVET CO. LTD.

AYLESBURY · BUCKINGHAMSHIRE · TEL: AYLESBURY 3411

wh7834

HOW TO REACH

40 MILLION

POTENTIAL CUSTOMERS

There could be 40 million customers for your products in the thriving markets of East, Central and South Africa. We have all the information you need. Why not get in touch with us?

THE STANDARD BANK

LIMITED

Head Office: 10 Clements Lane, EC4 *Other London Offices:* 63 London Wall, EC2, 9 Northumberland Avenue, WC2 and 117 Park Lane W1

OVER 950 OFFICES IN EAST, CENTRAL & SOUTH AFRICA

"Estimates based purely on their projections and commitments for the coming financial year," said Mr Wilson, "meant an increase of 8 per cent, going far beyond the increase in national production over the previous year." Labour is therefore virtuously entering into an urgent scrutiny to "keep public spending within bounds," particularly spending on "defence procurement."

It is worth looking at this damoclean axe in some detail. Presumably the figures to which Mr Wilson was referring, as "meaning an increase of 8 per cent," are those for the excess of the original supply estimates for 1965-66 over the original estimates for 1964-65; indeed, he cannot easily yet have any other figures available. In column (1) of the table below, it will be seen that an excess of 8 per cent in this figure would be by no means unusual. It would also not necessarily be exorbitant. The proper percentage figure to compare with any target rate of growth in total national production, whether 4 per cent or whatever, is not this figure from the original supply estimates. The figure that is relevant in national income accounting is that for "real current expenditure by the public authorities," after making allowance for price changes, transfer payments, money voted but not spent, etc. Column (2) of our table shows the out-turn of this in each of the last four financial years for which figures are available. It will be seen that in no financial year did this real growth in government expenditure go as high as the Ned target figure of 4 per cent, not even when the growth in the original supply estimates was over 9 per cent.

	Col. 1 % Increase in Supply Estimates over Previous Year	Col. 2 % Increase in Real Current Expenditure of Public Authorities
1960-61	+9·2	+2·8
1961-62	+5·7	+3·8
1962-63	+8·2	+2·0
1963-64	+9·4	+2·4
1964-65	+6·7	N.a.
1965-66	+8·0	N.a.

Heaven knows, Mr Wilson should certainly be encouraged to cut the purely prestigious and wasteful parts of defence procurement. He should also keep a close watch on waste in all its forms. But it will be a most un-Labour-like delusion if the cabinet has somehow allowed itself to be convinced that the supposed warning signal of an 8 per cent rise in the estimates automatically means that an axe must immediately be laid to most forms of desirable government spending, especially if any recession in private spending also lies ahead. Heresy thought it will be to say this in the City, there does seem to be some danger that this unexpectedly right wing Labour government may be about to enter into yet another uncharacteristic manifestation of stop-go: namely, a general economy campaign in the public sector, based on statistical hokum.

EIU Quarterly Economic Review

EAST AFRICA

KENYA TANZANIA
UGANDA ETHIOPIA
AND SOMALIA

This review contrasts East Africa's dependence on aid with the recent political fireworks. It estimates how far the progress of 1964 will be continued this year, and describes the changing Ethiopian economic scene.

Further details from:

THE ECONOMIST INTELLIGENCE UNIT

Spencer House 27 St. James's Place London SW1
Telephone HYDe Park 8711 ext 27

60 East 42nd Street New York 17 NY
Telephone Murray Hill 7-6860

Mrs. J. Knowles P O Box 14210 Nairobi, Kenya

V-BOMBERS

Valiant No More

THE Royal Air Force has always been sensitive to criticism about its V-bombers, and a good deal less than frank about their actual capabilities. Age has now caught up with the first of them, the Valiants, in a way the RAF can no longer attempt to conceal. They started coming into service ten years ago, and by the end of 1957 there were around 100. Last summer they showed signs of metal fatigue in the wings, which has now spread to the whole fleet. The Valiants, it was announced on Tuesday, will not fly again. They had done, individually, less flying in their ten years than a civil jet expects to do in twelve months.

The Ministry of Defence is at pains to point out that its remaining force of longer-range Vulcans and Victors is not affected. But for how long? The mere fact that they are being used for low-level operations suggests that, for all the ministry's denials, their days are numbered. Low-level flying beats the daylights out of normal, high-flying aircraft, and structural fatigue sets in rapidly. It is therefore only done to aircraft at the end of their days; the Canberra bombers when they were downgraded to low-level attack had, effectively, only a few hours of flying left. There is no point in trying to extend the V-bombers' life, now that aircraft are regularly being shot down that fly higher and faster than these dowagers of the air designed circa 1946.

But if V-bombers are not much cop now *qua* bombers, the Valiants were important as flying tankers. The RAF is left with a serious gap in its supplies network and is apparently trying to speed up the conversion of Victor bombers to do the mid-air refuelling job in their place. Since the defence programme is under such thorough review, might not this be the time to point out that the Americans do their refuelling mainly with civilian-type aircraft—to be specific, the progenitors of the Boeing 707. If the RAF offered to convert some of the British Overseas Airways Corporation's unwanted VC-10 jets into tankers it would get aircraft that (a) carried a great deal more fuel and (b) were not likely to break up as the Valiants have done and (c) make BOAC very happy.

ALGERIA

Road to Algiers

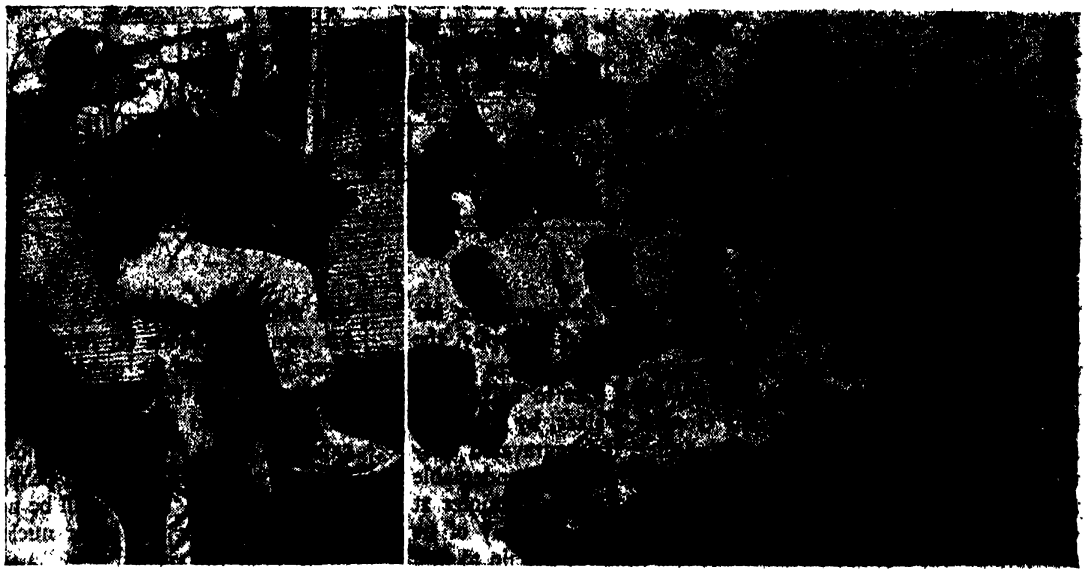
LOST sheep are returning to President Benbella's fold in response to his promise of "security" to any of his opponents who may have "temporarily gone astray." A top sinner who has repented and caused appropriate joy is Mr Moussa Hassani, a former cabinet minister who went into opposition last summer and organised a maquis movement in the Aurès mountains. It was announced on January 19th that he had given himself up to the Algerian authorities with some of his companions in arms. His conversion follows closely on that of Mr Rabah Bitat, one of the "historic chiefs" of the Algerian revolution who, when threatened with arrest last year, escaped to Paris. He returned to Algiers five weeks ago, having also been wooed back by kind words.

Inside Algeria there remains only one hard core of armed resistance—the men in Kabylia who followed Mr Ait Ahmed until his capture last October and subsequently accepted Colonel Si Sadok as their leader. (The colonel was wartime commander of central Algeria.) Outside Algeria the bigwigs in opposition, Mr Boudiaf in France and Mr Khider in Spain (where he went after being turned away from Switzerland, France and Britain), have been silent as the grave for weeks. Some Algerian officials are saying that the counter-revolution has at last received its death blow. The views of President Benbella may be more cautious. They can probably best be gauged by whether he soon feels able to release a token number of his political prisoners and to bring Mr Ait Ahmed to his awaited trial.

Appointments, Business and Personal notices and other Classified Advertisements pages 475 and 489 to 491

THE WORLD INTERNATIONAL REPORT

Vietnam near Cracking Point



Saigon, January 25th: a frightened child; war orphans offered cake by General Khanh

FROM OUR CORRESPONDENT
LATELY IN SAIGON

THE Americans have taken another beating in Saigon, this time from a combination of the Buddhist extremist minority and the generals. Up to Wednesday the honest Confucian prime minister, Mr Tran Van Huong, had successfully resisted "popular" pressure against his government, and, with American support, could have continued to do so had the army's leaders closed ranks behind him. Instead, on Wednesday, the generals let the Buddhists force him out and then installed General Khanh, whose retreat from power last autumn was always more apparent than real, in the driving seat again.

The question now is how the Buddhist-army alliance will work, or fail to work. The Buddhists have called off their agitation, but are keeping cautious watch on the new regime. General Khanh, whom they have pushed from office before, can certainly not afford to ignore them.

Probably the five Buddhists who have been making a hunger-strike protest in a barricaded pagoda in Saigon were not collaborating consciously with the growing communist fifth column inside the beleaguered capital. But their action was all the more effective for that reason. They had been delightedly posing for press photographers, with a groan now and then, on their foam-rubber mattresses while " monks " in limousines, unfamiliar with Buddhist prayers, encouraged violent anti-American demonstrations in their name. Their irresponsible behaviour had tragic consequences, among their own supporters as well as for their opponents. But until now they have not represented the majority of Buddhists.

These extremists have now won a great victory and may regain influence over orthodox Buddhists who had swung against them when the courageous Mr Huong stood firm against earlier demonstrations. American prestige and influence continue to slump. The betting odds among foreign correspondents now favour the emergence within six months of a government that will present an ultimatum-invitation to the United States to get out of South Vietnam.

The customarily artificial atmosphere of Saigon is grotesquely hectic and unreal. While it would be untrue to say that thoughtful Saigonese are mourning " the good times when they were so unhappy," there is no doubt that a nostalgia for the late President Diem colours all discussions with anxious local people and harassed American " advisers " who remember the old regime. This sentiment arises naturally enough from memories of Diem's stern control of both the army and the Buddhists. His apologists now rationalise their second thoughts by intensifying their denunciation of the excesses of his brother and sister-in-law. But blind dependence on his family's advice was, of course, the fatal defect in Diem's doomed administration: his other brother, the ambitious archbishop, it is instructive to recall, originally released the anti-Diem forces by his anti-Buddhist arrogance in Hué, where the Buddhist extremists this week engineered Mr Huong's downfall.

One consequence of the overthrow of President Diem has undoubtedly helped to cripple every successive post-Diem government, resolute or shaky, civilian or military. That was the wholesale purge of public servants and other Diem appointees, whatever their personal record and reputation. No one can pretend that every specialist Diem chose over nine years was corrupt or unpatriotic. Yet most of them went with the wild wind. Today specialists in government affairs and internal security are either suspect and idle or in prison. Certainly some deserved their fate, but by no means the majority.

Before this week's new coup the American authorities agreed that the worsening situation in Saigon, where communist agents have been gratefully exploiting the Buddhists' delirium, was largely attributable to this wanton destruction of the old efficient Diem security apparatus. And just as rival military leaders sniff the wind for trends and keep an eye roving for bandwagons, so do senior civil servants and others, timid and inexperienced, fumble and temporise and privately accuse the Americans of interference and contradictory orders. A bitter intellectual put it this way:

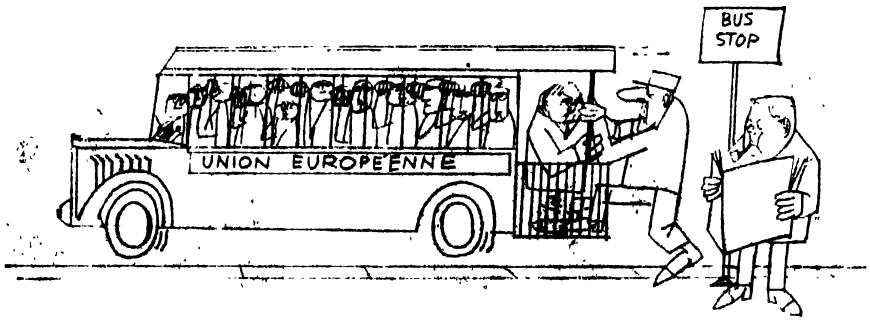
> Our leading agricultural authority is going to the Congo, one of our few able economists has accepted a post with the International Monetary Fund in America—presumably as a South Vietnam " adviser " to the Americans. There are many like myself who are qualified as teachers, which South Vietnam desper-

ately needs, but who are still excluded from specialised work because we once worked as patriotic anti-communists for President Diem. We wait here, idle and useless.

This problem may seem to be of secondary importance as the Vietcong systematically extend and tighten their grip on the countryside, as South Vietnam's army officers waver and plot, and as the Buddhist dissidence spreads. But if it is not courageously resolved, there cannot be even a faint hope of the emergence of a popular, effective and stable government in the tortured country —and therefore no justification for a continuing American presence.

GERMANY AND EUROPE

The Bus Moves On



FROM OUR BONN CORRESPONDENT

MR WILSON is right to want to fix a new date soon for his postponed visit to Herr Erhard in Bonn. Unhappily, the auguries for it are no more propitious now than they were before Sir Winston's dying caused the January 22nd date to be put off. The Leyton voters' rejection of Mr Gordon Walker, by removing a known good man from the Foreign Office, has aggravated German doubts of British faith in Europe's fumbling but undeniable progress towards unity. And the Erhard-de Gaulle encounter at Rambouillet on January 19th and 20th, obscure as many of its implications still are, has certainly left less time for Britain to find a way of influencing these moves towards unity. The process of cohesion quietly continues on the continent, threatening to isolate Britain still further from the stimulus and rewards of participation. Neither the British prime minister nor his new foreign secretary is expected in west Germany to show signs of minding very much for the time being German Social Democrats who have met Mr Michael Stewart claim he is a Germanophobe, and it is remembered that he was among those who opposed Mr Macmillan's attempt to shepherd Britain into Europe.

Admittedly, President de Gaulle and Herr Erhard added no very spectacular touches at Rambouillet to the canvas of Franco-German collaboration. Yet they improved its chances of being completed and even, some Germans can be heard praying, the prospects of a much broader panorama, reaching eventually if not quite to the Urals at least a long way east and south of the Elbe, allowing all Germans to associate freely together in due course. Brave dreams are in the air. Herr Willy Brandt of west Berlin published this week the text of a memorandum he sent to Washington last August sketching the advantages of extending to eastern Europe the common market's arrangements for co-ordinating power and transport policies. Professor Hallstein, the president of the European Commission, reminded the foreign press association in Bonn on Monday that the programme for abolishing import duties among the Six was running mostly 2½ years ahead of schedule. At a meeting of the German chambers of commerce and industry next day he urged Europe to get on as soon as possible with the business of establishing a common currency.

The joint Franco-German statement issued to the press after the Rambouillet talks made it clear (by omission) that the present German government recognises there are limits to such common European enterprises. Herr Erhard, it implied, had withheld German support for President de Gaulle's plans for creating an exclusively French nuclear *force de frappe* that could be used (in return for financial help) to defend Europe independently of the United States or of any international force subject to an American last word. Within 48 hours of his return to Bonn the chancellor confirmed this interpretation in private talks with the American and British ambassadors. When Mr Wilson comes to Bonn he will thus be able to go on trying to win German sympathy for his own suggestions on Atlantic nuclear collaboration. Not that Herr Erhard can be quickly moved to any decision. However much a British Labour government would like to see the more Atlantic-minded Social Democrats in power in Bonn, London is expected to be understanding of Herr Erhard's problems in an election year. The German people as a whole are not itching for nuclear prestige. There will be no German commitment to MLF, ANF, F de F, or any other nuclear F until after the September elections at the earliest.

Presumably it was partly in hope of boosting Herr Erhard for the ordeal of the hustings that President de Gaulle let it be known he had agreed, first, to the holding of a series of conferences of the Six to discuss the next moves towards regular political collaboration and, second, to a joint affirmation of the Germans' right to self-determination. But after a week's reflection back on the Rhine, Herr Erhard and his party advisers are beginning to wonder whether after all they have received substantial ammunition for the polls. The issues of European integration and German reunification have become so confused with technical complexities, interminable discussion and sickening delay that the electorate is largely listless about them.

The tentative programme for advancing European political collaboration envisages a conference in March of senior experts of the six common market countries, of foreign ministers in April or May, of President de Gaulle and Herr Erhard in July, and of the heads of all six governments some time later in the year. The initial business will be discussion of the Belgian and Italian proposals for a "procedural framework" to guide and contain the negotiators. The Germans wish to introduce a supranational element into the procedure from the start, and it seems that this and every subsequent step is to be preceded by profound controversy. President de Gaulle has intimated that he wants the whole philosophy of European foreign policy and defence to be exhaustively discussed before any commitments are made. All in all, it is most unlikely that Herr Erhard will have an impressive bunch of fresh European flowers to flourish before polling day in September.

President de Gaulle had much to say to the chancellor about the part France might play in bridging the present gulf between western and eastern Europe. It is an ambitiously conceived role. And the president made it clear he thought of German reunification as a reunification of the Germans, rather than of Germany, in some kind of grand European order in which Poland and Czechoslovakia would be somehow included. Such vague long-term thinking is becoming increasingly the mode among German political pundits. But long-term thinking is of cold comfort to Herr Erhard's election campaigners.

Canada is a £2,186 million export market

YOU CAN ENTER IT IN SEVEN HOURS BY AIR CANADA

IN spite of temporary restrictions, Canadian imports from January 1963 to December 1963 totalled more than two thousand million pounds. British exporters took an 8.03% slice of this immense market. Did you share in it?

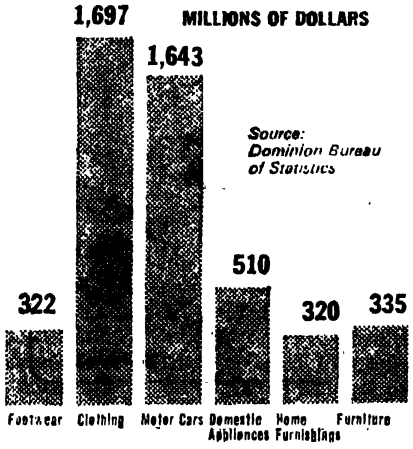
In common with other countries, Canada actively seeks to expand trade, and opportunities for U.K. exporters are particularly favourable. Goodwill for Britain is real. But it must be *used.*

WHATEVER YOU MAKE—CANADIANS USE SOME EQUIVALENT PRODUCT. Why shouldn't they buy yours?

Of course U.K. exporters do well when they send Scotch, woollens and other traditional British luxury goods into Canada. But that is only a small part of an enormous potential. An investigation of the Canadian market—what Canadians want, what they buy, how products can be adapted to meet their needs—could pay a handsome dividend in big export orders.

FACE TO FACE IN SEVEN HOURS

You can be in Montreal in seven hours by Air Canada, to see for yourself where your products will fit in the market. You can check whether they need adjustments to make them sell. Talk with potential customers. Watch competitors at work. This kind of contact accomplishes more than countless letters or proxies.



There are nineteen million Canadians, here's how they spent some of their money in 1963. Do you know the Canadian market, actual and potential, for your product? If not, Air Canada can tell you. Just contact us—move three inches to the right for our addresses and telephone numbers.

HOW AIR CANADA CAN HELP YOU

AIR CANADA, with BOAC, operates jet services from more places in Britain to more places in Canada than any other airline. And in Canada, Air Canada operates a network of services between 35 major Canadian cities. Once you have contacts it's easy to keep in touch.

1 Initial contact. One key man and an air ticket can be the beginning of success in Canada. By Air Canada you will be on Canadian ground *the moment you step into the aircraft.* You will be travelling with Canadians and can use your seven hours' flying time to begin understanding them.

2 Sales. Later, you can fly out a team of executives or a commando of salesmen, cheaply and comfortably by Air Canada. Economy Class service is available on all routes—and Air Canada Economy service is far from austere. Fares? London-Montreal Thrift Season Economy return is £131.14.0, and operates all year round except during the Summer Season. If you choose the time carefully, and stay from 14 to 21 days, you can save £32 with Air Canada's £98.19.0 21-day Economy Excursion return. Consult your Travel Agent for all effective dates and details.

3 Delivery. Once your orders are in the book, Air Canada Air freight will deliver the goods. AIR CANADA, with BOAC, offers you and your forwarding agents the capacity you want on the day you want it. And Air Canada has over 20 years' experience of shipping goods across the Atlantic and within Canada.

ASK FOR ANY INFORMATION YOU WANT

An enquiry to Air Canada's Trade Development Service will bring you all the facts you need about getting your goods into Canadian markets:

Population breakdown by area and socio/economic groups; expenditure *per capita* on products in your field; numbers owning various types of consumer durables; Canadian production in various product groups; figures of existing imports; trends in markets; firms equipped to act as agents or distributors.

INCLUDE CANADIAN MARKETS IN U.S.A. TRIPS

Air Canada serves 7 major centres: New York, Chicago, Cleveland, Boston, Windsor/Detroit, Seattle, Tampa/Florida. New York-Montreal takes only 80 minutes by Air Canada. And it costs no more to fly home direct from Canada. There's an AIR CANADA or BOAC flight daily.

LONDON—Mayfair 8292. 39 Dover Street, W.1.

GLASGOW—Douglas 1511/6. St. Andrew House, 50 Sauchiehall Street, Glasgow C.2.

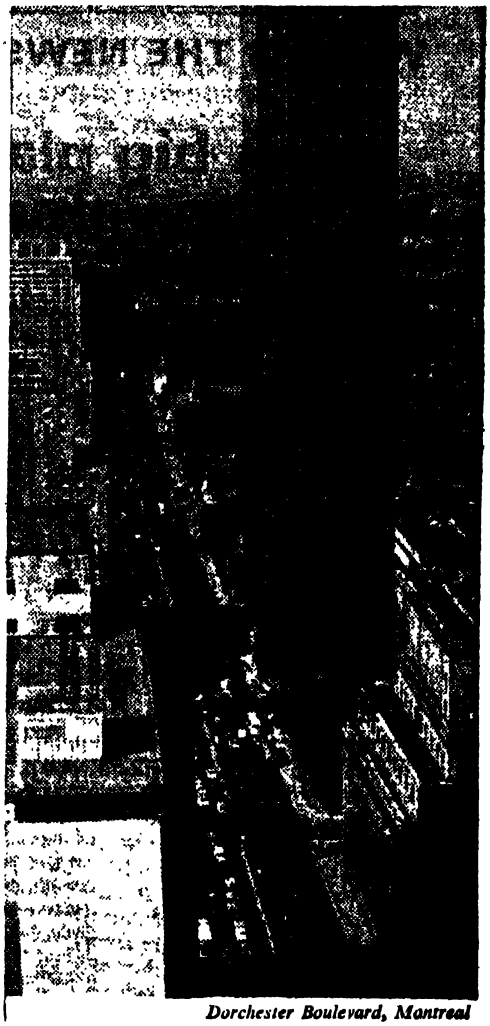
BIRMINGHAM—Central 7777. 164 Corporation Street, Birmingham 4.

MANCHESTER—Central 8882/3. 103a Piccadilly Plaza, Manchester 1.

LEEDS—Leeds 20628. Weetwood Chambers, 93a Albion Street, Leeds 1.

DUBLIN—Dublin 71488. 4 Westmoreland Street, Dublin.

Or telephone your Travel or Freight Agent. You'll find him very knowledgeable.



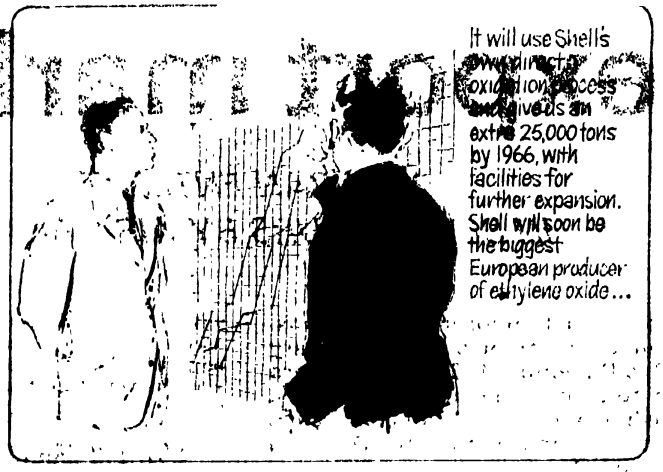
Dorchester Boulevard, Montreal

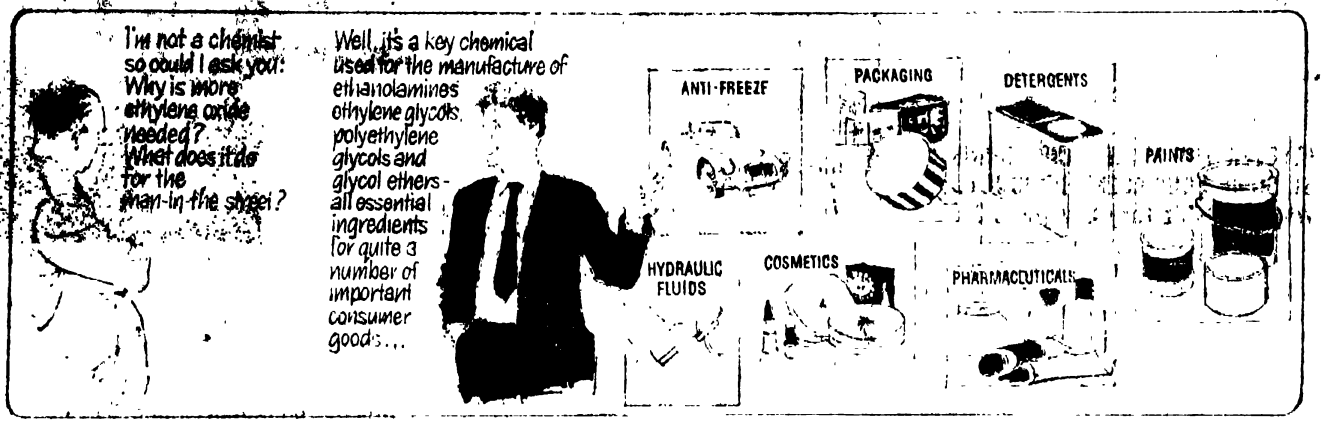
Your quickest way to Canadian Markets

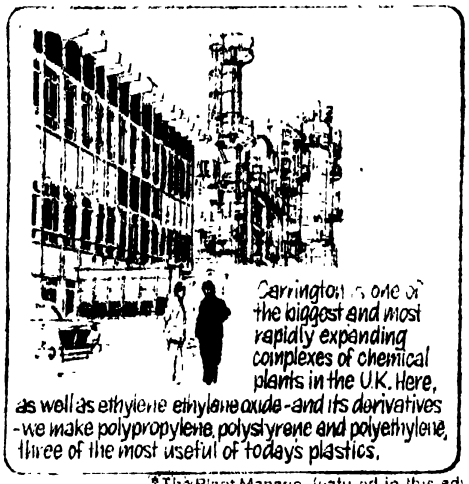
AIR CANADA

WHAT'S THE NEWS FROM SHELL CHEMICALS?

A big plant expansion at Carrington for versatile ethylene oxide







Shell Chemical Company looks after the chemical interests of the Royal Dutch/Shell Group in the UK. Its three operating Divisions are: Industrial Chemicals, Agricultural Chemicals, Plastics & Rubbers. Marketing through Regional Offices it offers the friendly service usually associated with a small company - and all the advantages of dealing with a big international group.

With all our three Divisions actively on the move, more and more good products certainly do begin with Shell Chemicals!

*The Plant Manager featured in this advertisement is based on an executive at Carrington Works. He has a staff of 124 people. He is 34, married with 2 children, and is an Associate of the Royal Institute of Chemistry.

Can Shell chemicals help you?

Write to the Information Officer, Shell Chemical Company Limited, Shell Centre, Downstream Building, London SE1

Shell Chemicals

SPAIN

Europe's Other Wallflower

FROM OUR SPAIN CORRESPONDENT

SPAIN'S relations with the European common market seem to have become infected with the same resigned uncertainty that afflicts Spanish internal politics. In particular, relations between Spain and Italy will not have been improved by the election of a Social Democrat as Italy's new president, or by the scorn the Spanish press poured on what it saw as the inefficiency of Italy's democratic institutions during the presidential elections. Official quarters in Madrid bluntly accuse Italy, Belgium and, sometimes, Holland of banking on the early emergence of a new Spanish regime and therefore stalling on the present government's negotiations with the European Economic Community.

In fact, "negotiations" is hardly the word. Of Spain's two requests for talks, forwarded to Brussels in February 1962 and February 1964, only the latter received a reply. Spain's first formal contact with the common market's Council of Ministers, last December, was confined to the handing over of a memorandum and was cut short with surprising abruptness. A less perfunctory exchange is now being arranged, but only a few optimists expect it to achieve anything.

Some Spaniards are consoling themselves with the thought that in view of the West's present disarray it is best for Spain to remain uncommitted to any political or economic group, and to receive capital and credits indiscriminately from the common market countries, the United States and Britain. Europhiles are gloomy and anxious, including those who share many Europeans' [illegible] for the present Spanish government, [illegible] understand the scruples underlying the procrastination in Brussels.

Since the first request for talks in February 1962, the possibility of association and, ultimately, membership has influenced much planning and investment, both private and public. Spanish imports from the common market Six were worth $182 million in 1960; $657 [illegible]ion in 1963. In 1964, the Six supplied [illegible]ut 40 per cent of Spain's imports and [illegible] about 33 per cent of its exports. Ele[illegible] east Spain is [illegible] of south-west France. [illegible] market manufacturers are now involved in 90 per cent of Spanish car production.

France and Germany are still in favour of associating Spain with the common market, but neither government is exerting itself energetically on Spain's behalf. Although General de Gaulle is considered in Madrid to be one of General Franco's best friends, influential French officials are thought to be less enthusiastic about a French-Spanish rapprochement. The French government was generous in the initial negotiations for the building of a 500-megawatt nuclear reactor in Catalonia: of the total cost of $160 million, France offered to contribute $40 million and advance a credit of $60 million from funds already earmarked for Spain. This was not quite disinterested, for it was France's first breakthrough in the foreign sale of one of its natural uranium reactors which the Americans deride for being uneconomic.

French diplomats are suspected by their Spanish opposite numbers of being over-eager in their attempts to reinsure for the future by cultivating the democratic opposition. The Spanish government, which once entertained hopes of a Paris-Madrid axis, and even a Bonn-Paris-Madrid axis, has been displeased to discover that Paris is stalking other game.

FRANCE AND THE UN

The General Won't Pay

FROM OUR PARIS CORRESPONDENT

FRANCE has no intention of helping U Thant out of his financial difficulties. If anyone had doubts about this, they should have been dispelled by the letter of protest that was sent to him last week by the French permanent representative at the United Nations. This letter reproached the secretariat for having included France, in an official report, among the members that are in arrears with their contributions. France argues that it is in no way responsible for financial liabilities arising from the UN intervention in the Congo. The French position on this issue does not differ from Russia's—although France, unlike Russia, has paid its share of the costs of the UN force on the Egypt-Israel border.

The attitude of the Fifth Republic towards the United Nations has, however, undergone substantial changes over the years. Until 1962 its policy was dominated by the Algerian war, and this was particularly true of policy towards the UN. Each year, France was assailed by the anti-colonial groups in the General Assembly, and reluctantly defended by its allies and its African clients, while President de Gaulle poured scorn over the "so-called United Nations," the *machin*, the irrelevant thingummyjig.

All this was changed by the end of the Algerian war. France was no longer the accused. Preaching progress in Latin America and peace in south-east Asia, sponsoring China in international institutions and challenging the American leadership of the West, General de Gaulle saw himself as a potential patron of the uncommitted "third world." If he was to win and preserve this position, he could no longer neglect or despise an international forum in which the third world is so strongly represented.

The gradual change in attitude was reflected in his personal relations with the Secretary-General. In 1961, at the height of the Bizerta crisis, President de Gaulle had bluntly refused to see Mr Hammarskjöld. Last July, he had a very friendly meeting with his successor. At the end of the talks Mr Thant expressed his conviction that the French government would now wish to take a more active part in the life of the organisation, while the general emphasised his "great expectations" for its future.

But there was never any question of France helping to pay for the Congo operation. Many reasons have been given for this refusal. The Congo crisis had arisen while the Algerian conflict was still making the French allergic to any kind of UN intervention. General de Gaulle, moreover, had his own plans for the Congo, even more than for Cyprus, and he regarded the UN operation as too "Anglo-Saxon." But there is really little need for additional explanations.

Although General de Gaulle has often attacked the "two hegemonies," this in no way implies an enthusiastic belief in the equality of all nations, big and small, or in the feasibility of world government. His critics would say that he would readily accept the idea of super-policemen if only their number were raised from two to three, with him as the third. The UN Charter explicitly recognised the privileged position of five great powers, including France; it follows that any move likely to reduce the prerogatives of the five permanent members of the Security Council must be resisted.

So far the French government has shown no signs of being bothered by the pressure for putting more teeth into the organisation. Whereas the Russians felt obliged to make counter-proposals last year about future international forces, and may yet accept some sort of provisional compromise over finance, the French show no intention of modifying their position or making a voluntary contribution. Indeed, some experts in Paris foresee that France might be left as the only country threatened by Article 19, if the Americans and the Russians reach a last-minute compromise.

It is rumoured that General de Gaulle may tackle the problem of the United Nations at his press conference next week. Even the wits, however, are not suggesting that he will give his blessing to Mr Chou En-lai's idea of a rival "revolutionary" organisation. Many of France's African followers, such as the Ivory Coast and Madagascar, would hardly be considered revolutionary by Peking. France has no special wish now to precipitate a major crisis in the United Nations. The days of the *machin* are gone. But it would be surprising if the general were to offer any proposals for turning the organisation into anything more effective than an international forum.

GREECE AND CYPRUS

Gromyko smashes a Dream

FROM OUR ATHENS CORRESPONDENT

MR GROMYKO has severely shaken the Greeks' belief that they would eventually be able to secure *enosis*—union with Greece—as a solution for Cyprus. The Soviet foreign minister referred in a conversation with an *Izvestia* correspondent (published on January 21st) to the possibility of a federation for the two "national communities" of Cyprus. His remarks have forced the Greeks to face the unpalatable fact that if the United Nations General Assembly ever does get around to discussing Cyprus, the Russians and their followers (and how many more besides?) are now very unlikely to vote for any resolution that favours *enosis*.

Whether the Russians really have, as is angrily alleged in Athens, reversed their policy on Cyprus is arguable. It has been clear for some time that they could hardly be expected to swallow *enosis* since this would presumably bring Cyprus into the Nato alliance. But Moscow, with its customary shrewdness, refrained from showing its hand plainly. Both the Greeks and the Greek Cypriots were able, therefore, to delude themselves that the Soviet Union would not stand in the way if the Cypriots, in applying their right to self-determination, should vote for *enosis*.

Now that the Russians have come clean, they have upset the whole policy agreed upon ten months ago by Mr Papandreou, the Greek prime minister, and Archbishop Makarios. This policy was directed at securing from the General Assembly a resolution in favour of "the unfettered independence of Cyprus, including the right of self-determination." Obviously, without the consent of the Turks, this resolution could not have been enforced without war. But presumably it was hoped that it would decisively strengthen the Greeks' bargaining position.

"Russia fooled Cyprus"

With these suppositions dashed, the Greek government is now considering the two alternatives it has hitherto indignantly rejected: compromise or war. General Grivas, who has been in Athens this week, is presumably not ruling out the possibility of forceful action by the embittered Greek Cypriots. Yet in its present state of international isolation, it is doubtful whether the Greek government has departed much from the sensible reluctance to go to war which it showed last summer after the Turkish air raids on Cyprus.

But if Athens now seeks a compromise with Ankara, it will have to negotiate from a position of weakness and while it is exposed to violent criticism from its domestic opponents—many of whom had advocated talks with Turkey at an earlier stage in the dispute. It is now widely regretted that Mr Dean Acheson's proposals were rejected so summarily last summer because of Archbishop Makarios's opposition. Indeed, to the Greek government and its supporters the archbishop is becoming more and more of a scapegoat. He is now seen as the man responsible for bringing Greek-Turkish relations to their present state of poisonous estrangement. He is also blamed for forcing Greece to snub its western allies, creating in the process a nation-wide hostility to Britain, the United States and Nato which the local communists are deftly cultivating.

After Mr Gromyko's statement, however, EDA—the extreme left-wing party that represents the banned communists in Greece—found itself the prisoner of the anti-western hysteria that it had so successfully whipped up. The Soviet foreign minister has wrecked the basic tenet of EDA's anti-western campaign: that Britain, the United States and Nato, but not Russia, had only Turkey's interests at heart. The party failed to devise an immediate face-saving formula and, for the first time in its history, was forced on January 22nd to admit that it did not agree with the Moscow line. The next day, having recovered its dialectical wits, the party declared that it was Greece's duty to remove the obstacle to Russian support for *enosis* by convincing the Soviet Union, and Cyprus's Arab neighbours, that Cyprus would not be turned into a Nato springboard. But for all their ingenuity, the Greek communists have not yet recovered their balance.

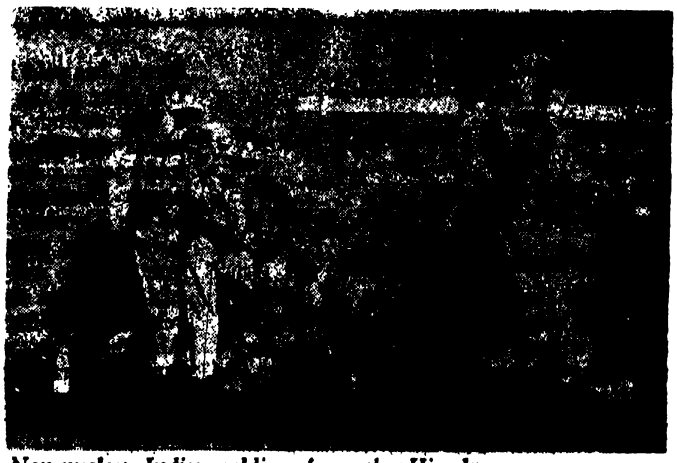
INDIA

Nuclear or Not?

FROM OUR INDIA CORRESPONDENT

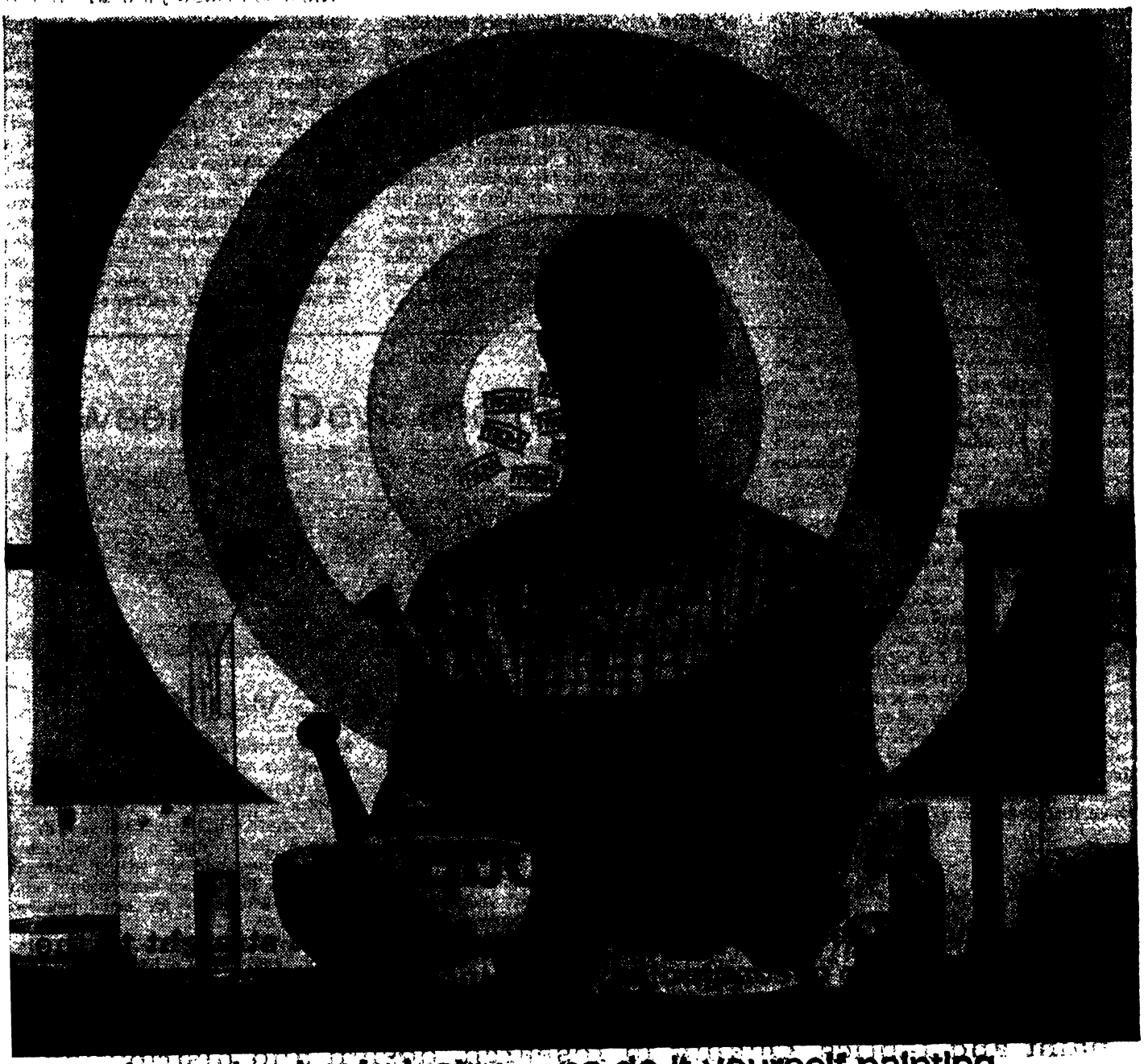
AT the United Nations on January 22nd Pakistan's foreign minister, Mr Z. A. Bhutto, sharply attacked Mr Shastri's concept that non-nuclear powers should be protected by some sort of joint guarantee by the major nuclear powers. The arrangement, he said, was clearly intended to affect only the Indian Ocean area; it might make that area the cockpit of great-power conflict. His words cannot be just dismissed as yet another demonstration of the tensions between India and Pakistan, since his warning against importing new tensions into the area strikes a chord with some Indians as well as with Pakistanis. For a new ambiguity has crept into the Indian government's position over the whole question of nuclear armament.

While still maintaining that India will not itself enter the nuclear race, India's prime minister now pointedly adds the qualification that he cannot say what will happen in the future. It is significant that the resolution finally adopted by the Congress party convention earlier this month departed from an earlier draft resolution in not reiterating India's pledge to renounce nuclear arms. This has been interpreted as a concession by Mr Shastri to the small but highly vocal pro-bomb lobby within the Congress party; the *Indian Express*, for instance, commented that the Congress resolution sought to meet the champions of the bomb half way.



Non-nuclear Indian soldiers from the Himalayas march through Delhi

It could be, however, that Mr Shastri is retaining this theoretical option on nuclear weapons only in order to urge the nuclear countries into greater effort on behalf of the non-nuclear. The trouble is that Mr Shastri himself is now much less clear than he was when he visited London in December what this effort by the nuclear powers should be.



lo packaging industry . . . no do-it-yourself painting

WHO WOULD carry doing-it-yourself to the point of actually making the paint as well? That includes grinding powders and pigments, weighing everything accurately, mixing in the oils and adding the additives. Even then you couldn't equal the quality of mass-produced paint.

If we were still in the era of stone jars and wooden kegs there would be no mass-produced paint at all. Decorating your home would still be the elaborate professional mystery it used to be in Victorian times. 'Do-it-yourself' painting had to await the convenience, handiness and protection of the tin. [illegible]h of almost every consumer [illegible] depended on the growth of [illegible]aging industry. We are all users of [illegible]et who can say where [illegible] from? Who designs it? [illegible] it? Who, in fact, is the specialist in Britain? [illegible] an[illegible] tal Box. Despite the name, this compan[illegible] leads just as much in the production of [illegible] and plastics packaging [illegible] tal. Incidentally, it is by far the biggest supplier of tins to the paint industry too.

Metal Box—brief facts

Leading manufacturers of packaging in metal, paper and plastics. A fast growing light engineering and marketing organization. 38 factories in Britain. 32 overseas.

A research team of over 300 continuously engaged in a wide range of projects involving food technology, physics, chemistry and micro-biology.

A youthful and vigorous industry with tremendous potential for the future.

There's more to METAL BOX than metal boxes

—they're leaders in metal, paper and plastic packaging

Good grouping

Where home decoration is concerned, WPM get straight to the point. Our group of companies, which includes Crown, Walpamur and Sanderson, aim to give you quality. Quality in wallpaper, paint and fabrics. Quality in research, design and distribution. And quality in service. The WPM Group of Companies is united by a single purpose. To give the best in house-decorating materials.

wpm

THE HOUSEMARK OF GOOD DECORATION

CROWN WALLPAPERS · **WALPAMUR** PAINTS · **SANDERSON** WALLPAPERS AND FABRICS · **HADRIAN** PAINTS
SHAND KYDD WALLPAPERS · **NINE ELMS** PAINTS · **JOHN LINE** WALLPAPERS AND PAINTS · **HOLLINS** BRUSHES

THE WALL PAPER MANUFACTURERS LIMITED

Sensing the general concern about introducing new tensions into the Indian Ocean area, Mr Shastri is now emphasising that not India alone but all non-nuclear countries need protection against nuclear blackmail. This was indeed his original thought; but in the discussions with the British government, and in later discussions elsewhere, the concept seemed to have been narrowed down specifically to the protection of India.

At a press conference on January 20th he spoke of taking like-minded governments into his confidence in an effort to work out some kind of joint initiative. His chances of success are perhaps slim. It will be recalled that few governments were willing to go along with the proposal he made at the October conference of non-aligned countries in Cairo for a mission to try to persuade Peking to renounce its nuclear weapons. Pakistan maintains that the Chinese test at Lop Nor has not really created a new and menacing situation in Asia. Whether China's other neighbours agree with this estimate or not, they may be inclined to quote Mr Shastri's words against him: on several recent occasions he has said that China's bomb was directed primarily against the United States.

Meanwhile, work on raising India's technological horizons goes ahead. Mr Shastri inaugurated on [illegible] Indians have [illegible] plutonium [illegible] forms a [illegible] part of the [illegible] nuclear [illegible] India needs the plutonium [illegible] later for [illegible] could con[illegible] in the coun[illegible] lish a self-su[illegible] cycle. The [illegible] ment with [illegible] India [illegible] built [illegible] the for [illegible] thing [illegible] purposes. All [illegible] plutoni[illegible] material.

MONGOLIA

Between the Devil and the

Deep Yellow Sea

Moscow's man in Ulan Bator, who is no less a person than the prime minister, Mr Tsedenbal, has recently been in serious trouble; this may help to account for the announcement in Moscow on Wednesday that a high-ranking Russian delegation, led by Mr Shelepin, a deputy prime minister and member of the Soviet præsidium, had set off on a visit to Mongolia.

Mr Tsedenbal's leadership never seems to go unquestioned for very long. From time to time the opposition boils up, and there is a row in the inner party counsels followed by the inevitable purge. The latest row was at a central committee meeting just before Christmas. It seems to have been a heated meeting and there was apparently an attempt to get rid of Mr Tsedenbal. But as usual he came out on top; three other members of the central committee were thrown out instead. The resolution expelling them, which was published in *Novosti Mongolii* (a Russian-language paper) on January 1st, links them with two earlier expellees, Tumur-Ochir and Tsend, who were purged respectively in 1962 and 1963; it accuses them of persisting with their "unwholesome" views to the extent of going over openly "to the path of schismatic activity"; they are alleged to have recruited "a pitiful cluster of careerists and politically unstable people."

Among the many charges levelled at the culprits, the most interesting accused them of maintaining, in effect, that the party's policies were all wrong; of demanding that Mongolia should "withdraw from the mutually advantageous co-operation with the fraternal socialist countries"—that is from the Council for Mutual Economic Aid (Comecon); of defending nationalism and "wholly denying its danger"; and of trying "in vain" to disturb the position taken up by Mongolia "in the international communist movement"—that is in the Sino-Soviet quarrel.

What it all seems to add up to is that the opposition (whose strength it is quite impossible to estimate) believes that Mr Tsedenbal, in his dealings with Moscow and Peking, has played his cards very badly. For more than forty years Mongolia has been Moscow's most loyal and obedient satellite; it still is. The reward has been large injections of Russian economic aid, and Russian help in launching Mongolia on the international stage, in particular as a member of the United Nations and of Comecon. All the same, the Russian leading strings have chafed many Mongolians, and Mr Tsedenbal has made no attempt to use the quarrel between Peking and Moscow to emancipate his country a little from them.

The consequent deterioration in Mongolia's relations with Peking has also had unfortunate economic consequences. The 12,000 or so Chinese workers sent to Mongolia, which is short of manpower, have been gradually withdrawn; and last year the Chinese banned all Mongolian transit trade through their territory, thus forcing the Mongolians to use the more expensive routes through Siberia. Neither of these developments has helped the Mongolians to cope with an over-ambitious and over-extended five-year plan.

Presumably, what Mr Tsedenbal's opponents would really like to do is to take a leaf out of the Rumanian book and use the Sino-Soviet quarrel to assert their independence from Moscow and to develop their economy at their own pace and according to their own ideas. But unfortunately Mongolia, unlike Rumania, has two big brothers, not one. If it repudiates Russia's protection, there is China waiting to suck it back again behind its own frontiers. It is obviously worse to be swallowed up completely than to be an obedient if unwilling, satellite. All the same, Mr Shelepin may discover on his visit to Ulan Bator the wisdom of developing a more subtle and sophisticated relationship with the Mongolians—and even of giving them still more economic aid.

BURUNDI

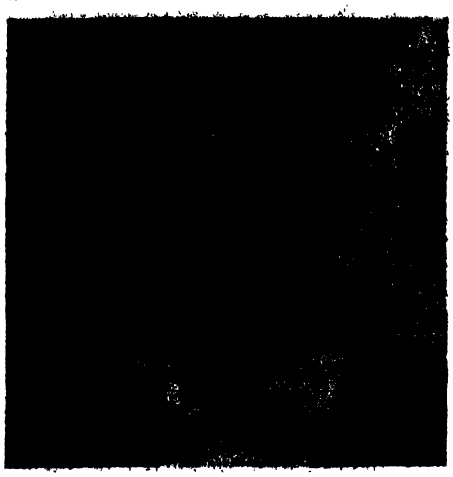
Gun Law

FROM OUR EAST AFRICA CORRESPONDENT

Bujumbura

Awakened at dawn, the Uganda customs officer had only one question for the three travellers heading for Burundi: "Are you carrying firearms?" Since two Burundi prime ministers have been assassinated in the past four years it was a natural question. Even before the most recent victim, Mr Pierre Ngendandumwe, was shot down outside a Bujumbura hospital on January 15th, firearms were very much on people's minds in Burundi.

One of the misfortunes of this tiny republic (population three million) is that it has a difficult neighbour: on the map it looks like a pimple on the back of the Congo's head. A Chinese communist ambassador was accredited to Burundi last year; this news, together with reports of Mr Gaston Soumialot's rebellion in the Kindu area of the Congo, set off rumours



Mwami Mwambutsa

about arms shipments coming to the rebels through Bujumbura. What was in those large packing cases of "furniture" addressed to the Chinese embassy? Was the former foreign minister, Mr Joseph Mbazumutima, really discussing the freighting of steel piles for Bujumbura's lake port when he had three days of talks with President Nyerere of Tanzania in August? And why were visitors to Kigoma, the Tanzanian railhead port on Lake Tanganyika, made so unwelcome?

There was, indeed, fire behind the smoke of these rumours. The new vice-premier of Burundi, Dr Masumbuko, admits that an arms shipment has been seized, but says that the Congolese rebels have actually received nothing more warlike than bandages. Others in the capital say that there were anti-aircraft guns among the 100 tons of arms impounded by the Burundi government in mid-December.

The Mwami of Burundi dismissed the previous prime minister, Mr Albin Nyamoya, on January 7th, mainly because his kingdom could not afford to get involved in the Congo's war. Its supplies of electricity from Bukavu could be cut off by the Leopoldville government; its aid from the Belgians (£4 million at independence in 1962) might not be forthcoming if the Nyamoya government had leaned further towards China. To a country short of nearly everything except scenery, long-horned cattle and coffee (the vice-premier is the only qualified Burundi doctor) cosmopolitan intrigues are no substitute for educational or agricultural aid. Mr Ngendandumwe, the assassinated prime minister, had been finance minister in 1962; he was expected to concentrate on bringing peace and bread.

His successor, Mr Joseph Bamina, appointed on January 24th, is expected to follow the same policy; he is president of the ruling Uprona party. Mr Bamina's hardest problem is how to deal with the Tutsi extremists who are being blamed in Bujumbura for Mr Ngendandumwe's assassination. The task is made harder by there being several groups of such Tutsis. Among the 45,000 refugees from Rwanda living in border camps, some look for leadership to the ex-Mwami Kigeri, who is living in exile in Kenya; others support the violent terrorist leader, Mr François Rukeba, who is now on the run from a warrant of arrest issued after the murder. Among Tutsis native to Burundi (about 15 per cent of the population) there are both right-wing extremists and young republicans. The Chinese communists, it is said, are prepared to talk business with any of them; among the mixed bag of 24 prominent Tutsis who have been arrested as suspects during the murder inquiries, there are several who are well known at the Chinese embassy.

One theory about Mr Ngendandumwe's murder, given credence by the fact that a young Rwandese Tutsi has been charged, is that the Tutsi refugees were certain that he would revive his plan (conceived when he was last in office) to move them to Tanzania. Mr Bamina, himself a Hutu, has a hard decision to take here. There are tales of a Tutsi military training camp near Muhore refugee camp, and of Tutsi instructors trained in China. Mr Bamina's government has 2,000 soldiers and gendarmes of unproven quality, led by Belgian officers. If he acts firmly, and if he succeeds, internal security will not be the problem it is now and relations with Rwanda should improve. But if he fails there could be strife between the Hutu and the Tutsi approaching the scale of the Rwanda massacres of a year ago. The position of Burundi's Mwami Mwambutsa, a Tutsi, is awkward too: most of his Hutu subjects revere him, but there is no knowing how tempers could turn. He is wary also of the Tutsi extremists who, according to the Tutsi vice-premier, are "for the Mwami only as long as he is for them."

UNITED ARAB REPUBLIC

Calculated Challenge

FROM OUR CAIRO CORRESPONDENT

No country in the non-aligned world has done as well as the United Arab Republic in the profitable game of playing one side against the other. Since 1958, when the United States began to relax its stern Dullesian disapproval of neutrality, Egypt has received about $1,500 million from the United States (mainly under the surplus food programme) and about $800 million from the Soviet Union (mainly as credit for Soviet arms and capital equipment, including more than $100 million for the Aswan dam so far). But now President Nasser's luck and skill at gamesmanship looks like being put twice to the test.

In Washington on Tuesday, the House of Representatives passed an amendment that specifically says that Egypt should not receive the additional supplies of wheat and chickens, worth $37 million, which it has been negotiating for. The amendment still has to get through the Senate; the American Administration is clearly determined to do what it can to get it thrown out or modified. Moreover, it does not affect the larger, regular supplies of food that the United States is sending to Egypt. But its passage through the House shows that the glove which President Nasser flung at his American benefactors on December 23rd has been picked up by Congress.

Secondly, there was the news on Wednesday that Herr Ulbricht, the east German leader, had accepted President Nasser's invitation to visit Cairo some time next month. Egypt is at present negotiating with the east Germans about the purchase of $78 million worth of industrial equipment in exchange for long-term deliveries of Egyptian cotton; Herr Ulbricht's visit would presumably celebrate the triumphant conclusion of these talks. But can a government play host to the head of state of a regime that it does not diplomatically recognise?

Egypt has often, in a subterranean sort of way, threatened that it would recognise east Germany should west Germany, in its turn, recognise Israel. Since the Egyptians have recently been expressing their consternation at reports of west German economic and military aid to Israel, the threat of Herr Ulbricht's visit may well be Cairo's idea of a deterrent. But if it does take place, the visit, which will mean, in fact Egyptian recognition of east Germany, will test not only Nasser's skill at the game but also the present strength of Bonn's refusal to recognise those who recognise Herr Ulbricht.

Defying the United States by insisting that Egypt should go on helping the Congolese rebels if it wants to; challenging west Germany by hanging out flags for east Germany: both gambles strike to the heart of President Nasser's concept of independence. The thesis he acts upon himself, and propagates for others, is that if a weak and underdeveloped country is not only genuinely independent but consistently and loudly demonstrates this independence, it has a better chance than a more subservient client of receiving the sort of aid it really wants. The gamesmanship that his critics call opportunist he considers entirely legitimate for a country in Egypt's position.

But for success, his technique depends on neither of the countries being played off against each other reaching the conclusion that the political dividends are too low. It is no good overplaying the game, as President Sukarno seems to have done with the Americans. Despite the House of Representatives' snub on Tuesday, President Nasser has not reached this point with

Hygge, Giza and the Golden Horn

From the top of the Mokattam Hills you can see the three Cairos—modern powerhouse of the Middle East, the narrow lanes and tottering houses of Arab heritage, and in the distance, the pyramids of Giza. These ancient wonders look vaguely suburban today surrounded by the villas and golf courses of modern Cairo. It's a city part African, part Asian.

Between the Kattegat Strait and the Baltic lies a city that is enchanting beyond any logical reason. The Danes say of Copenhagen that its enchantment is *hygge*—which means well-being, gaiety and security among other things.

Where the currents of the Bosporus flow into the Golden Horn, the gentle domes of Byzantine churches and Moslem mosques bubble up to form Istanbul where the remnants of the Roman Empire were frozen for a thousand years.

After slaying Macbeth, Malcolm, son of Duncan, set his brigand's den upon a precipice and founded Edinburgh. The "Auld Toon" dominated by Edinburgh Castle and the New Town beginning with Princes Street hold the best-read people in the world and more public parks and gardens than any other city.

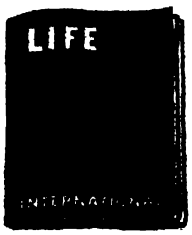
What makes a city great? Between 1959 and the present, LIFE International has sought answers in a series of twenty articles on Great Cities of the World, written by people who know and love them—John Betjeman, Stuart Cloete, Han Suyin, Kenneth Tynan and Alexander Campbell among many others.

Among the cities LIFE International visited, were New York, Paris and London, of course, but also Bangkok, Dublin, Barçelona and Kuala Lumpur. There will be others in the future. A city is the flower of a people's culture. It is a microcosm of Art, Politics, Business, Religion and the other major concerns of Man.

LIFE International is a unique magazine because it has a unique perspective. Its world is the world's life. It has no boundaries of nation, time or space. Although it deals with current affairs, LIFE International is equally concerned with historic background, and the future consequences of events.

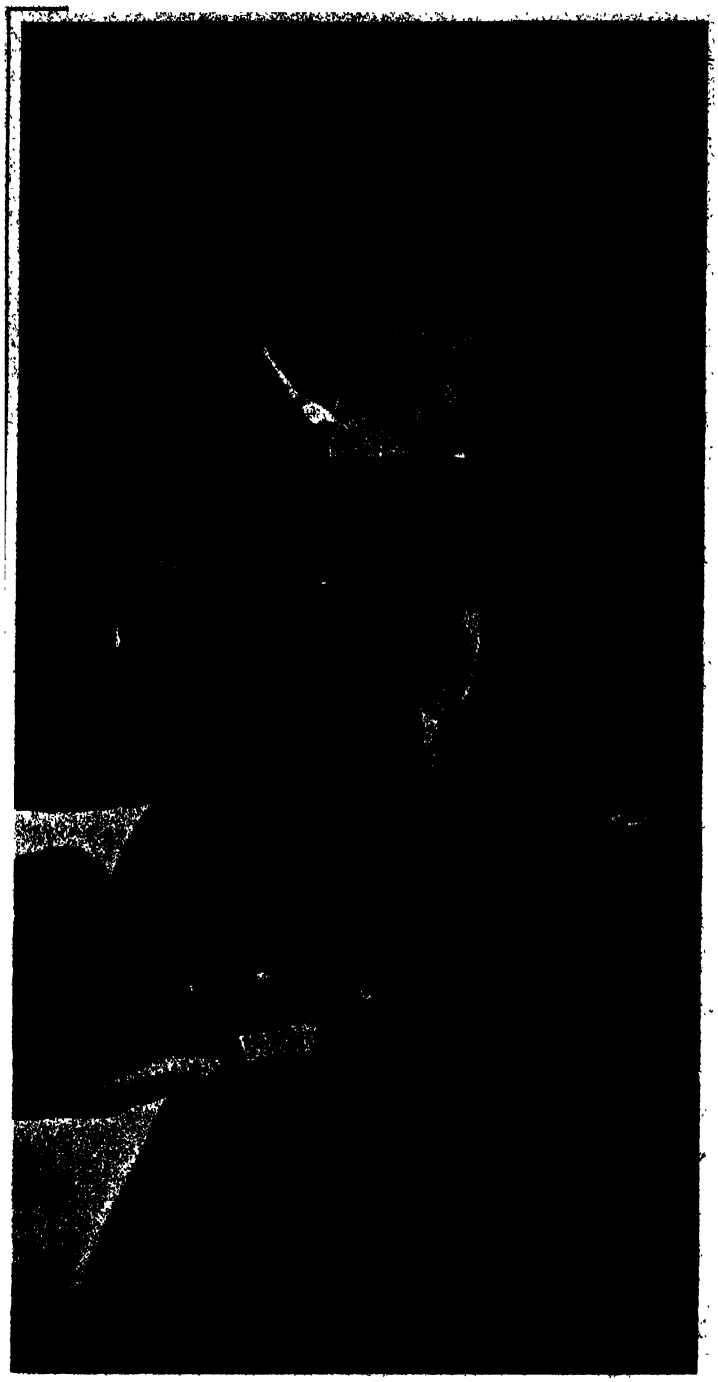
It is the *international* magazine edited for the eye and mind of the *international* man.

In this setting of physical beauty, intellectual stimulation and editorial imagination, quality products are seen at their best.



Your advertising in LIFE International reaches the most interested people in the world. In the *only* magazine edited for a world audience.

LIFE INTERNATIONAL—EDITED FOR A WORLD AUDIENCE



USA! TWA!

ENJOY THE SHOW - IN THE ONLY TRANSATLANTIC THEATER ON WINGS

You've time for some work, a cocktail or two, and memorable dining. Then the show begins on your TWA jet to America — you see a hit-movie in flight! Whatever the bill... drama, comedy or musical revue... you enjoy top performances by renowned stars. And time jets by. Exciting, first-run films from Hollywood and Europe are presented by Inflight Motion Pictures on all TWA transatlantic flights. They're shown in Royal Ambassador First Class and for one dollar in Economy. No other airline entertains you like this! (If you'd rather catch up on your correspondence, read or nap — no problem. You can't hear the sound without our ultra-light earphones.) Next trip to the United States, see a movie on the way. For reservations, call your Travel Agent and specify TWA — Trans World Airlines!

Worldwide depend on TWA

[illegible], yet. And relations with Russia are, on the whole, pretty good. Since a scuffle over the communists in Iraq in 1959, there has been very little friction between Egypt and the Soviet Union. And even if political differences were to arise, the communist countries are likely to continue supplying Egypt with long-term loans for capital equipment for this reason if for no other: they have very little chance of being repaid for what they have lent already unless the Egyptian economy becomes self-sustaining.

Something of the same considerations apply to west Europe. Both Italy and west Germany, with considerable stakes in Egypt's economy, would have nothing to gain if it were declared bankrupt. The hasty sale this month of about $30 million worth of Egypt's gold reserves was mainly to avoid further delay in the repayment of short-term loans from Italian banks. At least for the time being Egypt's financial credit in western Europe has been restored.

President Nasser mastered his balancing techniques in the old days when it was a simple matter of tight-rope walking between East and West. Now with the new divisions within the old alliances, his opportunities have become more varied. It was no accident that while Mr Shelepin, the Russian deputy prime minister, was in Cairo in December, the Egyptian minister for industry, Dr Sidky, was in Peking. The Chinese have offered Egypt a credit of $80 million to buy industrial equipment; heavy industry is the main feature of Egypt's second five-year plan, which starts this year.

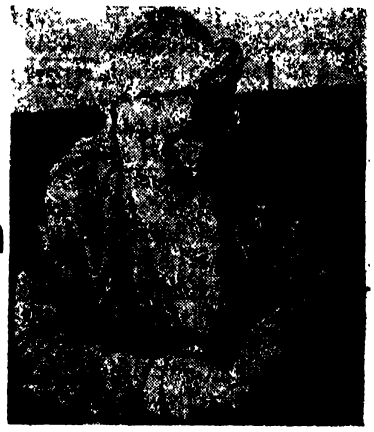
Then there was the rather mysterious three-week visit of France's M. Edgar Faure at the turn of the year. M. Faure seems to have been scouting the possibilities of a gaullist offensive in the Middle East based on Cairo. A French industrial delegation is expected here next month. It is not too much to suppose that President Nasser knew perfectly well that the anti-Americanism of his Port Said speech would warm General de Gaulle's heart.

Egypt has a good chance of getting enough long-term credits to cover the external needs of its second five-year plan, though this will mean relying more than ever on the communist countries in order to abandon the economically disastrous habit of using short-term loans from western banks to finance industrialisation. Even so, Egypt is going to be, for many years to come, in desperate need of hard cash to pay for imports of food, raw materials and spare parts.

The currency shortage is so severe that the government has to make day-by-day decisions on how to use what it has. This makes long-term planning virtually impossible. A £35 million loan from Kuwait, and a more recent £5 million loan from Iraq, are only palliatives. Imports of consumer goods, except for food, are already cut to the bone. Forecasts of export earnings for this year are good: visible exports are expected to earn 324 million Egyptian pounds (a quarter higher than last year) and the Suez Canal revenues to reach 96 million pounds (20 per cent up on last year). But these are targets that still have to be reached.

IRAQ

Back to the Kurdish War



Divided Kurds: Talabani and Barazani

THE trouble about the Iraqi Kurds is that they can't win and they can't be beaten. After a year of comparative peace in northern Iraq, the Iraqi army and the Kurdish guerrillas seem once again to be lunging their way into civil war. Both sides got the breathing space they needed; neither was prepared to make real concessions. Now a burst of guerrilla fighting and a flurry of ultimatums and warnings seem to herald the fact that the unfinished business is being taken up where it was left off.

With intermissions, the civil war between Iraqis and Kurds has been going on since 1961. To begin with, the Kurdish demands were modest and, in face of General Qasim's intractability, reasonable; the ambitions of the Kurdish leaders began swelling into hopes of semi-autonomy when they discovered how little the Iraqi army and air force could do against them.

After a brief and unconvincing cease-fire, the war continued against the Baathists who overthrew General Qasim: embattled behind the thin glass of their self-confidence, the Baathists took on all comers—Kurds, communists, nationalists. When the nationalists, in their turn, overthrew the Baath, and a fresh cease-fire with the Kurds was arranged in February, 1964, it looked for a time slightly more convincing. The nationalists did not want to repeat their predecessors' mistake of being against everybody but themselves; the Kurds, battered and divided by two and a half years of fighting, urgently needed a pause.

But in the last few weeks the Kurds have been using the pause to try for a tighter military hold on the north. Groups of partisans have been attacking villages, army posts and [illegible]y positions in the neighbourhood of Arbil, Sulaimaniyah and Kirkuk; their intention, it seems, is to isolate the army garrisons in these three cities. Kirkuk, with its oilfields, is the glowing, but probably unobtainable, bait for the guerrillas. The [illegible] army commanders, who until recently have been under orders from President Aref to show almost inhuman restraint, have now been instructed [illegible] use what force they need to defend the threatened villages and their own positions.

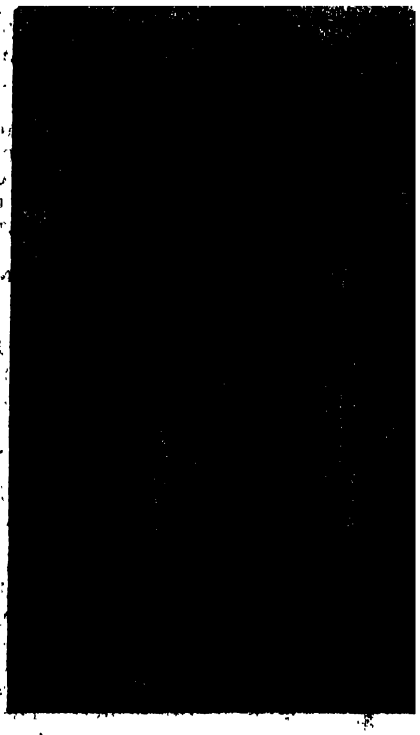
On the propaganda front, an emissary from the Kurdish commander, General Mullah Mustapha [illegible], turned up in Beirut on Janua[illegible] armed with letters addressed to the world's leaders protesting that Baghdad had failed to carry out its promises to the Kurds. The general's demands were, he said, that the Kurds should govern themselves within the Iraqi state and have their own army. The central [illegible] for its [illegible] been ar[illegible] for the restoration of "[illegible]itions" in northern Iraq, and [illegible] that it has carried out all [illegible] including the release of Kurdi[illegible]d the lifting of the blockade on money and food going into Kurdish-held areas. The two sides, in their interpretation of the "promises," seem to be talking an entirely different language.

As always in Kurdish history, the strength of the rebels is eroded by their own divisions. General Barazani's authority is being challenged by his former right-hand man, Mr Jalal Talabani, who is guiding away the loyalty of many of the younger, better educated Kurds. Mr Talabani, who has been speaking from voluntary exile in west Germany, has more democratic aspirations than the conservative tribal commander: he is also more inclined than General Barazani to think that a link with the Kurdish communist party would be useful. A further, and perhaps more effective, threat to General Barazani's authority is the Iraqi government's success in resettling a number of Kurdish tribes in areas outside the control of the guerrilla forces.

When the Iraqi and Egyptian governments were set against each other the Kurds had hopes of President Nasser mediating on their behalf. Now they deeply suspect the moves towards unifying the two countries. And, indeed, what hope is there for a non-Arab minority group who aspire to self-government in the richest area of an Arab nationalist state?

A REPORT FROM PHILADELPHIA NATIONAL

"The Cash-Letter Bank"



STATEMENT OF CONDITION

DECEMBER 31, 1964

RESOURCES		
Cash and Due from Banks		$ 291,447,962.66
U. S. Government Securities		165,195,803.08
U. S. Government Agency Securities		8,139,517.52
State and Municipal Securities		82,482,309.46
Other Securities		10,221,001.00
Loans and Discounts		747,118,250.97
Federal Funds Sold		20,500,000.00
Direct Lease Financing		1,290,710.28
Bank Buildings and Leasehold Improvements		13,055,480.07
Customers' Liability Account of Acceptances		2,393,584.65
Other Resources		10,421,112.38
		$1,352,265,706.07
LIABILITIES		
Deposits		$1,173,482,409.67
Federal Funds Purchased		18,400,000.00
Notes Payable		2,000,000.00
Acceptances	$38,252,407.62	
Less: Amount Held in Portfolio	35,657,071.55	2,595,336.07
Reserve for Taxes		4,706,146.89
Reserve for Dividend (Payable January 2, 1965)		1,853,468.75
Other Liabilities		14,388,358.19
		$1,217,425,719.57
Valuation Reserves:		
For Loans	$27,361,344.44	
For Securities	2,155,471.29	29,516,815.73
Capital Funds:		
Capital Stock ($10 Par Value)	$26,478,125.00	
Surplus	63,521,875.00	
Undivided Profits	15,323,170.77	105,323,170.77
		$1,352,265,706.07

FREDERIC A. POTTS, Chairman of the Board

FREDERICK HELDRING, Vice President and Manager, International Division

*A service for the collection of your checks on the United States—sent on a cash-letter basis. These are checks you send for immediate credit and verification, as a group (in one envelope), rather than for individual credit after collection of each separate item.

PNB—"The Cash-Letter Bank" offers you the best service anywhere in the United States.*

For details, write for brochure.

PNB

Member Federal Deposit Insurance Corporation

INTERNATIONAL DIVISION
THE PHILADELPHIA NATIONAL BANK
Philadelphia International Investment Corp., Philadelphia, Pa. USA
New York City Office • 1 Chase Manhattan Plaza
Capital and Surplus $90,000,000 • Cable Address: "Philabank"

THE WORLD □ AMERICAN SURVEY

Oh, What a Beautiful Budget!

IN an affluent nation a degree of unemployment has many uses. This is the striking political and economic lesson of President Johnson's two major messages this week—his Budget for 1966 and his Economic Report. The mind begins to boggle at what the government of a rich country can do if the government is mildly Keynesian and the country has some unemployment (even if it has also the problem of an unsatisfactory balance of international payments and a loss of gold). Spending is raised on health, on education at various levels, on poverty—rural, urban, among old people, among young people—on the unemployed, on the unskilled, on under-developed parts of the country—more than $6 billion in all. In addition, as a sort of bonus, taxes are cut (in this case excise taxes) by nearly $2 billion, to say nothing of the further $3 billion from last year's big cut in income taxes, which was in two stages. Everybody wins. The poor get good cash money and the great majority who are not poor pay less in taxes. All is possible because the existence of unemployment enables the economy to take more total spending in safety.

A joke current in Washington has a pre-Keynesian asking his up-to-date companion how the President is to pay for all his new social programmes. The answer comes back: "How old-fashioned! Out of tax cuts, of course." This exaggerates slightly. The Budget sent to Congress on Monday for the fiscal year which begins on July 1st does in fact show a modest cut-back in defence and at least a book-keeping reduction in agricultural and ex-servicemen's programmes to help pay for the increase in welfare spending. There is also an increase in the social security tax to preserve the illusion that benefits are being paid for, though it does not take effect until a year from now—and then if necessary it can be offset by cuts in other taxes in the next Budget. But the joke does express a reality: government action to expand aggregate demand is fun for all. Tax cuts actually do increase the government's total revenue; the increased revenue can be used for welfare spending; and it can all be done without any significant danger of inflation—provided there is unemployment and thus room in the economy for more rapid growth. In a sense it is all rather sad because in the end unemployment will be cured, as the other rich countries have discovered, and then the game has to stop. But in the early morning of Keynesianism, as the United States is learning, unemployment is bliss—for some people.

For a while, in the United States, this convenient unemployment will persist. The reason is the huge growth in the labour force from the arrival at working age of the children born in 1946 and 1947 to servicemen who returned from the Second World War. Officially America has only barely awakened to the fact that unemployment among young people is a way of having one's cake and eating it too. It keeps the general percentage of joblessness high and provides a growing labour force to render legitimate, and even necessary, the planned reduction in taxes and increases in expenditure which are designed to expand demand. At the same time it creates much less hardship than is normally associated with the term "unemployment." The ordinary eighteen-year-old, who is out of work and counted in the unemployment statistics today, will have a job three or six months from now but his place will be taken by another who in turn will have a job a few months later, and so on. Last year, the average number of persons of 24 years old and under who were out of work at any one time was 1.6 million, but less than 10 per cent of them had been unemployed as long as six months. Unemployment among adults and unemployment at all ages that has lasted for six months or more are higher than at the fullest of full employment periods since the war, but they are not a great deal higher. If anyone wonders why America is not really agitated about its unemployment, as Britain would be, perhaps the explanation lies in the very real difference between youthful unemployment, with a constantly changing mix of individuals, and mass joblessness among bread-winners.

This is not to say that all is well. As is now fully recognised, the United States does also contain a social and cultural backwater of individuals who are unemployed or under-employed because of the way in which they have been brought up; they are not unlike the girl, subsequently described as "My Fair Lady," who was recognised by Bernard Shaw in England some years ago. Thanks to the continuing mild under-utilisation of the economy's capacity and the acceptance by a fairly cautious President of both the new economics and the present social imperatives, a massive attack is being mounted for the first time on the problem of this backwater, with characteristically American high hopes (and legitimately high expectations) of doing something about it. Some teenagers and some adults, above all Negroes, are genuinely tragic cases. Between tax cuts to stimulate general demand and even more, perhaps, the $6 billion worth of government spending specially directed to solving their problems, a good number of them may cease to be tragic, particularly the young ones.

Between the lines of the Economic Report published on Thursday there shows the inner debate in the government over how much to expand demand, over how much of the unemployment is "structural" and thus not susceptible to alleviation through more rapid growth in the general economy and over how seriously to take the risk of inflation as a result of pumping up demand even faster. The view of the Council of Economic Advisers is clear: training programmes for the deprived are highly desirable but the figures show that rapid economic growth creates jobs for the skilled and the unskilled alike; the threat of inflation from excess demand is exaggerated. On this theory the stimulus in the Budget should have been even greater than it is. The council is frank in saying that unemployment will be reduced very little, if at all, in the present year from its level of 5 per cent of the labour force in the final quarter of 1964.

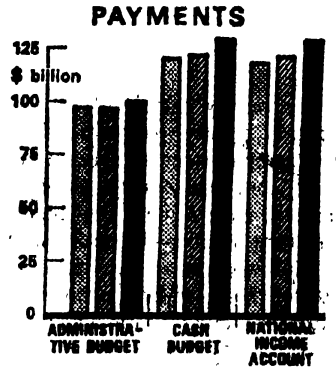
THE fiscal stimulus, derived from translating the ordinary budget figures into expenditure and receipts on the basis of the national income accounts, is between $8 billion and $9 billion in this calendar year—quite probably enough to prolong the expansion of the economy, which has already continued for a record period of four years, throughout 1965. The anticipated growth in the gross national product, over 1964's $622 billion, is $38 billion, or 6 per cent in current dollars, and nearly 1.5 million new jobs

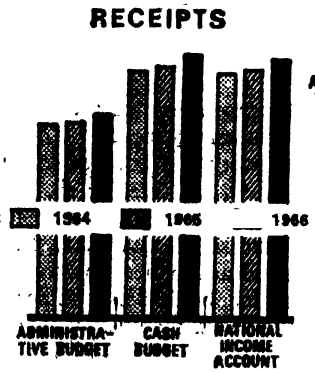
Continued on page 437

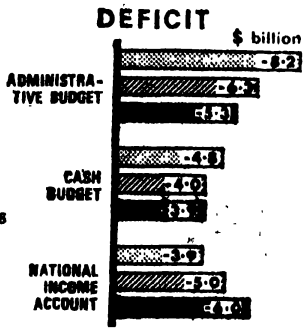
Details of the Budget—page 434

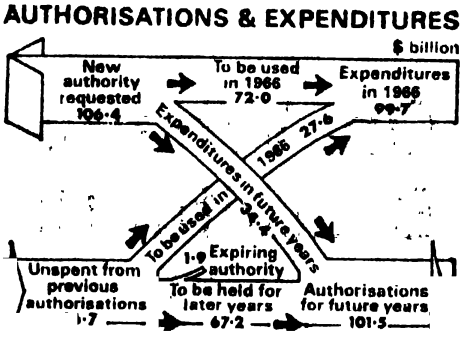
Budget for the Great Society

All years are fiscal years ending June 30th. Figures for 1965 and 1966 are estimates only.







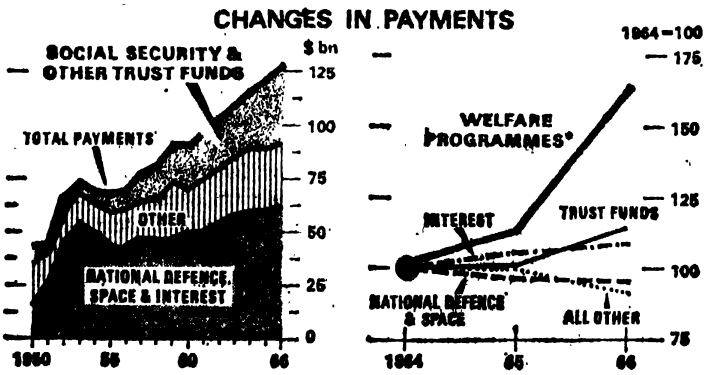


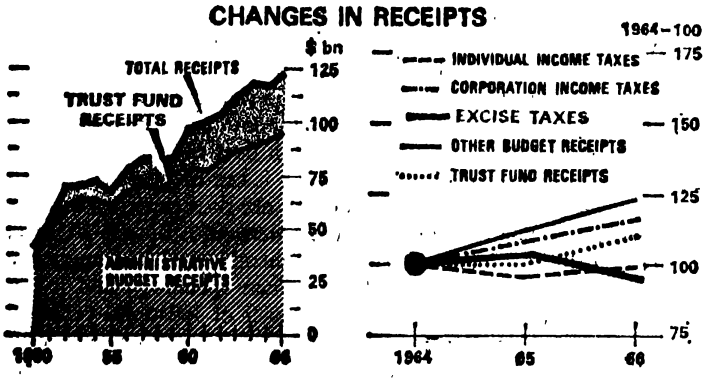
While President Johnson has been able, for one more year, to hold his estimated spending on his administrative Budget, the one most familiar to the general public, below $100 billion, the charts above show clearly that, by the two calculations which give the real effect of the federal Budget on the national economy, spending is far above the dreaded figure—and has been for years. The national income accounts, which give the direct impact of federal transactions on the current flow of economic activity, actually reveal an increased deficit for the year which begins next July. The cash Budget covers all the government's undertakings, including the huge trust funds (see also the charts below); the social security programmes—unemployment benefits, pensions, aid for children, etc.—and the programme for interstate highway construction, which are financed by special taxes, are the chief beneficiaries of these funds.

Since these programmes are managed by the states, most of the federal aid to the states comes out of the trust funds. Since they are concerned mainly with welfare programmes, much of this year's increases on both sides of the cash Budget are found in the trust funds. The prime example is the scheme for providing hospital care for old people, so close to the President's heart, which would be financed through insurance and therefore does not appear in the administrative Budget.

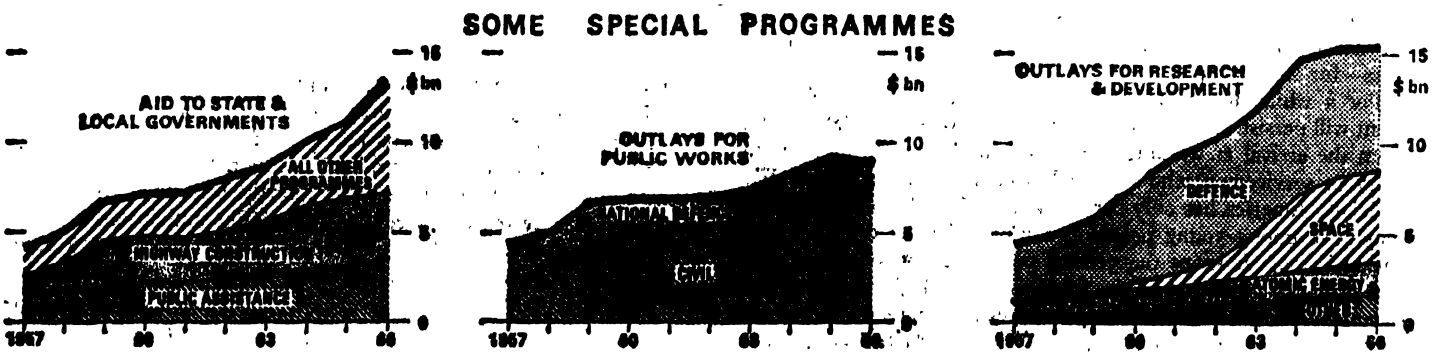
The chart on the right above shows how obligational authority which allows the President to spend money on new programmes and to continue old ones, will affect actual spending in future years; the 1966 request has fallen by almost $1 billion from 1965, which was $6.2 billion above 1964's $101.1 billion. The ratio of government spending, under the administrative Budget, to the country's gross national product is down to 15 per cent this year and the decline is expected to continue.

The only really big increase in spending in 1966 is for welfare programmes—education, help for the poor and the unemployed and so on—which are allotted $11 billion, $3.6 billion more than in the current year. International affairs remain at $4 billion, nearly all for foreign aid, food for peace and the peace corps (for which an extra $25 million is requested). Spending on defence, which still accounts for 52 per cent of the total, is down slightly, to $51.6 billion, and spending on space is up slightly, to $3.4 billion, entirely because of the cost of going to the moon. On the receipts side, the proposed reduction in excise taxes means that the yield from these will fall to $9.8 billion from an estimated $10.7 billion in the current year. But income taxes are expected to provide more than in 1965; the yield from income taxes on individuals is forecast at $48.2 billion and from those on corporations at $27.6 billion.





* *Health, labour, education, housing and community development. Economic Opportunity Programme and aid to the needy.*



NATIONAL BANK OF DETROIT

Detroit, Michigan 48232, U.S.A.

Statement of Condition, December 31, 1964

RESOURCES

Cash and Due from Banks		$ 538,442,022
United States Government Securities		602,685,545
Other Securities		383,443,487
Loans:		
Loans and Discounts	$904,341,571	
Real Estate Mortgages	270,741,317	1,175,082,888
Direct Lease Financing		3,114,502
Investment in International Bank of Detroit		2,500,000
Federal Reserve Bank Stock		4,800,000
Bank Premises		20,725,082
Customers' Liability on Acceptances and Letters of Credit		7,570,977
Accrued Income and Other Resources		15,347,602
		$2,753,712,105

LIABILITIES AND CAPITAL

Demand Deposits		$1,559,085,782
Savings Deposits		791,794,785
Time Deposits		156,921,953
Total Deposits		$2,507,802,520
Acceptances and Letters of Credit		7,570,977
Accrued Expenses and Other Liabilities		39,557,426
Capital Funds:		
Common Stock (4,000,000 Shares—$12.50 Par)	$ 50,000,000	
Surplus	110,000,000	
Undivided Profits	38,781,182	198,781,182
		$2,753,712,105

United States Government Securities carried at $243,338,607 in the foregoing statement are pledged to secure public deposits, including deposits of $21,211,132 of the Treasurer, State of Michigan, and for other purposes required by law.

Member Federal Deposit Insurance Corporation

The First National BANK of BOSTON

Incorporated with Limited Liability under the laws of the United States of America

Head Office: 67 Milk Street, Boston, Massachusetts U.S.A.

Condensed Statement of Condition

December 31, 1964

ASSETS

Cash and Due from Banks		$460,101,746
United States Government Securities		330,367,251
Federal Funds Sold		7,700,000
State and Municipal Securities		77,324,928
Other Securities		19,502,608
Loans and Discounts (Less Reserve for Bad Debts, $25,782,148)		1,307,245,004
Stock of Federal Reserve Bank		6,000,000
Customers' Liability for Acceptances		61,260,416
Banking Houses		10,462,401
Sundry Assets		22,791,951
TOTAL ASSETS		$2,292,756,294

LIABILITIES

Demand Deposits		$1,404,434,874
Time Deposits		480,378,692
Domestic Funds Borrowed		47,000,000
Federal Funds Purchased		19,200,000
Foreign Funds Borrowed		110,488
Acceptances Executed Less Those Held for Investment		61,929,032
Items in Transit with Overseas Branches		2,034,065
Provision for Interest, Taxes, Expenses, Dividend, and Unearned Discount		26,628,600
Sundry Liabilities		185,476
Securities and Other Reserves		24,101,580
Capital Accounts:		
Capital (4,000,000 shares, par value $12.50)	$ 50,000,000	
Surplus	150,000,000	
Undivided Profits	35,752,597	
		235,752,597
TOTAL LIABILITIES		$2,292,756,294

The figures of Old Colony Trust Company, which is beneficially owned by the shareholders of The First National Bank of Boston, are not included in the above statement. The figures of our overseas branches are included in their dollar equivalents.

LONDON BRANCH

4 MOORGATE, LONDON, E.C.2.

OVERSEAS BRANCHES: ARGENTINA—Buenos Aires, Avellaneda, Rosario
BRAZIL—Rio de Janeiro, Sao Paulo, Santos, Campinas

OFFICES OF EUROPEAN REPRESENTATIVE: London, Paris

BANK OF BOSTON INTERNATIONAL: New York

Member Federal Deposit Insurance Corporation

DISCOUNT CORPORATION OF NEW YORK

Statement of Condition as of December 31, 1964

JULIAN B. BAIRD
Senior Partner

JOHN E. BIERWIRTH
Chairman of the Board
National Distillers and Chemical Corporation

EMILIO G. COLLADO
Vice President and Director
Standard Oil Company (New Jersey)

CHARLES F. DUNBAR
Lawyer, Counsel

HORACE C. FLANIGAN
Consultant and Director, Inc.
Manufacturers Hanover Trust Company

WILLIAM A. LYON
President, Dry Dock Savings Bank

ANDREW K. MARCKWALD
Senior Vice President

THOMAS I. PERKINS
Chairman of the Board
The Dock Savings Bank

HERBERT N. RIPP
President

JOHN J. SCANLON
Vice President and Treasurer
American Telephone and Telegraph Company

ASSETS

Acceptances Discounted		$ 74,425,170.29
United States Government and Federal Agency Securities, at market or less		133,918,958.34
Negotiable Certificates of Deposit, at market		57,669,509.60
Interest Receivable Accrued		994,243.85
Sundry Debits		124,844.70
Cash and Due from Banks		2,423,150.45
		$269,555,877.23

LIABILITIES

Capital	$2,000,000.00	
Surplus	4,000,000.00	
Undivided Profits	2,869,965.14	$ 8,869,965.14
General Reserve		300,000.00
Loans Payable and Due to Banks and Customers		195,104,078.17
Acceptances Rediscounted and Sold with Endorsement		39,166,472.88
Security Contracts		24,876,755.16
Accrued Taxes		432,467.59
Accrued Interest and Expenses		402,170.14
Sundry Credits		403,968.15
		$269,555,877.23

OFFICES FIFTY-EIGHT PINE STREET

J & J MAYBANK LTD

Turn your waste into PROFIT!

Contact Europe's top buyers of waste

J. & J. MAYBANK LIMITED

DEPTFORD WHARF, GREENWICH HIGH ROAD, LONDON, S.E.10.

Telephone: TIDeway 5351 (10 lines)

- ★ *Confidential destruction of documents, etc., under supervision.*
- ★ *Free survey of all waste materials on request.*
- ★ *Long-term contracts at guaranteed minimum prices.*
- ★ *Guaranteed regular collection service.*
- ★ *Contractors to Her Majesty's Stationery Office.*

One of the MAYBANK *group of companies*

BRANCHES THROUGHOUT ENGLAND

Continued from page 433

will again be created this year. It is worth recalling that the term "stimulus" would not even have been used, nor would the sophisticated calculation on the basis of the national income accounts have been made, as recently as the Eisenhower years. Yet the President has managed to keep the increasingly meaningless "administrative" Budget below $100 billion—and has cleverly centred the early debate on the even more meaningless question of whether he has juggled the figures—because, after all, a country cannot be expected to enter the modern age all at once. It has done pretty well and the President, to his credit, did describe his Budget as stimulative for the economy. A tug from the past has made him feel it the better part of valour to pare down slightly the nominal deficit and therefore to limit the tax reduction; but this is a modest concession to make to orthodoxy. Given the existence of a deficit in the balance of international payments, this orthodoxy even makes a certain sense.

Senator Clark of Pennsylvania has boldly spoken out for a larger deficit and more stimulus, a thing that would have been quite out of the question only a few years ago even for a liberal Democrat. No doubt the Secretary of Labour and the Council of Economic Advisers agree. But at the central bank and the Treasury there is not only scepticism that more rapid growth would reduce structural unemployment significantly, but also a deep fear of a revival of inflation and a worsening of the balance of payments. The debate is a fair one, among men of good will. It should not be allowed to obscure two notable facts about present-day America: the country now believes in modern fiscal policy and unemployment makes modern fiscal policy much more safe in America than in other countries that awakened to its possibilities earlier and have enjoyed its fruits already. It is also clear that the first tastes of the fruit give great pleasure and only the slightest sense of sin.

The outlook for the American economy in 1965 is discussed in Business Brief *on page* 451.

No Aid to the Party

CHICAGO

MR RICHARD NIXON, who is apparently bringing off one of his innumerable resurrections from political death, was clearly the dominant figure at the meeting of the Republican National Committee in Chicago last week, the first since the election. Considerably less solemn than usual and almost flippant at times, Mr Nixon was everywhere at the Sheraton-Blackstone Hotel, shaking hands, making little speeches and preaching the great need for Republican unity. If the 132-member committee had been given the chance to pick the party's nominee for 1968 it would have selected Mr Nixon then and there.

What really depressed the handful of progressive Republicans present at Chicago was not just Mr Nixon's come-back but the general mood of the party which it symbolised. Mr Nixon's formula for increasing basic Republican strength beyond its meagre 25 per cent of the electorate (the proportion of avowed Republicans) is merely to re-unite the party's warring left and right wings. Progressives such as Mr George Romney, the Governor of Michigan, and Mr William Scranton, the Governor of Pennsylvania, believe that a much more drastic formula is needed. They advocate a more liberal policy which would appeal to lower-income groups and racial minorities even though this might mean losing the conservative hard core, perhaps to a right-wing third party movement. But neither Mr Romney nor Mr Scranton was even invited to Chicago.

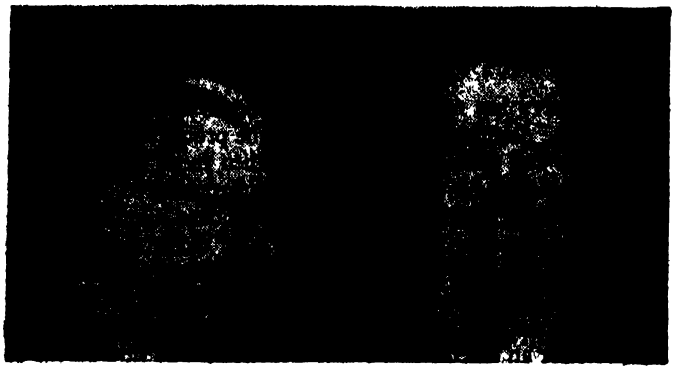
The three-day meeting was not at all the symbolic repudiation of the Goldwater movement which progressives had hoped it would be. A substantial majority of the National Committee, including a good many conservatives, agreed, to be sure, that Mr Dean Burch was now an anachronism and could not remain for long as the party's national chairman. But progressives had hoped Mr Burch, a young lawyer from Arizona and a *protégé* of Goldwater, would be ousted in a pitched battle which would provide some therapeutic blood-letting. Instead a negotiated settlement was worked out by Mr Nixon and other conciliators, with Mr Goldwater agreeing that Mr Burch should resign on April 1st.

In their zeal to demonstrate that the party was united again, committee members spent most of their time at formal sessions tossing verbal bouquets at Mr Burch, Mr Goldwater and Mr William Miller, the vice-presidential candidate last year, a trio whom most Republicans never want to see again. The casual listener might well have assumed that Goldwaterism was still the prevailing mode of the party. The climax came at a luncheon, with Mr Nixon serving as toastmaster and showering Mr Goldwater and Mr Burch with unctuous praise. In return, Mr Goldwater delivered a bitter speech, claiming that the power of the federal government and the public's fear of that power had defeated him. Making his political swan song Mr Miller, in characteristically bad taste, declared that the American people elected Mr Johnson because they "were just not in the mood to assassinate two Presidents in one year."

Nor were the private remarks of the committee members any more realistic. At cocktail parties and receptions the Republican leaders denounced Mr Romney and Mr Scranton, potentially two of the strongest vote-getters in the party: Mr Romney for not supporting Mr Goldwater last year and Mr Scranton for not supporting him strongly enough. When asked in private conversation how the Republican party could survive, they usually replied with some *cliché*, such as the need for the public to be awakened to the dangerous growth of the central government.

On only two occasions were the committeemen exposed to reality. One was a briefing by an analyst of public opinion, retained by the National Committee, who warned his hearers that the Republican was becoming the vanishing American. The other was a remarkably frank speech by Senator Morton of Kentucky. Perhaps in subconscious penance for acquiescing in Mr Goldwater's nomination last summer (when the Senator was chairman of the party's convention at San Francisco), Mr Morton bluntly told the National Committee that the party could not write off the Negro vote and hope to survive. He condemned vigorously the current strategy of southern Republicans attempting to outdo Democrats in advocating segregationist policies, reminding his hearers that soon southern Negroes would begin to vote in great numbers.

The ideas of Mr Morton and the party's progressives are not apt to be pursued by Mr Ray Bliss, elected at Chicago to be Mr Burch's successor. Mr Bliss, a fastidious expert in the intricacies of party organisation and chairman of the party in Ohio for the past sixteen years, has always shunned any discussion of policies



Smiling Through: Mr Bliss and Mr Nixon

or ideology. Indeed, his non-ideological reputation was the very reason Mr Bliss was acceptable both to progressives and to conservative foes of Mr Burch. But Mr Bliss, who has not been nearly so successful in Ohio as his reputation would suggest, is scarcely the imaginative leader needed to guide the party now.

About the only encouraging thing for progressives is the fact that the National Committee, consisting basically of one man and one woman from each state, has no power. The party is, after all, a collection of autonomous state parties and progressive leaders in Michigan, New York, Pennsylvania and perhaps Illinois can set off on their own to remake it. Yet the progressives have consistently disregarded the storm signals flying at the National Committee, which forecast between 1961 and 1964 the rise of the Goldwater movement. The committee's mood may now be quite as accurate in forecasting that the party is entering a period of sterile reconciliation under Mr Nixon's guidance.

Dockers Turn Around

LAST week, after an educational blitz by the leaders of the International Longshoremen's Association, dockers in New York City voted by better than two to one to accept the new four-year contract which they had turned down at first. Evidently, as the ILA leaders said, ignorance of its terms was the main cause of the original rejection, which triggered off a dock strike all along the Atlantic and Gulf coasts. No doubt two weeks without pay also helped. But whose fault was that ignorance? The new contract marks a hopeful turning point for the port of New York by giving employers some freedom from costly, out-of-date work rules in return for handsome concessions to the dockers. These include the biggest step yet toward decasualisation on the docks, a guaranteed annual wage and a big increase in wages and benefits. The first-fruits of the dockers' turn-around was that perishable goods were unloaded in New York and the picket line was withdrawn, allowing American liners to sail (foreign ones have not been immobilised).

But, as *The Economist* went to press, the strike was still on, because settlements had not been reached in other ports. No dockers return until all do so. A settlement in New York usually means that one is not far off in other Atlantic and Gulf ports. This will probably prove true again as pressures build up to end a strike costing millions of dollars a day and biting deeper all the time into America's balance of international payments. But conditions in the other ports differ from those in New York: for instance, the employers in New Orleans are determined not to match New York's concessions because they would not benefit from the reduction in size of gangs; there is no fixed minimum size in New Orleans. Dockers in other ports also want to reduce or eliminate the differential between their wages and those in New York. A speedy settlement cannot be taken for granted.

Presidential Insurance

SSITY has mothered no invention to mend the vagueness in the American Constitution on the problems of presidential succession and disability. Congress, when faced with a less than robust President, has always been too embarrassed to deal with the issues squarely. It did not do so after President Eisenhower's three major illnesses from 1955 to 1958. Nor did it do so last year when there was no Vice President—only the aged Mr McCormack, the House of Representatives, clinging proudly to his next-in-line for the White House. Actually, the Senate for an amendment to the Constitution to tidy up the confused line of succession. But the House Judiciary Committee, out of a foolhardy deference to Mr McCormack's feelings, let the Bill die. With the energetic Mr Humphrey installed as Vice President and the President in favour of ensuring "the necessary continuity of leadership," the amendment now stands a good chance of getting the required approval of Congress and of State Legislatures—unless the President's recent cough and cold have made the issue once again seem tactless.

Briefly, the proposed amendment would have the President himself select a new Vice President when the office fell vacant, provided that Congress agreed. If the President were disabled, he could notify Congress in writing and the Vice President could then assume his duties, but not his office. (Mr Johnson, like his two predecessors, has come to an informal agreement with his Vice President on procedures for taking over should he be incapacitated.)

In the more delicate predicament of a President who was disabled but could not or would not admit it, the amendment would allow the Vice President to assume his duties upon informing Congress with the written consent of the Cabinet. The President could have his job back upon declaring to Congress that his disability no longer existed. If the Vice President and the Cabinet disagreed, Congress would make the final decision. This section of the amendment has its critics. They feel that the Cabinet alone should decide when disability has begun and ended, arguing that there should never be any doubt as to who holds the presidential (and nuclear) power. There might be if a congressional debate were pending.

Mr Johnson himself may submit a plan to replace the sorry Presidential Succession Act of 1947. That places the Speaker of the House and the President of the Senate behind the Vice President; both may easily be members of the party in opposition to the Administration. This would hardly ensure a smooth transition of executive power were both the President and Vice President to die together, a possibility not inconceivable since November 22, 1963. Congress should not trust to luck any more; seven Vice Presidents have died in office, as well as eight Presidents (four of them shot). It might be wise, incidentally, while the legislators are thinking about the continuity of Chief Executives, if they considered requiring both the President and the Vice President to keep their overcoats on during inaugural ceremonies.

Brighter Copper

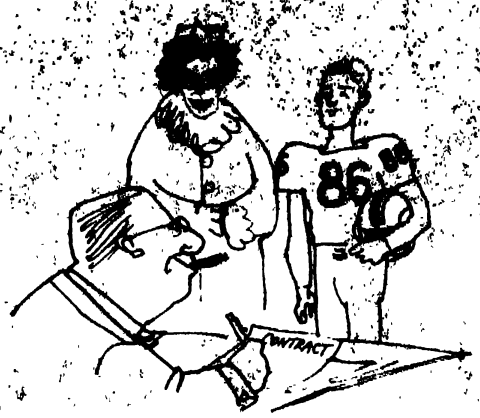
SENATOR MANSFIELD has now put formally to Congress his proposal that 100,000 tons of copper should be released temporarily from the national stockpile of strategic and critical materials in order to save fabricators of the metal from having to lay off employees because of shortages and higher prices. (Similar proposals for lead and zinc have also been introduced.) Congressional action is necessary because the amount is more than is available in the Defence Production Act stockpile from which sales can be made without the legislators' approval; 20,000 tons of copper from this subsidiary reserve have recently been put on the market. There are about 1 million tons of copper in the main stockpile, over 250,000 tons more than is needed for a wartime reserve under present calculations. But these are still based on estimated requirements during a conventional war; government experts have not yet produced revised estimates of what would be needed during and after a nuclear war.

This delay is one reason why Senator Symington's Bill reorganising the present system of running the stockpile was not pressed last year. But the main reason was the opposition of the mining industry; the recent shortages of metals and the increases in prices have generated a more favourable atmosphere, and support for the Bill from industrial users of metals, so it may well become law this year. Under it the three existing stockpiles, containing reserves of 76 different items, valued at over $8 billion, with supplies of

many of them far in excess of estimated needs, would be amalgamated into two. One would contain the strategic reserves, the other the surpluses; the latter could be sold without congressional action although advance notification would give the legislators a chance to protest. Mr Symington also hopes that the government may be permitted to sell its surpluses below current prices to relieve pressures on the market.

Even if this reform is held up, however, and even if Senator Mansfield's proposal fails to secure approval, which is unlikely, copper should soon be in adequate and, perhaps, plentiful supply. Demand is expected to go on rising but the labour troubles which curtailed output in 1964 have been settled—and so, it is hoped, have the long-standing difficulties between the American copper companies and the Chilean government. Under agreements with the new President, Señor Frei, which have yet to be ratified by the Chilean Congress, the government will go into partnership with the three big American producers. This should free them from threats of nationalisation and penal taxation. In return the companies are planning to double their output of copper from Chile by 1970, raising it to [illegible] tons.

Dotted Goal Line



AMATEUR standing in American football is like virginity — highly prized but difficult to ascertain. So eager are the professionals in the two leagues, the National and the American, to capture the football heroes of American colleges and universities that they have been tempting the players to sign contracts before they have played their last amateur collegiate game. The bait is alluring, indeed. A 21-year-old quarterback from the University of Alabama, for example, received a reported $100,000 simply for signing a three-year contract at $100,000 a year with the New York Jets of the American Football League. But a national furore broke out when the coach of the University of Oklahoma's team discovered that four of his stars had signed professional contracts even though Oklahoma's big Gator Bowl Game with Florida State University still remained to be played on New Year's Day. He virtuously forbade the offenders to go on the field. Florida then trounced Oklahoma with the aid of seven stars who had the restraint not to sign their professional contracts until the end of the game under the eyes of the television cameras.

There has been little criticism of the young athletes themselves. As the *New York Times's* sports columnist pointed out, universities have often taught the boys to cheat even before they have left high school. (The practice of recruiting schoolboy stars to the college team with "football scholarships" and even motor cars is by no means extinct.) Yet the recent revelations of premature professionalism have had some effect. The National Football League has sworn not to ask any amateur player to sign anything until he has played his last collegiate game, including the post-season Bowl Games (in which the teams who have come out top of the regular autumn season face each other). But the newer and struggling American Football League would not say the same; the AFL suggest that the two leagues and the National Collegiate Athletic Association agree on new rules of recruiting.

The real villain, if there is one, is the growing popularity of professional football. An estimated 25 million Americans watch its games on television on Sundays during the season. This has not kept an increasing number of fans—6.5 million in 1964—from buying tickets to watch the [illegible] air.) To feed this appetite, the Columbia Broadcasting System will pay each of the 14 teams in the NFL more than a million dollars this year to televise its games—guaranteeing the club owners a profit before any seats are sold—and the National Broadcasting Company has bolstered the AFL by buying five-years' worth of television rights for $36 million. Television has even altered what happens on the football field. The opposing teams now wear dark and light jerseys, rather than more contrasting colours, and the half-time interval has been cut from 20 to 15 minutes to make the entire game fit into a neat, two-and-a-half-hour programme.

Capital Friend

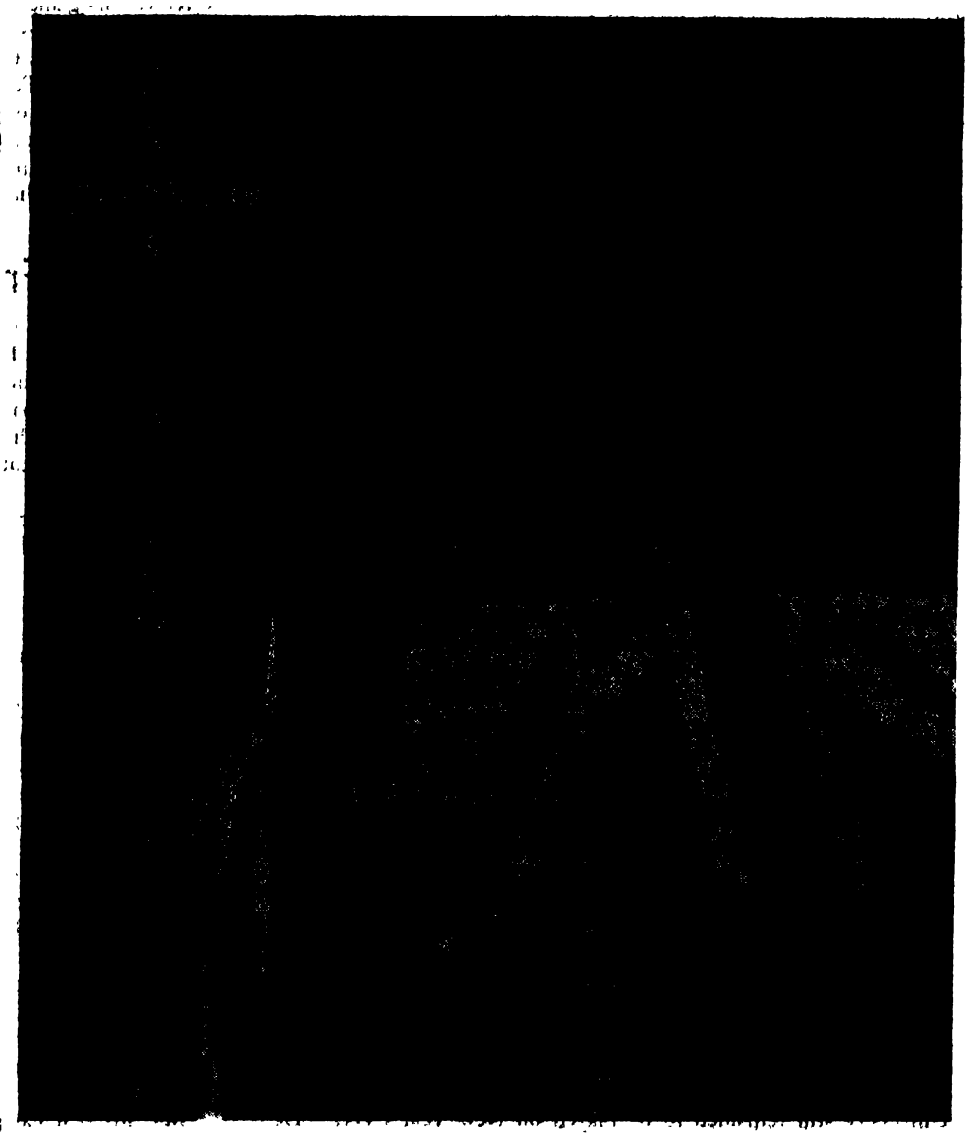
IT was President Kennedy who first took seriously the problems of Washington, DC. The budget for the District of Columbia which President Johnson sent to Congress last week shows that he is equally determined that the capital, which is over 50 per cent Negro, shall have the money and the legislation to become a credit to the Great Society. Home rule, to replace the present system of direct congressional control, will head the President's general requests, which he is to send to Congress shortly. But he has already demanded the financial reforms which are needed and which are, in some respects, almost as controversial. One sore point is certain to be the size of the budget—$392 million—up $40 million from last year. The lion's share of the increase is, rightly, for the schools; the White House actually increased the request submitted by the District. The President has also told Congress bluntly that it must allow Washington to benefit from the federal programme of aid to dependent children; Southerners oppose providing adequate assistance for the poor lest this attract even more Negroes to the capital.

The real challenge to Congress, however, is that the budget is balanced only by including on the revenue side new taxes on petrol, cigarettes and incomes and a federal contribution of $57 million (instead of the present one of $37.5 million). Both the federal contribution and the limit on the city's power to borrow which are now fixed by statute should, the President said, be settled by formulæ which automatically allow room for growth. Last time Congress, under the influence of Southerners who think that a Negro city will turn liberty into license, rejected such requests—even that for the new taxes which Washingtonians were prepared to pay.

But this year Congress may be more helpful. The trouble lies not with it as a whole but with the committees which deal with the affairs of the District, particularly that in the House of Representatives. Normally these are the least sought-after of all, except by Southerners who can make political capital back home by flaunting racist attitudes in Washington. But this year four of the new Democrats on the House District Committee are progressives; it is significant that one of them, Mr Grider, is from the changing South. Unfortunately, the Republicans' one new appointment went to Mr Broyhill of Virginia, a strong segregationist. The Senate District Committee has two notable additions: Senator Robert Kennedy, who did much for the city when [illegible] Attorney General, and Senator Tydings of Maryland. On [illegible] rule, however, it is the House committee which is the graveyard of hopes; it has never allowed a Bill for self-government to reach the floor, although five have been passed by the Senate. The new balance on the House committee is so close that whether Washington achieves home rule this year will probably depend on how much energy the President devotes to this cause.

BRITAIN

Faithful to the Grave



FOR over a mile to where Churchill's body lay in state this week has stretched the congregation of private persons, each of his own will standing in the cold to mark his gratitude. This is the tribute that would have touched Churchill's heart. Today, to his funeral, come the presidents and the princes; Eisenhower, de Gaulle, Haile Selassie, Spaak, the allies of war-time London; the leaders of the English-speaking Commonwealth whose history Churchill wrote as well as enacted; Marshal Koniev, Soviet hero of the anti-Fascist war (and first commander of the Warsaw pact); Chancellor Erhard, leader of the nation that he twice fought and in peace sought as a friend. But the mourners in London are friends, colleagues, symbols of old alliances. There is no summit meeting this week. The funeral is an end, not a beginning. History has moved on. To so much of the world, the war that Churchill won immortality by fighting appears not as the last great war, but as the last European war. When the bomb dropped at Hiroshima, Churchill was no longer the undisputed leader of a people: he was once again, as he had for so long been, a man of politics. Without him the dissolution of the Empire began its irreversible process. With his end, for Britain, an era—even the memory of an era—fades into the past. We participate today in a great recessional, and at a time to start afresh.

Labour's Local Difficulties

How the voters of Leyton and Nuneaton spat in the Government's eye

"WHAT happened was that a lot of Liberals voted Conservative, and for some reason or other a lot of Labour people abstained." Thus Mr. Gordon Walker explained his disaster in losing a [illegible]00 Labour majority at Leyton, and at first sight the figures might seem to support him. The disaster came because, compared with last October, the Conservative vote at Leyton rose by 830, while the Liberal vote dropped by 2,216 and the Labour vote dropped by 7,301. Meanwhile in Nuneaton Mr Cousins's Labour vote was actually dropping by more than Mr Gordon Walker's in total amount (7,734); but, as the Conservative vote at Nuneaton also dropped slightly, last October's Labour majority of 11,702 merely dwindled to 5,241.

Mr Cousins bumbled on television after the poll that he could see no setback for Labour here, because "if we got a majority of 5,000 in every constituency, we would be very happy." But in fact Nuneaton's net swing to Conservative of 4.9 per cent would give the Tories a general election majority of well over 150 seats, and Leyton's monster net swing of 8.7 per cent would give the Tories a majority of nearly 300. Moreover, despite Mr Gordon Walker's theory that he was hit merely by differential abstentions, a post-poll inquiry for *The Observer* by Research Services Ltd. has unearthed some definite instances of switches by former Labour voters right over to Tory; and has suggested that there were an equal number of potential Tory and Labour voters among those who stayed away.

The blunt truth is that middle of the road opinion, including working class opinion, plainly deserted both ministers in droves. In large part, this was a sign that there is greater general dissatisfaction with the Government's economic record than the public opinion polls had suggested. But, in addition, these elections were clearly swayed by two factors that professional psephologists generally discount. First, Leyton was one of the few constituencies that was quite literally won by more intelligent organisation, in the sense that the final Tory majority of 205 was more than accounted for by the Tories' greater skill in "ferreting" down the postal and "removed electors'" vote. The

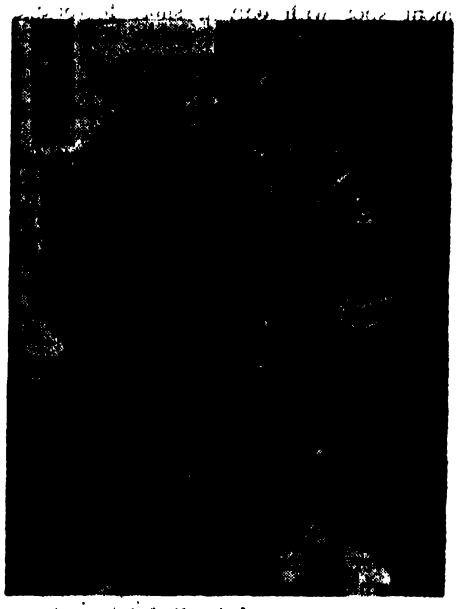
Changes in % poll since October

	Lab.	Con.	Lib.	Other	Net Swing Lab. to Con.
Leyton	−7·9	[illegible]	−2·3	+0·8	[illegible]
Nuneaton	−3·9	[illegible]	−1·9	[illegible]	[illegible]

Conservatives concentrated on this, while Labour tied up its workers in mass meetings addressed by cabinet ministers, and attended by halls full of faithful Labour suburbanites, with outside the constituency's [illegible] by people awaiting a [illegible] (Jordan) [illegible]

candidates, of whom most electors have only the haziest mental picture. But these ministers were front page news, and on those front pages they presented no very modern image. Although Mr Cousins had a good press, some of his most publicised speeches must have insulted Nuneaton's intelligence. Mr Gordon Walker had a most unfair photographic press, including from Labour newspapers: a sort of competition sprang up in photographing him walking through Leyton's mean streets looking like (*The Times'* phrase) has passed into political language) a "lugubrious basset-hound." By election day it had become secretly fashionable in some of those mean streets to want to bully the former Foreign Secretary. Voters' later explanations to pollsters of why they voted as they did—the carpet-bagger issue, the poor Mr Sorensen issue, the racial issue—were probably mainly *ex-post* rationalisations of this. They derive their main importance because both parties will believe them. If it had had any other candidates than the two ministers, Labour would not have done so terribly in this first round of by-elections. But history may still be altered by this accident-proneness at the top, if the national bandwagon now rolls.

Justice in Private?



The Government last week announced that it will implement the recommendation, made six years ago, of the Tucker committee, Committal proceedings in magistrates' courts will no longer be reported in the press. Our legal correspondent writes:

ENGLISH law knows no official prosecutor as such. In theory, prosecutions are still brought by private persons, although certain cases are reserved to the Director of Public Prosecutions. In practice, nearly all prosecutions are brought by the police, who take their decisions in secret. The police must then bring their accusations before a magistrates' court, which disposes of the matter finally if the charge is summary, and requires a *prima facie* case to be made out if the accused is to be committed for trial on indictment. This procedure is clearly vitally important in safeguarding the citizen from a purely vexatious or malicious committal for trial. At the committal proceedings it is customary for the prosecution to make a speech and call witnesses. The defence may also do this; but for obvious tactical reasons the course is rarely followed. The magistrates must then decide whether the prosecution has discharged the burden of proof sufficiently for them to be justified in sending the man to trial.

These proceedings are fully reported in the press; which often means that newspapers contain a detailed argument against a prisoner, but none in his favour. The fear is that such publicity, especially in a sensational case, may deprive the accused of the chance of a fair trial. Potential jurymen will have read about the case, and one side of the evidence, before they come into court to try it. These points were driven home in the case of Dr Bodkin Adams in 1957. The committal proceedings were widely reported in the press; the evidence publicised included that concerning two deaths which was never re-presented at the trial. Lord Devlin, the trial judge, protested at the unfairness to Dr Adams, and this gave a sharp impetus to the agitation for reform. (The reformers, however, often omit to point out that Dr Adams was eventually acquitted.)

Under existing English law it is possible to avoid publicity by holding committal proceedings *in camera*. The Magistrates' Courts Act of 1952 recognised an unfettered discretion of magistrates to take such a course, but traditionally courts have rightly been reluctant to exercise such a power unless the national security is involved or evidence has to be taken from a witness who fears intimidation. *In camera* sittings are generally undesirable, and particularly so in magistrates' courts, where acquittal under these circumstances can lead to suspicions of favouritism or worse.

The government will now tackle the problem directly by introducing legislation to provide that committal proceedings shall not be reported in full unless the accused is discharged, or until the trial has ended. Until then, reporting will be limited to purely factual matters, such as the name and address of the accused, the charge, and the decision of the court. As a *quid pro quo*, the government proposes to confine the magistrates' right to sit *in camera* to a tiny number of special cases. At the same time, it is proposed to speed up proceedings by allowing some witnesses to give written rather than oral evidence.

The only argument that can be adduced against the Tucker proposals restricting publication is that in some mysterious way they infringe the freedom of the press. In fact, they do not do this, since publication is allowed once the higher court has given its verdict: public curiosity alone, not the true public interest, is served by early publication. A precedent exists for restricting full reporting in the public interest, in divorce cases, where for example there may be no reporting of evidence in a contested trial. The proposed Bill is a small one but is welcome not only for itself but also as an earnest of the government's intentions to carry out its promised and much needed overhaul of English law.

Scotland's Open Secrets

A correspondent in Scotland reports on the quiet way in which people are brought to justice north of the Border:

IT is often said in England that the Tucker committee, in proposing restrictions on reporting proceedings at preliminary hearings before magistrates, were simply accepting rather late in the day what had long been acknowledged as civilised behaviour north of the Border. But there is in fact a fundamental difference between the two jurisdictions in criminal matters; in Scotland there is a full system of public prosecution. Lines of responsibility are clearly drawn. Investigation is the function of the police, while prosecution is the function of the Crown Office—under which come the Procurators Fiscal. At the earliest stage the whole case is reviewed by an independent mind, which has not been

affected by the process of investigation. For this, and other historical reasons, the "preliminary proceedings" in Scotland have an emaciated look when compared to those in an English magistrates' court.

The first stage which could fall under that head is the so-called "judicial examination." As soon as possible after arrest the suspect must be brought before a magistrate (in a serious case a sheriff). The nature of the charge is disclosed and the suspect can make a statement if he wishes. Generally he does not, unless he thinks it likely that the whole matter can be solved thereby. Formerly this stage was important, since it was the only one at which the accused could himself tell his own story; the "examination" has now become more of a formality than some think it should be. The next stage, the pleading diet, is not merely the occasion for the accused to plead to the charge but also for raising any pleas in bar of trial, e.g. that he has already stood trial, but again there is nothing like the English hearing. The second diet is the full trial. So before this full trial there is no public hearing of evidence that could be reported—and hence no need for a formal ban on such reporting.

The press in Scotland can report that X has been brought before a sheriff on a particular charge, but no more. Once a person has been charged, it has been said that the function of the press in commenting on the charge, or in making any suggestions which could influence a jury, is at an end. More recently it has also been said by the courts that, even at the stage of investigation, the publication of material in the press which could impede the police or prejudice a trial would be treated as contempt of court. This rule, much firmer than the English one (at least in expression), could cause trouble for "border-hopping" media and could if too rigorously interpreted perhaps interfere with the legitimate freedom of the press.

The great virtue of the Scottish system is that as far as possible everyone starts level at the trial. Other rules help to that end. Rules and practices ensure that the accused knows the Crown case (and also that the Crown is not taken by surprise). None of this needs press reporting. It is conceivable that if a charge is not proceeded with against a man whose arrest has been published, he could claim to be prejudiced. His release will not be well publicised, not being the result of a reported hearing. That case is hard to sustain. His release will be at least as public as his arrest. Whatever happens in England as a result of an open hearing before magistrates, it is likely that the Crown case, the fact of a charge and the evidence led to support it, will stick at least as firmly as the dismissal. The first is news. The second is normally not.

Certainly there is no apparent complaint in Scotland about the present position. Rather is there pride and satisfaction in it (so far as it provokes conscious thought). The press do not complain about the general position; since the press never had a right to report preliminary proceedings, it does not feel robbed. That public which interests itself in criminal trials is satisfied with one report. Accused persons, if they thought it out, would see that two reports were one too many.

Against this background, it may be (mildly) wondered whether all opponents of the present proposals in England are valiant for truth, or whether they are not perhaps (a little) valiant for circulation. Yet one question remains. In so far as, in England, the preliminary hearing and its reporting may have operated as a check on abusive prosecutions, the creation of a full system of public prosecutions as an institutional check to that end may have to be considered if reporting goes. The limits on the press in Scotland may be more tolerable because of the existence of such a system.

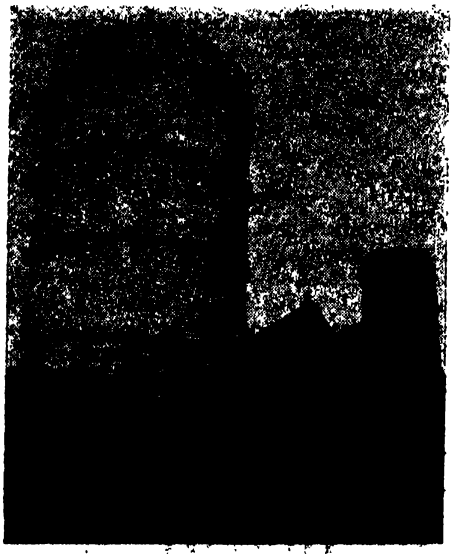
New Kew View

In West London, a new chance for a big development

A MILE of London's river bank and 500 acres of adjacent land lie ripe for new development at Brentford, where a magnificent but noisome gasworks faces across the Thames to the towpath beside Kew Gardens, next to a dying dock. The brave swansong of Brentford and Chiswick borough council, sparked off by a development company's interest in vacant railway land in the area, has been to commission a consultant's plan whose proposals are of much more than local significance.

The most attractive idea, and one for which there is commercial potential, is for a marina and boatyards to replace British Rail's dock, where there would also be room for smart riverside houses. Behind this Brentford's entire High Street, parallel to the river, could be closed to through traffic. Detailed plans are made for the 100 acre site behind the gasworks (the other 400 acres being set aside for more thorough consideration, including preservation of some fine houses at Strand-on-the-Green). By moving and decking over existing reservoirs (which could have car parks on top) and moving the gasworks to replace houses now exposed to the motorway, room can be made for over 12,000 new dwellings and plenty of open space on the 100-acre site. Some of these could be in towers facing a magnificent prospect of the river and Kew Gardens. This leaves plenty of room for the planners' grandest idea—an international conference centre with attendant restaurants and hotels, and terraces and water gardens between the present bank and two muddy willow-fringed islands in midstream. Brentford thus joins the South Bank at Waterloo and the site of the present market at Covent Garden for the honour of providing a world-class amenity which London sadly lacks in comparison with many other capitals.

This is not an idea to be laughed off lightly. Almost halfway between London Airport and the West End, the site is highly accessible by motorway and rail. London's inner suburbs need this kind of polarisation as the new motorways cut through them. If, as it should be, Brentford Market is moved out to where it can better serve west London and the neighbouring counties as an efficient food distribution centre, the possibilities are enlarged still further. The market site, in the crook of rail and motorway, could become a night-time entertainment spot with only a short footbridge between it and the riverside conference centre, holding out the promise of round the clock business for anyone who can be persuaded to run one of the hotels or restaurants in the scheme.



Under the gas-works, the ghost of a village

But the Greater London Council, which will certainly be involved, as well as the new borough of Hounslow which takes over in April, will have to consider not only the individual viability of this plan, but also its place in the priorities and finances of London as a whole. Nobody pretends that massive conference centres can be run unless a government or city decides it wants to pay to keep one. The actual construction, in the rough estimates provided, would cost £9 million, including the hotels and restaurants. The whole 10-acre scheme, including the entertainment centre, marina, housing and multi-storey car parking, is estimated at £50 million worth of building, plus over £6 million needed to acquire the land which the local authority does not already possess, not to mention clearance and other costs.

Obviously there is plenty of room for private money in the scheme. But the GLC will be under considerable pressure to devote the whole site to relieving its acute total housing shortage. Such a decision could hardly be condemned, only regretted in terms of public magnificence and the tourist trade. But whatever is built there should do justice to the site by being built well—and quickly.

BOOKS

Lessons Unlearnt

The Congo since Independence: *January 1960-December 1961*

By Catherine Hoskyns.
Oxford University Press for Chatham House. 530 pages. 55s.

Today, as in 1960, conflict in the Congo, and foreign involvement in it, threaten international peace and envenoms race relations. Today, as in 1961, the fate of the United Nations is in jeopardy, and its capacity for future peacekeeping work in doubt. The lessons of 1960-61 have not been learnt; partisan emotions and propaganda have masked the facts; and this has contributed to the present crisis. Any help toward better understanding of that tortuous chapter in the history of Africa and of the United Nations is timely. It is the more welcome when, as in this case, the story is told with careful attention to detail, yet in straightforward and readable language.

The author, a member of the research staff of the Royal Institute of International Affairs, travelled extensively while preparing this book, and made personal contact with a good many people who were directly involved in the events narrated. This helps to enliven and sharpen her pages. Rightly, however, she points out that the testimony of some of those involved is not yet available, and that the answers to certain questions must be only tentative. This may not be history's final version of the 1960-61 Congo story; but Miss Hoskyns's study should at least dispose of a number of myths that are still prevalent.

Her enlightening destruction of myths begins even before the narrative reaches the date of the Congo's independence. Often it is said that the whole disaster arose from the Belgian decision in January 1960 to grant independence by June. But the record clearly indicates that the Belgian government was then neither politically nor militarily able to reject the demand for swift independence. It could no longer control the Congo. Its fatal sin of omission had been to fail to prepare either the Africans or the whites for the inevitable change. This failure was prolonged even after January, in ways that excited African suspicion that Brussels did not mean to transfer real power. Most notably, nothing was done to meet the Congolese soldiers' evident impatience for Africanisation of the military command.

Some Belgian politicians saw the mutiny as the work of foreign plotters; some Africans saw it as a Belgian manipulation, designed to justify the reimposing of colonial rule. But in fact the evidence shows that the already angry troops were further infuriated by the clumsy way their first demands were handled both by their Belgian commander and by Mr Lumumba. The record also shows how, between July 6th and 10th, tension was eased wherever Mr Lumumba and his colleagues intervened to quiet the mutineers; but this hopeful trend was abruptly reversed as soon as Belgian troops fought their way into Matadi and Mr Tshombe, with obvious Belgian backing, declared Katanga independent.

This book sets out the compelling evidence that the Katanga secession was a Belgian creation. In other provinces the Belgian forces' intervention was limited to protecting Belgian lives. In Katanga, they disarmed and disbanded the Congolese troops throughout the province—killing a good many who resisted—and swiftly recruited a new Katanga army entirely officered by Belgians. Miss Hoskyns shrewdly brings out the extent to which emotional factors rather than coldly calculated economic interest led the Belgians into a short-sighted policy that revealed their lack of understanding of African realities. She shows, equally well, how the Russians' similar ignorance of African facts and feelings cost them dearly. Given dazzling opportunities of winning African and Asian goodwill, especially in the months between October 1960 and April 1961 when American tactics in the Congo were alienating African opinion, the Soviet government threw its chances away by maintaining a crude hostility to the whole UN operation and to Mr Hammarskjöld in person.

Only too relevant to today's new Congo situation is the author's illuminating account of the recruiting of white mercenaries for Katanga and their conduct of operations against the UN force, and of the international propaganda network that Mr Tshombe's revenues from the mining companies sustained. Her analysis of the successive stages of the developing UN operation in general makes clear the severe limitations imposed on it by the member governments' shifting, conflicting and often negative attitudes. It shows, for example, that the United Nations was in no position to meet demands that its troops should rescue Mr Lumumba after he had abandoned its protection and been caught by his enemies. In dealing with the controversy about the conflict of September 1961, she does not challenge Dr Cruise O'Brien's facts; but she rejects his criticism of Mr Hammarskjöld's attempt to represent the United Nations' actions at that time in terms that might blunt the violent attacks on the organisation that followed.

Where she may herself be challenged is over her assertion that strong UN military action against Katanga in August 1960 would have been much less controversial than the action that was actually taken a year later. Certainly Mr Hammarskjöld had argued the case for restraint in 1960 primarily in legalistic terms; but in real terms it is clear that, at that time, he could obtain neither a broad consensus in support of a fighting entry into Katanga, nor the contributing states' agreement that their troops should be sent into battle. This is the one point at which the book may help to perpetuate rather than to destroy a misunderstanding.

Irony as Method

The Crazy Fabric: *Essays in Irony*

By A. E. Dyson.
Macmillan. 247 pages. 30s.

It is human nature that Peacock describes as "the crazy fabric," and ironists may well be among those who, drinking Madeira the while, lay deep schemes for its thorough repair. Many of those who resort to this mode of writing are so sceptical about the outcome of any reforming project whatsoever that they would need the solace of a well-matured wine to sustain them while daydreaming. Yet irony is certainly not incompatible with idealism; indeed, satire is sometimes the weapon of an idealist too sophisticated to donate the price of a bottle of Madeira to a scheme that promises an all-round alleviation of ills.

The main strength of Mr Dyson's book is that he refuses to devise an inclusive theory of irony. He rejects the standard differentiation, by which indignant moralists belong to one category, urbane commentators to another, and so on. He rightly observes that any one writer, within a single work, is likely to use irony in a flexible way. The greater the writer, the more subtle and unexpected the effects that he can produce by modifying his tone. It is, therefore, only by close attention to individual methods that readers can learn to appreciate the protean nature of irony.

All ironists must work on the assumption that they are addressing people particularly quick on the uptake; but the bright, complacent reader needs to be on his guard, for he is apt to find himself undermined and attacked by the man of wit with whom he thought he was in collusion. Swift, Samuel

BOOKS from PITMAN

BENHAM'S ECONOMICS

seventh edition

F. W. Paish

In the hands of its new author, Professor Paish, the basic and well tried structure of the book remains. The alterations for the new edition are made in the light of recent economic changes and are extensive, particularly in the chapters on "British Economic Problems since the War", and "The Post-war Situation". 20s. net.

STATISTICS IN THEORY AND PRACTICE

fifth edition

L. R. Connor and A. J. H. Morrell

The entire text, together with the tables and illustrations, has been revised, whilst an important addition is an appendix on Automatic Data Processing Equipment. 30s. net.

FIRST APPROACH TO ECONOMICS

second edition

E. Victor Morgan

Provides a simple uncomplicated introduction to the abstract ideas of economic theory, by presenting them against a background of facts and events with which the reader will be familiar. For first-year university students. 22s. net.

from all booksellers
PITMAN
PARKER STREET,
LONDON, WC2

Butler, Oscar Wilde flatter our cleverness by their beguiling style, and then spring a trap for the unwary, who may have forgotten that they, too, are prejudiced, absurd, presumptuous and fallible. Gibbon uses flattery in a different way. He does not puncture our self-esteem, but by his Olympian tone persuades us to join in ridiculing what we might otherwise have taken seriously.

These essays were not planned to form a series, and some of them are pretty cursory; but at least each writer is examined on his own merits, and there is no effort to conform his shape to a predetermined pattern of excellence. Mr Dyson's net encloses people as different in temperament as Swift and Sterne, Mark Twain and Aldous Huxley. It seems a pity that he omitted Jane Austen, when he includes Fielding and Thackeray, and writes so well about both of them. Historians as well as novelists and essayists come within his scope, but not poets or dramatists. Hardy is deliberately excluded, because his entire view of life was coloured by his acceptance of its tragic irony, and it is irony as a literary method, rather than as a "philosophical" way of interpreting the way things happen, that is the subject of Mr Dyson's enquiry. In his assessment of the writers he has chosen to examine, his own concern for moral values is naturally made evident; it is a sensitive and compassionate concern. He also has a capacity for enjoyment—even for enjoying things he does not quite approve of—which is rather rare these days among academic critics.

Next Gripping Instalment

From the Silent Earth

By Joseph Alsop.
Secker and Warburg. 314 pages, including illustrations. 45s.

The mantle of the *Illustrated London News* has not proved seamless. They still continue their admirable series of archaeological articles, treated as news; the same tradition, married to American methods, has proved even more fertile. This book is a particularly good example of the *New Yorker* style (and, indeed, most of the book first appeared there): you take a good learned subject, in this case the Greek and Minoan bronze age, and put a first-class journalist on to it. Mr Alsop needs no commendation: he is one of the liveliest political commentators of our time. It turns out that for years he has been interested in the archaeology of Greece and Crete. It also happens that the subject is particularly suitable to journalistic treatment. It is full of problems, of great intrinsic interest; it is no less full of human interest, from Schliemann through Evans and Ventris down to the present vigorous polemists; and at the moment it is adorned by what might be described in headlines as "clashes."

Mr Alsop is, of course, extremely readable. He gives as good a simplified account as can be given of an intensely complicated subject. He does not try to simplify the unsimplifiable; and that means that the great squabble between Professor Palmer and Mr Boardman is simply not dealt with in their own terms. No one can reasonably deal briefly with a complicated question of stratigraphy, in terms which an amateur can understand. But there is a good deal which can be described in this manner, and Mr Alsop does it as well as one would expect.

The most interesting part of the work is Mr Alsop's personal contribution. He has applied the arts of the political analyst to the circumstances of the bronze age, not to produce a positive theory, but to delimit the range of the possible in human events. This is not a jejune task: he points out, for example, that neither one's knowledge of human nature nor the lessons of the past confirm the view, which has been tacitly accepted by a good many archaeologists, that a conquest of an advanced kingdom by a more primitive race necessarily leads to a break in culture. If one accepts this thesis, the range of dates when the Greeks could have taken over Crete becomes a great deal wider.

Mr Alsop's book can be strongly recommended, both to those who have already dipped into the many controversies on the subject and to those who are starting afresh. It is excellently printed and illustrated. One hopes that, when the clouds of battle have dissipated a little, we shall hear from him again.

Napoleonic Panorama

The Age of Napoleon

By J. Christopher Herold.
Weidenfeld and Nicolson. 420 pages, including plates. 5 gns.

Glossy volumes like this one must, of course, stand or fall primarily by the quality and scope of their illustrations. Judged by this test, this book deserves very high marks indeed. Its 350 illustrations, 120 of them in colour and many of them double-spread, provide a magnificently vivid panorama of every aspect of Napoleon's rise and fall and of all the personalities and places that in one way or another were involved in his career. Moreover the accompanying text has been written by a distinguished historian of the period, which means that it is worth reading in its own right and is not just a rather boring excuse for a lot of splendid pictures. This remains true even though Mr Herold (who recently died in New York at the age of 45) is clearly not so much at ease with this very broad canvas as when dealing in detail with a narrower theme; some of his generalisations are unconvincing and his style tends to become stilted. All the same, for anyone with five guineas to spare, this is a stimulating addition to the present spate of books on Napoleon and his times.

Parents and Children

Samples from English Cultures:

Volume I, Three Preliminary Studies: A [illegible] of Adult Life in England: Volume II, [illegible] Rearing Practices

By Josephine Klein.

Routledge and Kegan Paul. [illegible] Volume I, 50s. Volu[illegible]

In this impressive p[illegible] has brought togeth[illegible] cal of the im[illegible] that has bee[illegible] during the [illegible] bibliogra[illegible] British [illegible] one of [illegible] The first [illegible] with studies [illegible] class life. Any lay[illegible] who wishes to look [illegible] patterns through [illegible] here nearly [illegible] that recent resea[illegible] Dr Klein shows in [illegible] working class life are [illegible] physical environment. She [illegible] the earlier studies of the relationship between housing and working class life have come to be [illegible] For example, the first studies made of people who had been rehoused tended to blame the discontents solely on the fact that they had been rehoused. Then came the suggestion that the working classes who moved to New Towns had abandoned their roots and were trying to become middle class and that this was the reason for their fear of each other and their insecurity. The most recent research has revealed that this is not the whole story either. Mixing among neighbours does not arise out of the blue and for it to be successful the neighbours need to be roughly the same sort of people. Too often in the past the "rough" have been placed side by side with the "respectable," with disastrous results. Dr Klein gathers together much of the work on the changes that are taking place in working class life, particularly that which notes a move towards a home-centred existence, where marriage is based on a new kind of partnership. The chapter on middle class life is a little less [illegible] because research into middle class life in this country is itself rather [illegible] and Dr Klein is forced to refer continually to work done in America.

The [illegible] of Dr Klein's study seeks to [illegible] more deeply the facts discussed in the [illegible] by collaborators on [illegible] and [illegible] children and [illegible] aspects of [illegible] social [illegible] This [illegible] to rely heavily on research done in America, particularly those ingenious studies which show how future "organisation" men and women are groomed for their future lives by particular methods of parental control. As the analysis of child-rearing practices and their relationships to the social structure is itself [illegible] infancy, this section seems less [illegible] than the first, and the attempt to link such work to the realities of the British class system is not entirely successful. But Dr [illegible] a great service by summarising and discussing the very underpublicised work of Dr Basil Bernstein and others [illegible] of language. Research in this [illegible] indicated great differences in [illegible] characteristics among the various [illegible] classes; and it has become evident that the narrow vocabulary or, better, the [illegible]

[illegible] do not seem to [illegible] original studies on which [illegible] Nevertheless, the two volumes [illegible] information and ideas, [illegible] lucid and entertaining [illegible] destined to become a [illegible] book in [illegible] sociology.

Is it Worth it?

Abundance for What? [illegible] Essays

By David Riesman.

Chatto & Windus. 607 [illegible]

The Professor of Social Sciences at Harvard has made a big book rather heavy in its reading by republishing many of his essays with those in which he collaborated with his colleagues. The main theme is indicated in the question in the title; but subsidiary themes abound, not always obviously or closely related to it, such as the impact of the cold war on Americans' national self-awareness, or de Tocqueville as an ethnographer. The author and his colleagues are troubled by the lack of ambition and drive among young Americans today (*scilicet*, those at "college"); the *Angst* for some more-than-material source of personal security which seems to pervade the affluent American society; the apparent lost of a sense of national purpose in discussion of American policy; and the empty-headed employment of leisure time and economic resources by so many affluent Americans.

The essays are refreshingly free at any rate those by Professor Riesman himself and —of that contemporary American sociological jargon, which [illegible] and [illegible] with originality. [illegible] the author's [illegible] high mindedness, good intentions and [illegible] 40 and more up for the [illegible] of [illegible] *pièces* [illegible] many of which are now dated (like the [illegible] impact). That is a [illegible] Riesman and his [illegible] best placed and [illegible] on the sociological [illegible] generalised affluent [illegible] badly needed, and which [illegible] written. The best hash is [illegible] with fresh meat. We still await [illegible] gifted author of "The Lonely Crowd."

Annual Abstract of Statistics

No. 101, 1964

A wide selection of the most important statistics covering the national life of the United Kingdom for each of the years 1953 to 1963. Some of the tables include figures for the early months of 1964. 22s. 6d. (24s. 9d.)

Commonwealth and [illegible] Area Trade

[illegible] tract

[illegible] this annual publication [illegible] external trade of the [illegible] ling Area up to the [illegible] ns tables on prices, [illegible] of selected [illegible] and balance of [illegible] ments of Commonwealth countries.

10s. (10s. 6d.)

[illegible]port List 1965

[illegible] classified descriptions under which [illegible] ed or manufactured in the United [illegible] Channel Islands are to be [illegible] Customs when exported, and [illegible] or imported merchandise

10s. (10s. 6d.)

[illegible] at inland rates

[illegible] and commerce are [illegible] Stationery Office, [illegible] Holborn Viaduct, London [illegible]

HMSO

Go[illegible] [illegible] enter or by post [illegible] Edinburgh [illegible] Bristol [illegible]

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail,

UK £[illegible] overseas £6 10s.

By air see below

[illegible] subscriptions to [illegible] countries can be sent either by [illegible] or in bulk by air freight [illegible] central distribution points. [illegible] more expensive but usually [illegible] hours. Where only one [illegible] because the alternative is either not [illegible] recommended.

	Airmail	Air Freight
Australia	[illegible]	[illegible]
Canada	[illegible]	—
Quebec, Ontario, Alberta, Saskatchewan, Manitoba	£9 15s or Can. $30	£9 10s.
Other provinces	£12 10s. or Can. $38	£10 10s. or Can. $31 80
Ceylon	£12 10s	£10 0s.
China	£13 10s.	—
East Africa	£12 10s.	£10 0s.
Egypt	£11 0s.	—
Europe	£10 0s.	—
Ghana	£12 10s.	£9 10s.
Gibraltar, Malta	£7 5s.	—
Hongkong	—	£12 10s.
India	£12 10s.	£10 0s.
Indonesia	£12 10s.	—
Iran & Iraq	£11 0s.	£9 10s.
Israel	£11 0s.	—
Japan	£13 10s.	—
Jordan	£11 0s.	—
Lebanon	£11 0s.	—
Malaya	£12 10s.	—
N Zealand	£13 10s.	—
Nigeria	£12 10s.	£9 10s.
Pakistan	£12 10s.	—
Philippines	£13 10s.	—
Rhodesia	£12 10s.	—
S. Africa	£12 10s.	£10 0s.
Sth. & Cen. America	£12 10s.	—
Sudan	£11 0s.	£9 10s.
USA	£12 10s. or $35	£10 10s. or $29 50
W. Indies	£12 10s.	—

A Century of Achievement

Charles Churchill—leading name in machine tools for 100 years—now enters its second century in a mood of vigorous expansion.
British owned, international in outlook, the Charles Churchill Group designs, manufactures, supplies, installs and services machine tools throughout the world.
Brilliant design and development engineering, unequalled research facilities, the latest production techniques, plus 100 years know-how add up to 'Charles Churchill'— leaders in machine tools.

THE CHARLES CHURCHILL GROUP OF COMPANIES

Charles H. Churchill Ltd.
Churchill Gear Machines Ltd.
Churchill-Redman Ltd.
Churchill-Denhams Ltd.
Churchill-Milnes Ltd.
Churchill-Vertimax Ltd.
Churchill-Sturm Ltd.
H. & D. Churchill Ltd.
V. L. Churchill & Co. Ltd.
N. E. Churchill (Division of Churchill Gear Machines Ltd.)
E.S.T. (Gauges) Ltd.
Herbert Hunt Ltd.
Newcast Foundries Ltd.
Dorsett Marine Ltd.

PRINCIPAL MACHINE TOOL AGENCIES

Cincinnati Milling Machines Ltd.
Cleveland Hobbing & Machine Co.
Cone Automatic Machine Co. Ltd.
Froriep GmbH
Goss and De Leeuw Machine Co.
S.A. Jos. Petermann
Supfina, Wieck and Hentzen
Weatherley Cincinnati Ltd.

CHARLES CHURCHILL & CO. LTD.
COVENTRY ROAD, SOUTH YARDLEY, BIRMINGHAM 25

all over Eur-ope

WORLD WIDE
HERTZ
RENT A CAR

One call to your local Hertz office or travel agent reserves a new Opel, Vauxhall or other fine car throughout the United Kingdom, Europe and the world.

Let *HERTZ* put you in the driver's seat!

A LITTLE BIT OF
BISHOPSGATE IN CALCUTTA

It was in 1863 that National and Grindlays opened its first branch in Calcutta. Long enough ago to become identified with the country, to become part of its daily life, to know its people, its commerce and its needs.

Whatever your need, whether the most detailed market information or simply travellers' cheques, the fully comprehensive banking service of National and Grindlays is ready to meet your requirements through a wide network of branches in India and elsewhere in Asia and Africa.

NATIONAL AND GRINDLAYS BANK LIMITED

HEAD OFFICE 26 BISHOPSGATE, LONDON, E.C.2.

Branches in INDIA · PAKISTAN · CEYLON · ADEN · SOMALIA
KENYA · UGANDA · TANZANIA · ZAMBIA · RHODESIA

Bankers to the Government in ADEN · KENYA · UGANDA · ZANZIBAR

Associated Banks: Lloyds Bank Limited : National Provincial Bank Limited

BUSINESS

Are Exporters Clubbable?

Mr Douglas Jay began on Wednesday with the statement that British exports in proportion to national product were "half as great again" as before the war—which was an odd comparison since in 1950 they were double (19 per cent against 1938's 9½ per cent and 1964's 15½ per cent). But that was not the only flavour of an earlier Labour era.

BURIED among this week's assortment of export stimulants is the promise of an official inquiry into whether "the burden" of exporting is carried by too few firms. It is a telling indication of a dubious governmental attitude. Mr Macmillan told British manufacturers that exporting is fun. Mr Wilson tells them it is a duty. Might it not be more effective to ensure that it is also good business? Export councils, export clubs and export groups should have a worthwhile peripheral effect, and the Government's moves to expand their range is in itself sensible enough. But there is a danger in playing up the "national service" element in exporting, and losing sight of the fact that, in the end, it is the potential profit margin, not patriotism or a place in the Honours List, that must determine the adequacy of Britain's export effort. It is a danger that needs to be particularly insisted upon now. Wednesday's statement by Mr Douglas Jay had a period flavour, with its happy unfolding of new councils and its confident expectations from official get-togethers with trade associations and chambers of commerce.

Past experience makes one dubious about the hard results to be expected from such confabulations between the bureaucrats of Whitehall and the bureaucrats of business itself. A good many people, including a good many businessmen, are now quite prepared for more economic interventionism—that is what they expect of a Labour government. But it needs to be both more purposive (a word that Mr Wilson once practically patented) and more radical than anything that has emerged from Whitehall so far. Mr Wilson's allegedly revolutionised machine seems uncommonly shy of any even mildly revolutionary reforms, whether in Whitehall habits or in City institutions. Yet these, together with changes in taxation specifically helpful to exporting (e.g., a move to a turnover tax), may be essential if interventionism is to be effective, working through the profit motive rather than in vacuous independence of it.

Whitehall needs also to lose its inhibitions about dealing direct with individual firms rather than with trade associations. Its besetting fear is to be accused of discrimination and favouritism; but that is precisely what is needed if the good and the potential exporters are to be given real help. Thus the new scheme under which the Government will meet half the cost of overseas market research is inherently a good one, but why limit it to collective projects on behalf of whole sectors of industry? Many of Britain's best firms do not want to share business knowledge with competitors, even British competitors; and this also limits the use they make of British trade counsellors. Instead of giving these the impossible task of providing a complete service for the whole of British industry, why not allow them to do special, confidential reports for particular firms, making some charge but a modest one?

THIS Labour Government's conservative predilection for working within the established pattern, and for invoking national duty rather than commercial interest, is also very evident in the new arrangements for export credit, which are possibly the most significant element in the new package. The effect of these for the exporter is to extend the range of export credits that can be financed at the fixed rate of 5½ per cent, though still excluding the shorter credits of under three years (and nine-tenths of Britain's exports are paid for within a year, mostly within six months). Paradoxically, therefore, exports that are paid for soonest are the most expensive, at an annual rate, to finance—being charged at the banks' standard lending rate, which with the current 7 per cent Bank rate will usually be 8 per cent.

Far the most worthwhile reform would have been to allow these export credits, and probably all others, to be eligible for re-finance at the Bank of England at a special export rediscount rate of say 3 per cent, which might involve a rate of 4 per cent to the customer. This is exactly what happens in France. Just why it has been rejected yet again in Britain is hard to nail down. The instinctive objection is "difficulties with Gatt"; yet what more respectable precedent for orthodox finance than the normal activities of the Bank of France? The rule of the General Agreement on Tariffs and Trade is simply that finance must not be given at a rate lower than the Government pays to raise money itself; since the Government can and does raise money at nil rate of interest from the central bank, this need not be, and has not been elsewhere, a deterrent at all. Probably a weightier objection has been the innovations that the arrangement would involve in the practices of the London money market, as it would

involve substantial and continuous use being made of central bank rediscounts of export paper. Yet what real—as distinct from formal—disadvantages would this change involve to offset the boon of cheaper export finance?

INSTEAD, the authorities have gone further in providing the banks with the possibility of access to the central bank—but in a way that in practice virtually ensures that the facility will not be used. On the assumption that provision of official finance through such a facility should wherever possible be avoided the scheme is highly ingenious. On a more Keynesian, open-minded view of the financial mechanism, which one might just possibly have expected from Labour ministers, the ingenuity seems wasted.

This scheme still applies only to credits of three years or more covered by a Bankers' guarantee from the Export Credits Guarantee Department or a financial guarantee on a long-term loan direct to the foreign buyer. But it will now be available on items of over £50,000, rather than the previous minimum of £100,000; and the whole credit will be financed wholly by the banks at 5½ per cent, whereas hitherto the insurance companies have financed instalments of five years and more at 6½ per cent. They are now bowing out, with few regrets. On a long credit the change could make a difference of up to 3 per cent in the contract price.

For the banks this is a major innovation. They were reluctant enough to commit themselves for medium-term finance up to five years, and now they are going as long as fifteen—or in one case now under consideration, nineteen years from date of contract. In at least partial return, the banks get two sweeteners. First, as at present, the banks are given the right to re-finance at the Bank of England 30 per cent of their lending under such contracts, or the sum of the instalments maturing within eighteen months, if that is the greater; the real value of this facility is to allow the banks to count this portion of the loans in their liquid assets, so that these export credits have a completely neutral impact on the liquidity ratio. There has been no need to make use of the re-finance facility itself. Secondly, and as a new facility for the longer credits that banks will now finance, the re-finance facility will also be available for any export credit that has been outstanding on a bank's books for five years or more. The banks are thus assured that if they do find themselves with much more of this long-term paper than they envisaged, they have a means of unloading it.

Some close discussion has evidently taken place about how free the banks should be to use this facility in a credit squeeze (which is of course just when they would want to use it). It seems that the banks have been given an unconditional right of refinance; but equally they will themselves bear in mind the general wishes of the authorities . . . and the counter weapons that could be used against unwelcome encashments. At yet another point, banks will be hamstrung by having to guess what official reactions may be.

In any case the amounts involved are relatively small. Total export credits in this category—bankers' guarantees plus financial guarantees—are now probably running at between £60-£90 million a year, of which the longer term financial guarantees are perhaps £30-£40 million. If this rate were to continue, it would require a revolving fund of rather over £200 million within a few years; but the amounts outstanding in credit instalments of more than five years' maturity would probably not even then be more than £50 million. This is less than 1 per cent of the advances of the clearing banks alone, and could be neutralised by a call of ½ per cent to special deposits. But in practice this encashment facility too is likely to be valued more as a last resort than as an actual means of finance; and the banks have agreed that they will not make use of it "simply to obtain an interest advantage." This will be present whenever the banks have alternative uses for funds at more than 5½ per cent, which will broadly be the case whenever Bank rate is 4½ per cent or more. Export financing, as well as exporting itself, is an activity for patriots.

The Export Package

COMMONWEALTH

A **Commonwealth Exports Council** has been formed under Sir William McFadzean, **with separate committees** for Canada, Australia, New Zealand, Africa, Asia and the Caribbean. *Activities are to be co-ordinated with those of the British National Export Council—also under Sir William McFadzean.*

THE BRITISH NATIONAL EXPORT COUNCIL will

encourage small companies to allow willing **large exporters** of complementary but non-competing products **to sell for them abroad.** *This "piggy-back" scheme has been in existence for some time without meeting much success.*

Encourage the formation of **export clubs and groups** centred on local chambers of commerce. *Several already exist and "are doing useful work," the statement says.*

Study with the Board of Trade the feasibility of establishing a **marketing organisation** to handle the products of firms with little or no interest in exporting. *Scores of merchant houses already make a living by doing just this; if a new body could do better, it would be a useful stimulus; but it would have to be put on a businesslike basis with first-class staff.*

Introduce schemes to support both inward and outward **trade missions,** and greater use of **market research.** *The Government will pay up to one-half of the costs for approved projects; total expenditure on these two services could be £250,000 a year.*

OFFICIAL SERVICES

The Board of Trade will launch a **major publicity campaign** in early spring to draw attention to the need to increase exports, and to the official commercial services available.

A **special message** has been sent to all **heads of British diplomatic missions** overseas asking them to be ready to deal promptly with all inquiries, recruiting additional staff where necessary.

The Government is to **increase substantially its expenditure** on **exhibitions and fairs** most of the extra money going to joint ventures with industry at specialised trade fairs.

The Department of Economic Affairs will, through its economic development committees, prepare proposals to help industries to compete better with imports and to export more effectively.

EXPORT FINANCE

Finance at a **fixed rate of 5½ per cent** will be available **for all capital goods exports worth more than £50,000** and requiring **more than three years' credit.** Up to now only pieces of capital equipment worth more than £100,000 qualified, and for credits over 5 years the fixed rate rose to 6½ per cent.

BUSINESS BRIEF

Weaknesses in the French economy are becoming more marked. Latest survey of business opinion suggests private industrial investment could decline as much as 5-7 per cent this year. Consumer spending too has slackened—and the government is considering emergency measures to help the particularly hard-hit textile industry.

Further measures to boost British exports, announced on Wednesday were welcomed by business organisations : their actual impact may not be large.

Big features of the week in America were the unveiling of the budget and the President's Economic Report for 1965 (see page 433). Although no immediate new measures to bring down the country's stubborn balance of payments deficit were announced, a tighter monetary policy as well as more direct steps to curtail outflows of private capital, may now come quite soon. But the problem at home is to sustain, not curtail, the four-year-old expansion.

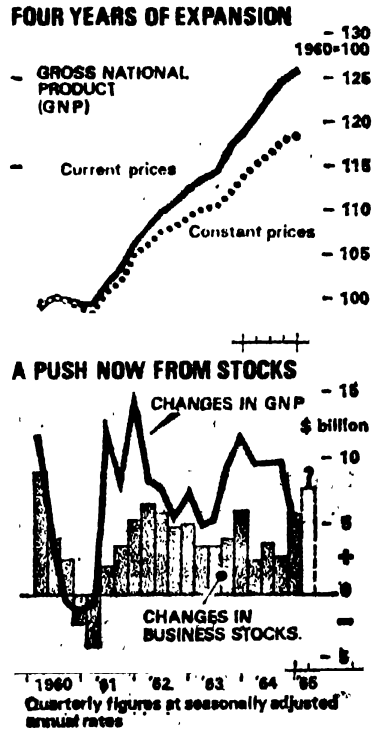
AMERICA'S BOOM ON A TIGHTROPE

Records fell like ten pins in America as the year 1964 closed. In December, the industrial production index jumped two full points, the rise in deliveries from producers of durable goods was the sharpest of the year, and retail sales soared to a record rate, 5 per cent above the average for all of 1964. Nonfarm payroll employment rose by over 700,000 in the last two months of 1964, almost matching the entire gain during the preceding ten months. Moreover, weekly hours worked in manufacturing industries, long considered a key indicator for near-term prospects, touched a postwar high in December. True, the gross national product rose only modestly in the fourth quarter of 1964 by $5 billion to almost $634 billion, the smallest advance since the first half of 1963. But then the fourth quarter was markedly affected by strikes. It is clear that **over the immediate future, at least, the expansion will again pick up steam.**

Push from Stocks

By far the most important, although temporary, stimulus to growth at the moment is coming **from stockbuilding in anticipation of possible work stoppages in the steel industry this spring.** In the first nine months of 1964, stock building averaged $3 billion a quarter. Last October, when strikes brought General Motors to a halt, accumulation fell to zero ; but for the fourth quarter of 1964, the build-up is now estimated at $6 billion. This quarter, it could approach a clearly unsustainable $8 billion, and might even go higher, with major additions to stocks of automobiles and steel. Some of this accumulation will also follow from the $1 billion increase in orders received in December by makers of durable goods ; **their order backlogs rose by almost $7 billion during 1964, the largest annual increase since 1956.**

Auto output, which exceeded 7,700,000 units in 1964, was running at an almost unbelievable annual rate of 10 million in January, far above even the most optimistic sales forecasts. Yet, with sales also temporarily inflated by the strike catch-up, even this all-out production left auto stocks at the month's end below the level a year earlier. So **auto output will doubtless continue to soar in February and March as well**—to enable dealers to have enough cars in their showrooms to meet the expected peak selling season in the spring. Auto dealers might also want a plentiful supply of cars to guard against any shutdown in the steel industry after the industry's wage contract expires on May 1st. These stocks of cars could then be drawn down in the summer months, as output in the auto industry returns to "normal."

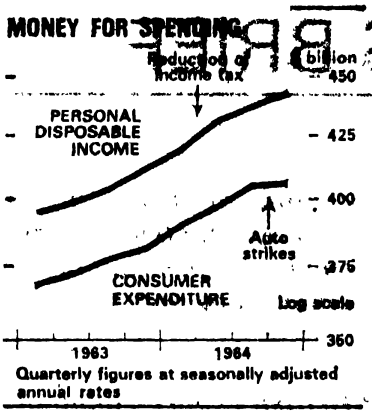


Meanwhile, the steel industry is working at effective capacity in finished products, trying to meet auto industry and other steel-user demands to build up an emergency stockpile of steel. By the end of last year, steel order backlogs were up almost two thirds on the previous year. If anything, jitters over a strike threat have increased since

then, following the wide publicity given to the strike within the steelworkers union itself. The hotly contested election for the union presidency to be held on February 9th has already forced a recess in the wage talks to mid-February, and important steel users are talking of a strike lasting well over a month. They have been economising on their steel stocks in recent years, and, accordingly, are now finding that they cannot quickly build them up. Steel output is no larger than it was in 1959, when there actually was a four-month strike, while consumption of steel is significantly higher. It is possible that users will be able to accumulate little more than one month's supply of extra steel over normal levels, and even this goal could prove unattainable. In any event, steel stockpiling is currently providing an extra push to the economy that will obviously disappear once the wage dispute is resolved—probably without a lengthy strike, especially if there is timely intervention by President Johnson. (He will remember that in the summer of 1959, under the impact of a steel shutdown, GNP dropped by $5 billion and total stockpiling by twice that.)

Lull in the Spring?

The letdown in the economy in the second quarter that may result from slowdowns in steel and auto production could be aggravated by two special factors resulting, oddly



enough, from government fiscal policy. One is a largely forgotten consequence of the extra tax cut consumers received last year when withholding rates were reduced to reflect not only the 1964 but also the 1965 cuts in income tax rates. The trouble is that these reductions initially gave away too much. Taxpayers now face the rude shock of discovering that come April 15th they will be required to pay $1½ billion in back taxes for 1964 to the government. Coming just before Easter this unpalatable reckoning up may well squelch consumers' enthusiasm for holiday purchases of clothing, shoes, and other traditional finery.

The second factor that could dampen second quarter prospects is the possibility that the initial reaction of consumers to President Johnson's proposed cuts in excise taxes for next summer will be to hold off buying during the spring, waiting for the substantial price reductions which manufacturers have promised to pass on. Such a lull in buying could affect luxury consumer goods, such as jewellery (June is usually a month of heavy purchases for weddings and graduations), luggage, furs, radio and TV sets, gramophone records, and just possibly automobiles.

Official Antidote

Washington officials, naturally, are well aware of these dangers and hope to counter them, as well as the effects of the expected falling away of stockpiling, by boosting social security benefits. According to present plans, these benefits will be raised next summer by $1½ billion (at an annual rate) to compensate for the rise in the cost of living that has occurred since the last increase. Moreover, as pledged by President Johnson in his election campaign, a further $750 million in social security payments will be disbursed to make the basic increase retrospective to January 1, 1965. Thus, the administration hopes to provide a stimulus to the entire economy with this combination of cuts in excise taxes and increases in social security payments which will ensure continued strong expansion in the second half of the year. But, whether these fiscal manœuvres will be sufficient to prevent the deceleration in economic growth during 1965 that more and more analysts are expecting, remains to be seen.

KEY AMERICAN INDICATORS

Can Unemployment Get Much Lower?

All the signs are still in the right direction after a year of growth in which prices were almost as stable as in earlier years. Indicators believed to lead the American business cycle (such as the number of weekly hours worked in factories) give no signals of any near turning point.

Growth in labour productivity, affected by strikes in recent months, has faltered: but underlying trend strongly upward. With the big influx of new job-hunters this year, unemployment, now just under 5 per cent, looks unlikely to come down to the 4 per cent target.

	Month	Index 1958=100	Percentage change from: Previous month	Three months ago	Twelve months ago
Industrial production *	December	146·2	+1·6	+2·2	+7·9
Civilian employment *	December	110·8	+0·2	+0·7	+2·4
Unemployment *	December	78·4	−1·5	−4·1	−8·7
Manufacturing productivity *	December	131·7	−0·7	−0·5	+3·0
workweek *	December	104·8	+0·5	+1·5	+1·0
earnings (weekly)	December	128·8	+1·7	+1·8	+3·8
Orders-on-hand durable goods *	December	117·1	+0·4	+2·7	+14·6
Consumer prices	November	107·9	+0·2	+0·5	+1·2
Retail sales *	December	136·6	+5·4	+2·5	+8·6

* Seasonally adjusted. Orders-on-hand and retail sales in value, not volume, terms. Workweek is the average number of weekly hours worked by production workers. Unemployment is among all civilian workers; level in December running at an annual rate of 4·9 per cent.

How Steel may be Nationalised

After the government's setback at Leyton, the City convinced itself that steel nationalisation would now be abandoned. In denying a comment by Lord Bowden this week, the government pretty firmly told lobby correspondents that it would go ahead. The Economist does not believe that steel should be nationalised again and is not sure that it will. Nevertheless, this is a practical commitment now undergoing legislative drafting, and it behoves everybody to consider the possible mechanics of the exercise. Once the Bill is drafted, it will be time for practical criticism of the government's proposals. To hazard what they may be, in the meantime, it is perhaps best to go to the true believer. Mr Charles de Peyer, a former civil servant for years with the Iron and Steel Division of the Ministry of Power, is a convinced supporter of nationalisation. Here are his conjectures as to the way the thing may be done. With his approval; not ours.

EVER since the first Parliamentary debate on steel nationalisation those concerned have been wondering about the mechanics of the operation. By what criteria will the government select its chosen few steel companies? What arguments are likely to affect its scope? Will companies be allowed to "hive off" certain activities? What will happen to the subsidiaries at home and abroad? How will it set the compensation terms? How will the public corporation be organised? How will managerial dislocation be avoided? When will be the fateful day? These are the questions which the following tries to answer.

Which Companies?

The top five—United Steels, Colville's, Steel Company of Wales, Dorman Long and Stewarts and Lloyds—all having a potential of over 2 million tons annually, will clearly be swept into the Corporation's net, along with Richard Thomas and Baldwins, already state-owned.

There is next a group of four largish companies, broadly in the one to two million ton range of annual production, consisting of John Summers, Lancashire Steel, South Durham and Consett. Of these John Summers and South Durham are both near the top of the range and could hardly be left out. The latter, Consett, and Dorman Long form a natural group on the North-East coast which is calling out for reorganisation. Indeed the two last have already been discussing the more rational organisation of plate rolling between themselves for the last seven months, while the chairman of South Durham has also advocated rationalisation. Lancashire Steel could conceivably be excluded, if a production of a million tons annually were adopted in the Bill as the criterion for nationalisation. But it is a specialist producer of bars, rods and wire and it would make for a lack of balance in the nationalised assets if it were left out. It seems inevitable, therefore, that the four companies in this second group should be netted too.

Below this level the biggest independent producers are Llanelly Steel and Briton Ferry, with around a quarter of a million tons each. The plants are rather old and small, and a national steel board would probably find it difficult to justify their continued operation. But they are integrated with the Duport Group, and the advantages of this connection might well enable them to survive outside the public sector. So they can reasonably be left out.

The next group consists of Guest Keen and Nettlefold's, Tube Investments and Vickers (English Steel). Their predominant interests lie outside the steel industry proper. But they have very large steel subsidiaries which are obvious candidates for nationalisation. GKN's plans for 1965 envisaged 2¼ million tons of crude steel. Information does not seem to be available about the proportion of this steel output which is absorbed by the group's own engineering works, but it seems unlikely to exceed half their production. TI too absorbs internally a considerable tonnage, but, with its last-word Park Gate Works, it intends to raise capacity to about 1¼ million tons, and its sale to the open market seems likely to exceed that of Lancashire Steel. English Steel produces special steels, and, with a total planned production above that of Lancashire Steel, seems a very likely fish to be caught up in the net. It is closely involved with Thos. Firth and John Brown through Firth Vickers, and the question will have to be considered whether, for special steels, the criterion for a take-over should be fixed at a tonnage level that would bring in Thos. Firth and John Brown.

The other special steel producers are not perhaps sufficiently important to require nationalisation. Nor need the re-rollers be taken. There will be a nucleus already attached to the firms taken over, and additional plant could readily be built if what exists already is inefficient or otherwise inadequate. The nationalised firms will clearly be able to set the pace here. If these smaller special steel producers and re-rollers were all excluded, 90 per cent of crude steel production would still be nationalised, within the very manageable number of 13 or 14 companies.

How about Subsidiaries?

ASSUMING then that these companies were brought into public ownership, what would be done about their engineering activities? There are broadly two classes of case: the steel companies whose engineering and related activities are subordinate to steel production, and the engineering companies which also produce large quantities of steel.

The first question is whether it would be wise to allow steel firms to hive off any ancillary activities as irrelevant to steel production. This was allowed in the 1949 Nationalisation Act, but the circumstances were different then. The companies had developed over a long period in a rather haphazard way, and the number of firms taken over was very much greater than seems likely today. Hiving off, therefore, made sense, though it did create troublesome and difficult demarcation problems for civil servants and ministers. But since then the industry has been nationalised and denationalised. It has been sieved and sifted in the process. So that now it is reasonable to assume that those activities which remain with the steel firms either provide valuable outlets for production or are physically too closely integrated with the rest of the industry to be readily separable. Hiving off would, therefore, seem unlikely to be allowed.

The engineering companies engaged in steel-making are different. Structurally they have iron and steel divisions or subsidiaries. But many of the latter at home or abroad are closely associated with steel production. It would seem hardly practicable so to draw the Bill as to make it perfectly clear which subsidiaries should go with steel, and which be left with engineer-

ing. The best way to get over this difficulty seems to be to give each side an option in doubtful cases to claim the subsidiary in question, and in the event of dispute to accept arbitration.

A particularly awkward issue is what should be done with foreign-based subsidiaries. Lysaght's (G.K.N.), for example, has an Australian strip mill. It is conceivable that G.K.N. would not want this mill to be separated from British "know-how," and would not wish to retain it. The Australians might also have views on the matter. In practice, the subsidiary could be included or excluded by the British legislation; but advance discussions would be necessary. Most of the other foreign subsidiaries, many of which would be sales agencies, would automatically be acquired and would create no particular problems.

What form of Compensation?

The basis for compensation has naturally aroused a good deal of feeling as well as discussion. It was triggered off by Mr Ridley's request to the last Chancellor of the Exchequer on May 5th for an estimate of the cost of re-nationalising the steel industry at current share values. This elicited a figure of £490 million and presumably related to the 68 companies that had been sold back by ISHRA. In September a leading firm of brokers set a value for 11 companies of between £499 million (Stock Exchange) and £1,100 million (capitalisation of earnings). In October we had Mr Castle of Stewarts and Lloyds optimistically talking of £750 to £2,300 million. In the last few weeks Mr Peech of United Steels has argued for a minimum of 60s. a share for his company's compensation, against a current quotation of 27s. 9d.

Speculation, in the proper sense, has generally circled round the ideas of relating compensation to an adjusted denationalisation price, an asset valuation, balance-sheet values, and capitalisation of earnings on some unstated basis. All these methods are open to powerful objections, partly because they would cost the government more than it would feel itself to be justified, and partly because each method would mean serious unfairness between different companies. It is not surprising, therefore, that, according to the press in November, 1964, the City leant to the view that compensation would be based on average share market prices over a selected period in the months preceding the general election.

What would be a reasonable period to select for this purpose? In 1949 there was a choice of two: one, October 1 to 25, 1948, i.e., immediately before the King's Speech; the other, certain dates before the 1945 general election. This time, apart from a period before the 1964 election, there are two conceivable alternatives: first, a period before March 23, 1961, when Mr Wilson re-stated in Parliament the Labour party's determination to re-nationalise the steel industry; and secondly before February 18, 1963, when Mr Wilson made a clearly calculated intervention during a speech of Mr Nabarro to re-state the Labour party's attitude to Clause IV.

In face of all this, the obvious choice for determining compensation seems to be average Stock Exchange values. In my view, for the reference period, the week or two before the general election on October 15th, unless there were abnormal fluctuations at that time on account, say, of public opinion polls. In that event, a longer period might reasonably be chosen. (Average share values in the two weeks before October 15th would in fact give a value of £520 million for the industry's 11 largest "purely steel" companies.—Ed., *The Economist*.)

What kind of Structure?

ONCE the companies and subsidiaries to be vested, and the principles of compensation to be followed, had been settled by the Act, there would remain the organisation and management of the nationalised sector. The centre of this would be, no doubt, a holding company—perhaps the United Kingdom Iron and Steel Corporation—endowed as such, with extensive powers and a strong staff. It seems unlikely that any attempt would be made in the Act to determine the future grouping of the steel plants. Accordingly, one of "UKISC's" first jobs would be to group its subsidiary units in the most efficient way.

The main problem here would be whether to go for a product or regional grouping, or for some mixture of the two. This should be left to the Corporation; but it looks to me as if a regional grouping would be the best foundation, though John Summers, as a sheet producer, would go more naturally with R.T.B. and Steel of Wales than with the nearer Lancashire Steel. Three big companies in Lincolnshire, as well as the three on the north-east coast already mentioned, seem to be "naturals" for grouping. Scotland should constitute another group, though it would entail eventual separation of one of the Stewarts and Lloyds tube works and would include the smallest of the four sheet mills. Wales and the Sheffield area would provide two more groups. There would be advantage in creating a separate subsidiary for raw materials produced at home or purchased from abroad. It would cover the existing common service purchasing companies of the British Iron and Steel Federation, and might be responsible for producing or buying all materials required for wider than local needs, from iron ore to refractories. Coking coal is a rather different matter, and might be dealt with separately.

On management, the problems would be greatly eased if, as seem likely, the present boards are retained when the companies are taken over. Some individuals would not want to remain in a public enterprise but any general boycott seems unlikely. Other directors might be dispensed with by the corporation, as sole shareholder, as occasion offered and be replaced, if necessary, by people who were more attracted by the opportunities offered by nationalisation than repelled by fears of loss of independence and bureaucracy.

And how soon?

Finally, when will all this come about? Assuming there is no early election and that the Lords decide not to risk a head-on collision, the Bill should have its second reading at the end of February or the beginning of March and receive the royal assent before the summer recess. Vesting day could be quite soon after, for the machinery of transfer would not be complicated with the existing management still in being. There would be some administrative problems left over, including arbitration over the vesting of certain subsidiaries, and the compensation to be paid for them. But these need not hold up the whole operation, and the more quickly the transfer can be made the less will be any dislocation. The obvious vesting day is January 1, 1966, but because of the advantages of speed, there is a lot to be said for October 1, 1965, which is the start of the financial year of several steel companies.

It is not clear whether the government is preparing a completely new Bill with the presentational advantages that would offer. Or will it be content to re-enact the 1949 Act, in order to reduce the opportunities of the Opposition to harry it with innumerable amendments, only altering it where this is manifestly necessary? Against the latter course it may be argued that as the guillotine will clearly be utilised in any event, there is much to be said for starting with a clean slate and drawing a new image of nationalisation upon it. Either way, the mechanics seem reasonably simple. The politics are not. And it depends on politics whether we shall see the kind of programme described above carried through.

BUSINESS INTERNATIONAL

KENNEDY ROUND

Agriculture: the Crunch

TAKING a walk in the country is a good way to relax. Talking about agriculture is not. This simple truth was demonstrated again this week in Geneva. A paper which had been prepared by the Executive Secretary of the General Agreement on Tariffs and Trade, Mr Wyndham White, was put on the table proposing that countries should make positive offers on farm products and concrete proposals on commodity agreements before April 1. It suggested that countries should be prepared to negotiate on the appropriate parts of their national agricultural policies, or else on their global effect. The common market delegation felt this was ambiguous on one point on which it has insisted from the start: that all instruments of national agricultural support policy, as well as all products and all member countries of Gatt, must be brought into the negotiation. The chief United States negotiator, Mr Blumenthal, then apparently, made some rather unfavourable remarks about the common market negotiating position, and the cordiality of the proceedings diminished noticeably.

However, President Johnson's special representative for trade negotiations, Mr Christian Herter, was not at the meeting, reportedly because he was suffering from a cold, and later he issued a statement saying that the United States was ready to negotiate on any measure of agricultural support affecting world trade. It had important offers to make, and had no preconceived ideas regarding the form which such offers must take as long as they resulted in improved opportunities for competitive trade in agricultural products. Mr Herter will have the chance to bring his diplomatic powers directly to bear on the Common Market Commission next week when he visits it in Brussels. Diplomacy is something of which Mr Herter is much in need just now, since the new United States Secretary of Commerce, Mr John Connor, has created a distinctly unfavourable impression of his approach to international negotiations: he believes that reductions in tariffs should be made industry by industry, and tried to argue before the Senate Commerce Committee that the American negotiators in Geneva had come around to his view because they were ready to consider certain exceptions to the across-the-board cut which is the basis of the Kennedy Round negotiations. Mr Herter had to issue a denial just before leaving for Geneva.

The common market negotiating position is certainly a tough one, but it is not entirely inflexible and, like most EEC positions, it is not without logic. The Commission believes agricultural support systems are so varied and so complex that the confidence necessary for successful international negotiations on freeing agricultural trade can be generated only by all the participants placing all their cards on the table. Negotiations, it suggests, should be about the total margin of support for each product, determined by the difference between the world price and the internal price in each country plus subsidies directly attributable to the product in question. It wants each country to estimate and declare its own margins of support, and let the others challenge them if they choose to do so. This process would, the Commission believes, then make a real negotiation possible. The tough part of the Commission position is that it says in advance it can not be expected to lower the Common Market's own margins of support now; negotiating them has almost cost the community its life on several occasions, and it would be politically impossible to put them back in question now. However, it would be prepared to bind its margins of support at present levels—and even, because they are so high, to give some additional undertaking for the future. Logically, the United States and Britain can reply that they, too, can not be expected to lower their support margins. But binding them would be some advance. It seemed when the President of the Board of Trade visited Brussels a fortnight ago that Britain, at least, thought the EEC position negotiable. The Commission was upset to find it so bluntly dismissed by Mr Blumenthal.

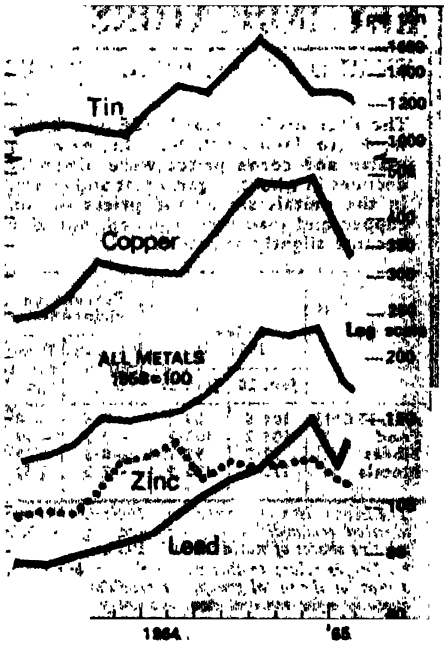
METALS

Realism, or an Omen?

THE turn-round in metals prices in the past few weeks might have been met with unalloyed relief, had it not been for a sneaking doubt among old hands whether this is a triumph for common sense or another example of the metals' habit of indicating future downtrends in the industrial economies as a whole in advance of most other indicators. For tin, as the end of the current United States stockpile release period approaches, the market is left without a basis for pricing further ahead. Last week's decline on the London Metal Exchange was a strictly temporary reaction to rumours of General Services Administration metal on its way across the Atlantic but this factor might re-appear after the US strike and today's level of £1,237 10s. is a far cry from the end-October high of £1,715. The underlying supply situation is still dominated by the same factors: rising Indonesian production in an unsettled political atmosphere with the GSA tailoring supplementary supplies to fit the gap while new production gets under way.

Part of the recent depression in tin has also overflowed from copper—itself always extremely sensitive to changes in business confidence. Copper has been subjected since the turn of the year to one or two penetrating attacks of realism and from £530 a ton (wire brass) in October/November is now around £350. The wide-spread assumption that the increased demand in 1964 could be equated with increased consumption has been challenged. Moreover, earlier estimates of the shortfall between supply and demand have been revised down to a level which is now adequately covered by the increases in production plus the current releases from United States stocks. Demand is not expected to rise quite so rapidly this year as last and prices are likely to move back to around the producers' current price (£260) by mid-year. Zinc, too, is coming back from its July level of £147 nearer to the producers' price of £110, and now stands at £117 5s. on the LME, although strike action in the United States may again aggravate the tight supply position there. Lead, though well below its 1964 high

PRICES OF NON-FERROUS METALS



of £154 15s. a ton, is at present showing the most resistance to the downtrend and is still around £130 a ton. Even here, however, American sources report easier supplies of scrap, which accounts for some 40 per cent of American consumption.

FRANCE

Down with the Old Bosses!

Paris

THE Comité National du Patronat Français, French equivalent of the Federation of British Industries, has taken a terrific drubbing over the 14-article profession of faith in economic liberalism that it voted last week. A group of younger employers has, in effect, entered a minority report, and the Finance Minister, M. Giscard d'Estaing, has expressed his formal dissent from CNPF views. At a dinner organised by the economic newspaper *Les Echos* in Lille on Wednesday night he said their liberal charter seemed "by a certain narrowness of view to underestimate the two great partnerships of our epoch: inside the firm, between the employer and the workers, and outside the firm between employers, workers and state—a partnership that does not weaken the employer's authority. This double partnership should allow the partners to look at all their problems together."

The charter contains all the theories of the classic doctrine of economic liberalism: virtues of the free creation and development of companies, respect for natural economic laws, which are "irreplaceable sources for the improvement of the human condition"; necessity for "healthy competition" between firms, leading to a higher standard of living, and that prices be free and "true"; rejection of state intervention; praise of profit, "counterpart of risk, and the sanction of good administration, profitable to the community"; usefulness of international competition provided it is "healthy" i.e. based on "respect of loyal commercial practices"; rejection of shared authority in the firm; confidence in the wisdom of saving to invest in the best way.

This charter could not fail to provoke sharp comment, especially as it does not correspond to the behaviour of the French *patronat*: numerous critics have alleged that employers there show a really liberal front only when it is profitable to do so, and that heads of firms are always claiming subsidies or protections. The French state's role is also a lot less negative than described by the text, and in any case is seldom hostile towards employers.

Among the employers themselves, the charter was not welcomed altogether unanimously. If the conservative majority is satisfied, two minority groups have not hidden their disappointment. The group of big "progressive" employers like M. Huvelin of the Kléber-Colombes tyre company and M. Demoncquel of Ciments Lafarge consider the charter a backward step. The "jeunes patrons" for their part published a statement which contradicts the majority charter on more than one point. This declares that full employment is necessary, that the common interest must take precedence over individual interests, that social groups, professional organisations and public authorities must work together, that senior staff must have an increased share in the firm's decisions, that management must co-operate with trade unions, that economic "laws" are not supreme. Revolutionary indeed.

KEY INDICATORS

WORLD COMMODITY PRICES

The all-items indicator ROSE by 0·2 this week (to January 27th). Increases in maize and cocoa prices were offset by declines in wheat, sugar, meat and copra. In the metals sector the prices of tin, copper and lead strengthened, but zinc became slightly sensitive.

	Index 1958 = 100		Percentage change from *	
	Jan. 20	Jan. 27	Previous month	Twelve months ago
ALL ITEMS	104·5	104·7	−2·4	−8·2
Food	104·2	103·7	−0·7	−17·1
Fibres	99·9	99·7	−0·6	−9·7
Metals	171·4	158·9	−7·5	+42·5

The Economist Commodity Price Indicator includes nineteen commodities weighted according to their relative shares of world trade in 1958.

** Changes relate to this week's figures, but those, except for the metal group, are provisional because quotations for tea and wool are not yet available beyond last week.*

FRANCE

Vive la Technologie!

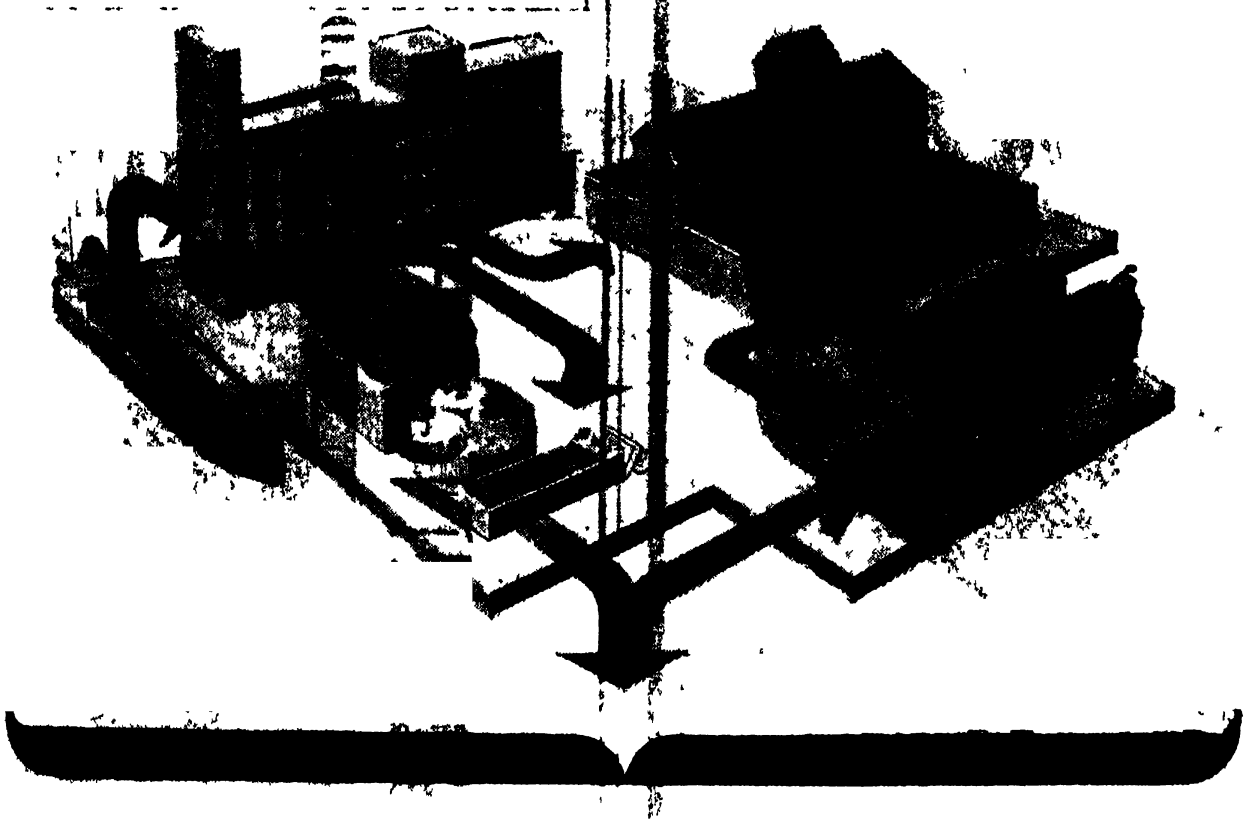
THE French government, too, is making a major effort to increase the amount of scientific and technological research being done by French industry. An outspoken article entitled "Scientific Research and Independence" which appeared in a government publication before Christmas presumably reflected the views of President de Gaulle's research overlord M. Gaston Palewski, who is Minister of State for scientific research and atomic and space questions. Characteristically, the argument was expressed in terms of French and European economic independence rather than economic growth. Equally characteristically, the article attempted to elevate the familiar discussion of the importance of science-based, growth industries into a new version of the old international trade theory of comparative advantage. In the past, it said, firms had used their countries' special resources in capital, manpower and raw materials to compete with each other on price. In future, the battle of prices would give way to the battle of innovations, and the pace would be so hot that only firms of international size, "that is, American firms," would survive and reap the benefits of progress. "Thus, with regard to progress, firms and nations will divide into two categories: followers and pioneers." The domination and exploitation of the weaker by the stronger would be real and complete, and for the firms and countries that had allowed themselves to become followers, the way back would be extremely difficult.

The French tend to state these things more dramatically than other people, but their concern is basically not much different from the British government's worry over the imbalance of imports and exports of certain sophisticated machinery that contributed a little to 1964's massive deficit on current account. The French feel that importing patents and licences cannot be a certain method of ensuring a satisfactory pattern of home production and exports in the long run. They estimate that in 1963 France was selling only one manufacturing licence or patent to the United States for every five it bought, and had a deficit in these particular payments of £28 million. (The experience of Japan and Germany, heavy net importers of know-how that are also the world's two most successful capitalist countries, runs directly counter to this idea. But it would be unfair to bother French deductive reasoning with vulgar facts.) France sees the technological imbalance also as accounting for the heavy imbalance in total visible trade between the two countries. Equally if French firms cannot compete with the Americans in the most modern industrial sectors, it leaves them open to take-overs: the fact that the biggest French electronics firm, Machines Bull, could not be saved from purchase by General Electric still rankles. In fact, the campaign for more research is partly an answer to the threat, as they see it, of dominance by American-owned firms in key industrial sectors in France.

At the moment the main emphasis of the campaign is on joint research projects between firms in the same sector. In the longer run, the government hopes to promote an increasing number of mergers where French industry is too small-scale. Beyond that they see the prospect of more and more intra-common market collaboration. Even British co-operation they say, would be warmly welcomed—which is why the French are so perturbed by vacillation over Concord.

Simon looks to the future

The Food Industry



The integration trend

Let the imagination leap-frog the present trend and a completely integrated food complex may be revealed. Grain sucked out of barges into dock-side storage silos or carried along pipes to inland sites, on the spot is the flour mill, part and parcel of bread and biscuit producing units, by-products are mixed with other ingredients and formed into animal feed to be fed directly to animals and poultry and Simon will be there, engineering the plant. Learn more about the way Simon operate as trend setters for the future in food, whilst protecting the interests of the independents, by sending now for a copy of Simon Engineering Review number four.

Simon Engineering Ltd

STOCKPORT · ENGLAND · AND SIMON HOUSE · DOVER STREET · LONDON W.1.

To the very last cent!

The ultimate in trading is the handling of Toyo Menka—every last cent of the customer's concern is treated as untold treasure, ensuring the highest service at the surest economy. Not only has Toyo Menka highly trained and experienced experts to deal with every aspect of your trading no matter what its size or concerns, but, Toyo Menka has established business connections with major world companies, so that the whole world is at your service.

The hugeness of enterprise thus established by Toyo Menka enables your business to be done with the greatest expedition, in the most straight forward manner and extracting the utmost from every cost involved, so that your profits are at their very highest. Toyo Menka has the men for you, wherever you need them, ready to supply service.

TOYO MENKA KAISHA, LTD.

2, Ohtemachi 1-chome, Chiyoda-ku, Tokyo
Cable Address: TOYOMENKA TOKYO

1, Koraibashi 3-chome, Higashi-ku, Osaka
Cable Address: TOYOMENKA OSAKA

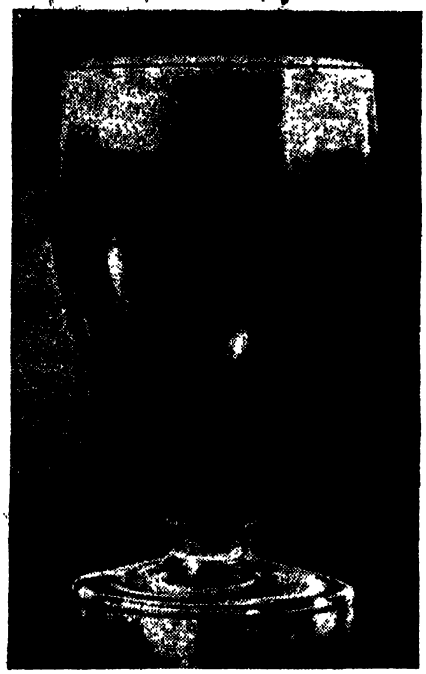
Branches and Representative Offices in Europe:
London Office: 11th Floor, Lee House, London Wall, London E.C. 2, England ☐ **Rotterdam Office:** Westblaak 37, Rotterdam-2, Holland ☐ **Düsseldorf Office:** Düsseldorf, Friedrich-Ebert Str. 31/33, West Germany ☐ **Hamburg Office:** Hamburg 36, Neuer Wall 34, West Germany ☐ **Milano Office:** Corso Venezia 14, Milano, Italy ☐ **Paris Office:** 2e Etage, 8, Rue St. Floretin, Paris-1, France ☐ **Barcelona Office:** Calle de Urgel 35, Barcelona, Spain

GUINNESS FOR FINANCIERS

GOLD

INVESTMENT

STRENGTH



BONUS

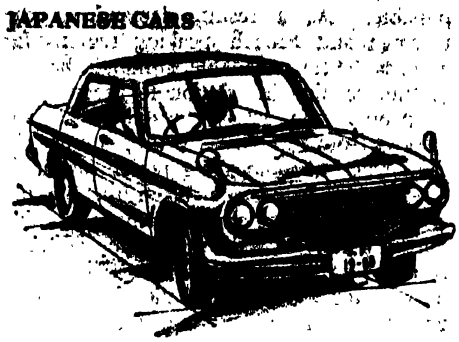
GUINNESS

OPTION

! REWARD

DIVIDEND

JAPANESE CARS



Into Europe

JAPAN's efforts to sell cars in Europe have so far been concentrated in Scandinavia, particularly with Datsun in Finland (up to 4,000 this year) and Toyota in Denmark. These countries have the double advantages of low tariffs and cheap freight rates from Japan. The Japanese cars are no twee motorised rickshaws, selling on novelty value, but orthodox machines with the advantage of well-thought-out minor comforts—so much so that Mr Donald Stokes of Leyland came back from the United States with a bagful of door-handles, window winders, rear-seat controls for car radios and the like from Japanese cars, which are now being studied for possible use in British cars. Toyota in particular has scorned to market its ordinary saloons at the cheap end: it has sold about 2,000 of its 2-litre Crown cars in Denmark in the last two years at prices slightly above those of competitors, such as the Peugeot 404 and the Ford Zephyr 4, and is now expanding into Norway.

At the same time, the Japanese companies, like others before them, are finding that the only way into some difficult and high-tariff markets is to assemble there. So both Toyota with the Crown, and Prince Motors, with the improbably-named 900cc Gloria-Sedan, are starting to negotiate for assembly plants in Belgium. This is becoming the favourite country for such plants in Europe with two advantages: its position at the very centre of the booming European industrial belt and the port of Antwerp. But what gives Belgium the edge over, say, Holland or northern France is its reserve of unemployed (or under-employed) labour with a strong metal-working tradition. The existence of a Birmingham (or Duisburg) where workers are happy with under £20 a week is every motor manufacturer's dream. So Ford is expanding in Antwerp, and General Motors, which already assembles 80,000 cars a year there, is apparently going to set up another plant even nearer the docks to assemble Vauxhall Vivas and Opel Kadetts for distribution to France and the Benelux countries. Leyland too has recently doubled production facilities at Malines, a few miles away, to assemble 12,000 vehicles a year.

SPANISH RAILWAYS

Streamlining the Renfe

Admirers of antique railways, disenchanted with British Rail, will be shocked to learn that the Renfe, too, is to be given a Beeching powder. The Renfe (*Red nacional de los ferrocarriles españoles*) is the state-owned corporation that operates Spain's nationwide broad-gauge network and is absorbing no less than fifty private companies, which still run local services on two narrower gauges, as their original 99-year concessions expire. In the past, despite the civil war's legacy of ruin, the Renfe has been starved of investment capital. And it has run deeply into the red through being committed to such social services as carrying the mail free and subsidising agricultural exports, fuel and raw materials with low freight-rates. Its staff has been reduced in five years from 130,000 to 120,000, but there is still one man on the books per 120 yards of track (about twice as many as in Britain). If fuel ran short the Renfe's employees could run a light goods service without rolling stock by spreading out along their lines and passing packages from hand to hand.

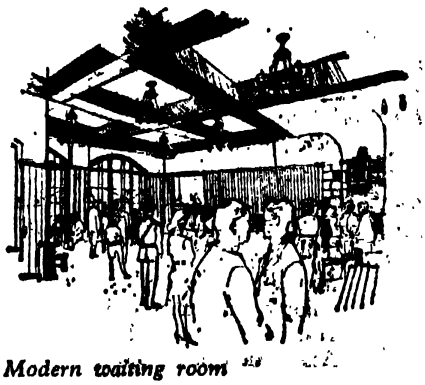
A ten-year modernisation plan costing $1,200 million, and requiring 20 per cent increases in freight-rates, has been approved by the Spanish government. To help raise steam, the World Bank, on whose recommendations the plan is largely based, is lending Spain $62 million. The Renfe's deficit has recently been around $35 million annually, but the planners say that by 1967 it will cover its running costs and from 1973 show a profit.

Spaniards, eager for progress, are less susceptible than foreigners to the Renfe's charms. But many people are feeling a pang. The Renfe, a streamlined gogetter? Will she be recognisable, still, as our Renfe, still as defiantly Spanish, or just another prosaic SNCF? The Renfe is renowned for its churriguerresque steam-engines whose heart-stilling wail echoes over the meseta like the ghost of a Moorish battle-cry. Thirty per cent of them are over fifty years old; several are centenarians. The planners recommend grimly that they "be replaced as rapidly as possible by more efficient motive-power." Can *Hispanidad* survive this treason?

Happily, despite Cánovas del Castillo's definition of a Frenchman as "a Spaniard with money," there is more to Spanishness than just economics. The economist is disarmed before men like George Orwell's engine-driver—the one on the Lérida-Barcelona run who decided suddenly to take his train to Tarragona instead "It was very Spanish," Orwell wrote in *Homage to Catalonia*, "that they agreed to hold up the train while I sent a wire, and more Spanish still that the wire never got there." Even in 1973, one suspects, slow trains will still be called *rápidos*, most trains will still leave at midnight or dawn and arrive at 3 a.m., and plebian trains will still be shunted on to wasp-infested sidings while that snooty little *Taf* sneaks by. Ticket-buying will still, no doubt, be an esoteric art, best understood by those who have graduated from the British old-boy network and acquired a business diploma in Beirut.

Spanish geography will be fundamentally the same; and the trains in Spain, unable to stay tamely in the plain, will continue to behave like mountain goats. Tourists will still subside with incipient heatstroke between Burgos and Valladolid, and wake up freezing in the snowclad Guadarrama. Cool-nerved climbers and skiers aboard the gallant *platillo volante* (flying saucer) that links Lérida with the central Pyrenees will still cross themselves as it twists and reels along crumbling gorges. But there will be less rock and roll: plastic macs will no longer be needed in the dining-car, and that exhilarating gallop and sway, suggestive of a stagecoach, will have yielded to an ice-smooth glide over welded rail.

The World Bank mission, appalled by the damage to freight and rolling-stock—and, it might have added, passengers—caused by broken rails (2,500 in one year), recommended that top priority be given to track-renewal. But it urged the Renfe to invest in more sophisticated traffic-control rather than indulge its desire for more double track. More double track seems likely to be laid, however, if only for prestige reasons: the press has discovered that a double-track line exists all the way from Moscow to Algeciras with the exception of a twenty-mile stretch of single track between Vittoria and Miranda del Ebro. The number of Muscovites eager to visit Algeciras has yet to be computed; but this is obviously a serious let-down for Spain.



Modern waiting room

All three companies are likely to make even greater use of these facilities in future to assemble their commercial vehicles, of which they are the outstanding European producers.

UNILEVER

Doing Business in the Congo

Stanleyville

UNILEVER'S large plantations in the Congo, which had kept on functioning through most of the chaos since 1960, have taken a sizeable knock in the most recent trouble. The firm's Congo interests date back to 1911 when W. H. Lever signed an agreement with the Belgian colonial government for developing plantations there. The firm owns plantations in many parts of the world, but of the total of well over two hundred thousand acres 85 per cent is in Africa, and mostly in the Congo, where nearly 150,000 acres are—or were—under cultivation. Unilever in 1963 derived 11½ per cent of its total earnings from Africa, but since 1960 it has been unable to remit its Congo profits.

In all there are ten Unilever plantations in the Congo, ranging in size from a vast 35,000 acre palm-oil plantation to a 750 acre tea plantation. Palm-oil is by far the most important crop; indeed Mr Lever's original motive was to assure himself of a steady source of supply of this raw material for his soap and margarine. After independence in June, 1960, the plantations kept functioning fairly regularly, though occasionally work stopped for brief periods and in 1961 one plantation was looted. However, production was reasonably upheld. Then, one year ago the Mulelist revolt broke out in the Kikwit area, which contains the plantation of Leverville and a complex of refineries and palm-oil factories. This revolt gradually died down and now eight of the ten sub-plantations are working.

The Kikwit revolt was, however, only a foretaste of the trouble to follow. Four of the plantations are situated near Bumba, in the mid-north of the country. Forewarned of danger, the European staff were evacuated in the summer, and to all intents and purposes three of the four plantations were closed down. The fourth, Alberta, in the territory of friendly tribes, is functioning more or less—but in all about 88,000 acres, over half the total planted, are at the moment out of action. After the fall of Stanleyville on November 24th it was hoped to have all plantations in hand and working again by June this year. This optimism now appears to be ill-founded. European managers cannot be sent back till their safety can be assured—and even if the Congolese managers could have taken over, reports indicate that most of them have been killed by the rebels. In any case it will be extremely difficult to get the workers back (in all Unilever has over 35,000 plantation workers, many of whom particularly in the Bumba area, were brought in from other provinces to which they have now fled back). Then there is the transport problem; it seems that about 300 lorries may be missing, each of which represents a fair capital sum. They would have to be replaced; but how long would it be before they were again looted or requisitioned?

Some weeks ago two managers visited one of the abandoned plantations with a mercenary patrol. As far as they could see no damage had been done to the installations—but the patrol was attacked, two mercenaries were killed, and the visit came to an abrupt end.

There is no prospect of changing the plantation sites: they represent, with buildings, hospitals and schools, an investment of over £20 million. Moreover, the plantation exports amounted to approximately 10 per cent of the total of all Congolese exports; far less important than the Katanga minerals, but still representing a great part of the country's wealth. At the moment prospects are, in the guarded phrase of one Unilever official in Leopoldville, "obscure."

Banks and Vaults

The present crisis in the pound sterling . . . was, I believe, the fifteenth sterling crisis in the last hundred years. One reason for the frequency of sterling crises is the British technique of keeping reserves equal to only 10 per cent to 25 per cent of sterling liabilities. In other words, for over a century they have been running an international bank. In contrast, up to recently we have been running an international safe deposit vault.

Mr Sidney Homer, of Salomon Brothers and Hutzler, to the Dallas Association of Investment Analysts

SWISS TV ADVERTISING

Never on Sundays

Basle

ELEVEN-YEAR-OLD Swiss television, having defeated its critics, is to introduce advertising on February 1. In spite of the jump in licences (up in 1964 by 126,000, or 34 per cent) even the most modest programme can no longer be financed from licence fees. Plans are for 12 minutes of advertising daily in 4-minute stretches made up of 20, 30 or 60 second spots at 7.20 pm, 7.55 pm and 8.15 pm. In two years, advertising time is to be increased to 15 minutes. But Sunday will be advertisement free; and advertising of alcohol, tobacco and medicine is banned. Rates will be about £500 per minute for the country as a whole, and transmission of an advertisement to a single language region (with a corresponding reduction in price) will be possible. As a result, demand in the German and French-speaking regions far exceeds the time available, although the cost of time is high in relation to the number of people who actually watch Swiss—as distinct from foreign—TV programmes. In the small Italian-speaking region, available time is only 80 per cent taken up. Because of this, endeavours are being made to cover northern Italy, or some of it, by installing an additional transmitting station. This transmitter—for which the consent of the Italian government is necessary—could reach one-third of Italian viewers.

Gross advertising revenue is calculated at around £1,800,000. Arrangements are in the hands of a limited company, in which the Swiss broadcasting company and the newspaper publishers hold a 40 per cent share and various associations will each hold 20 per cent, and receive a maximum dividend of 5 per cent. Transmission is to open at 7 pm instead of 8 pm and Tuesdays will no longer be telly-less. In addition, programmes are to improve and become more individually "Swiss."

WHEAT

China's Hard Bargain

CHINA'S purchase earlier this week of 27 million bushels of Canadian wheat marks another phase in the three-year agreement between the two countries, which runs to 1966. It brought sales under the agreement to a total of 164.5 million bushels, and a further sale of wheat and flour is also reported. The effect of China's hard bargaining is already evident: the Canadian Wheat Board maintains one price for all markets for any one grade and location, and the Pacific quotation for No. 5 Northern, the main grade involved in the Chinese deal, dropped by 12 cents per bushel after the $50 million deal was concluded. The United States government promptly increased its wheat subsidy by 12 cents, bringing the asking price for United States wheat into line. There is no evidence of a cause and effect relationship between the Canadian deal and the hiatus in negotiations for a substantial tonnage of wheat between China and France. French sources consider this merely an interval in the discussions—which may have the useful effect of making the next crop available by the time they are concluded.

SHORTER NOTE

A note last week on French petrochemicals stated that Esso had no refineries in France. It should have said that the company has no inland refineries. It owns three on the coast: at Port Jérome, Seine-Maritime (capacity 4.3 million tons), at Bordeaux (2 million tons) and at Fausses-sur-Mer, near Marseilles (3 million tons). The refinery at Fausses-sur-Mer is to come on stream in the third quarter of 1965. On present plans the Lorraine refinery will be Esso's first inland in France.

BUSINESS BRITAIN

INVESTMENT DECISION

The Gross Miscalculation

NOTHING dismays the economic planner in a non-dirigiste economy so much as suggestions that businessmen take no notice of the carrots he dangles to cajole them into faster growth. Sir Robert Shone has long been worried about business evidence to the Richardson committee, and corroborative evidence since, that Britain's boards of directors ignore tax when they are making investment decisions, and measure projects according to various crude yardsticks related to gross, not net, returns. This week his office produced a booklet for the National Economic Development Council on "Investment Appraisal,"* aimed at convincing British businessmen that they must think about returns after tax, not before, and take into account, moreover, the effects of time on outgo and income over the whole life of the project.

This is not simply a matter of making fiscal incentives work, and thus rendering the efforts of planners and Chancellors meaningful. Given any existing tax regime, it is a matter of getting businessmen genuinely the best return on their capital, and thus making boards of directors' efforts meaningful too.

One table from this Ned booklet, reproduced here, shows quite strikingly the difference, in assessing returns from investment projects, of thinking net instead of gross. It highlights, too, one side-effect of the system of investment and initial allowances; that the established business already making profits can get much more net benefit from these tax allowances (by getting them sooner) than a new one starting up, or one embarking on a far larger project than it has ever tried before. Businessmen at the Eastbourne conference last week, who were well seized of the need for thinking net, were toying with the idea of making the investment allowance into a cash subsidy given at the beginning of an investment project, rather than accruing later as tax allowances on profits from it. That might even up the balance of advantage for the new business.

* HMSO. 1s. 9d.

Thinking Net

As regards techniques, this Ned booklet is largely an argument for the use of discounted cash flow techniques, which are admirably suited to taking account of tax as and when it affects any investment project. Its summary of these is brief and effective, but mainly concerned to direct businessmen to the several "child's guides" to the techniques that exist and are in preparation. As Ned says

> the widespread employment of DCF methods by medium and small firms would be greatly facilitated if short-cut ready reckoners were available, suitable for use in connection with British tax rates and allowances and offering a choice of "typical" earnings profiles, or if other forms of assistance were readily available.

These, too, various cognoscenti have in preparation. Some British business stationer, incidentally, might do well to get British rights on a set of DCF templates developed within Standard Oil of New Jersey, and now sold in the United States at $16 a set, which reduce the main mathematics involved to a five-minute job for any office boy.

Ned's own examples for DCF and its other arguments are complicated, as it happens, by its continually emphasised notion that "the tendency for earnings to fall during the life of a project" is typical in business. This it rationalises as "the effect of obsolescence resulting from technical progress": its main DCF example, indeed, has annual returns falling from Year One onwards throughout the notional plant's life. Rational enough in theory, since economic growth presumably means that wages rise more than prices; but is it in practice typical? Would it not be as typical for the capacity of new plant to be chosen in relation to the size of the developing market that it may fully tap some way into its life; and for the potential competition of still more up-to-date plants, as they come in during the future, to bear hardest upon the other competitors already there, who are more out of date than either?

That is a quibble on presentation. The second major service this booklet does is to

RETURNS ON SOME NOTIONAL INVESTMENT PROJECTS

Projects with 15-year life	Before-tax return equivalent to 7 per cent after tax, using DCF method: Firm able to take minimum advantage of all tax allowances	Firm unable to offset allowances against tax on profits on other operations
All new plant	4¼%	7%
All new industrial buildings	14½%	11¾%
All stocks	15%	15%
A "mixed" project—60% plant, 25% industrial buildings and 15% stocks	9%	10¼%

In these examples, plant is assumed to have a nil scrap (or recovery) value; industrial buildings are assumed to have a value after 15 years equal to the book value as written down for tax purposes, and stocks to have a recovery value equal to original cost. The exact comparisons of before-tax and after-tax returns depend both on the expected life of the asset and on the way in which the earnings attributed to it decline over time. Income tax has been deducted at the recently foreshadowed rate of 8s. 3d.

KEY INDICATORS

THE BRITISH ECONOMY

ENGINEERING ORDERS

Going up. Orders on hand for both home and export markets showed further substantial gains in a month in which production also rose.

BANK ADVANCES

Down at last. Drop reflects tighter lending, and probably lower stockbuilding.

	Month	Index 1958 = 100	Percentage change from: Previous month	Three months ago	Twelve months ago
Industrial production*	November	131	+1	+2½	+5
employment*	November	104·1	Nil	Nil	+1·1
productivity*	November	126	+1	+2½	+4
Export trade*†	December	130	+5	+9	+2
Retail trade*	November	123	−1	+2	+4
Eng'g orders on hand‡	November	164	+3	+5	+9
Unemployment*	January	77·2	−4·7	−8·1	−25·8
Wage rates (weekly)	December	125·2	+0·4	+0·8	+3·6
Retail prices	December	117·7	+0·4	+1·3	+4·6
Export prices	November	108	Nil	Nil	+2

* Seasonally adjusted. Indicators of export and retail trade reflect movements in volume terms, i.e., in value at constant prices. Unemployment indicator refers to number wholly unemployed, excluding school-leavers. Total unemployment level in January running at an annual rate of 1.4 per cent. † Provisional. ‡ End of period.

publicise further some realistic calculations (from the same, increasingly illustrious mental stable) of the actual after-tax return rate that businesses normally achieve and should therefore sensibly hope to get on their new investment projects. As Ned says, it is not too easy to interpret the rate of "15 per cent before tax" that many firms apparently stipulate; nevertheless

> it is possible that the rate used by many firms to screen investment projects is in fact far above the return normally secured on an industrial investment.

It argues that 7 per cent after tax, nowadays, would probably cover the rewards for undertaking a normal degree of industrial risk; depending on tax allowances, that would require a before-tax return of around 9-10 per cent, though as the table shows it could be higher or much lower in particular cases.

Although DCF offers endless scope for arguments over minutiae (as readers of *The Economist* were reminded last year) one has some hope that it may, now at last, catch on quickly. It has enough of the gimmick about it to become fashionable*: it is obviously intelligent, and simple enough, once even half-grasped, for directors to get into the habit of requiring it from their accountants. (Nor has it yet, anyway, stirred up quite the cloud of professional fog that the debate over historical and replacement costs did.) Once make it a habit, and business can get the engineers who propose investment projects thinking in the way that their accountants ought already to be (though not all are).

* Given sensible publicity, as by one enterprising chemical journal that this week has come out with a supplement on DCF.

TRADE FIGURES

Big Job Ahead

When common market officials at Antwerp this week warned Britain that it could not rely on any automatic rebound in sales to Europe to put its trade balance right, they had a point. Far and away the most disappointing overseas market for British firms last year was the EEC where, after rising 15 per cent in 1963, sales were up less than 2 per cent in 1964. Admittedly, to a large extent this poor performance was a direct result of stabilisation programmes in Italy and France; exports to Italy actually fell 21 per cent, while the 2 per cent growth in sales to France was negligible by past standards. But Britain was peculiarly hard-hit: France's total imports last year rose not 2 but some 15 per cent. Moreover, British sales to Germany also slowed down. As a result this country's exports to western Europe as a whole rose only 6 per cent last year—the smallest annual increase since 1960—despite a continued acceleration in sales to its partners in Efta. Clearly, tariff discrimination is now making its mark. There was some recovery in the fourth quarter, but the outlook for further strong gains remains uncertain. Re-expansion in Italy may be slower than officially forecast and growth rates in the rest of Europe are generally expected to slacken in 1965—the really big increase in British exports over recent months was to the overseas sterling area and the Americas.

WHERE THE INCREASES CAME

	Value in £ m.		Annual change %	
	1963	1964	1963	1964
Imports				
Food, beverages and tobacco	1,675·8	1,773·4	+7	+6
Indust. materials	1,906·8	2,292·2	+8	+20
Crude materials	946·5	1,065·6	+7	+13
Chemicals	205·8	252·5	+19	+23
Iron and steel	76·0	106·1	+40	+42
Non-ferrous metals	235·4	328·5	−3	+40
Fuels & lubricants	857·8	885·8	+6	+8
Finished manufctrs.	651·3	838·1	+8	+29
Cars & motor cycles	25·3	36·6	+28	+45
Household durbls.	56·4	70·8	+20	+26
Clothg. & footwear	84·3	96·9	+18	+15
Machinery	307·1	407·9	+8	+33
Aircraft, ships, etc.	48·1	62·4	−36	+30
Other cap. goods	73·1	92·6	+19	+27
Total	4,812·7	5,513·5	+7	+15
Exports				
Food, beverages and tobacco	255·8	283·0	+16	+11
Indust. materials	1,441·6	1,553·6	+4	+8
Crude materials	160·9	158·4	+10	−2
Chemicals	368·0	412·2	+7	+12
Fuels & lubricants	164·7	138·8	+13	−16
Finished manufctrs.	2,080·1	2,141·7	+9	+3
Non-electric mach.	859·5	858·1	+7	neg
Electric machinery	318·1	315·0	+11	−1
Road motor veh	496·8	538·4	+10	+8
Total	4,081·2	4,254·1	+8	+4½

Altogether last year exports rose only a modest 4½ per cent—and fully half of that gain reflected (worryingly) higher price tags rather than more goods shipped. Nevertheless, there was an undeniably heartening recovery in sales as the year ended. Especially encouraging was the belated increase in exports of machinery—the promise of rising order books at long last being delivered. The turnabout, admittedly, was not sufficient completely to wipe out earlier losses—for the year as a whole exports of this important category of goods were actually down slightly. The star export performers for the year were the chemical and motor industries which between them accounted for virtually half of the increase in Britain's overseas sales.

Against this disappointing increase in exports last year, there was a tremendous 15 per cent jump in imports which outstripped even the 1960 rise. Here too some of the increase reflected higher prices, particularly the startling 40 per cent bound in imports of nonferrous metals. But fully two-thirds of the rise in the import bill reflected an 11 per cent increase in the volume of goods purchased and this growth was broadly spread. The one redeeming feature of the figures was that, while exports had begun to recover by the end of the year, imports had definitely levelled off. This probably without much help from the 15 per cent import surcharge imposed on October 27th, whose real bite the Board of Trade argues may not show up until the February returns are published two months hence.

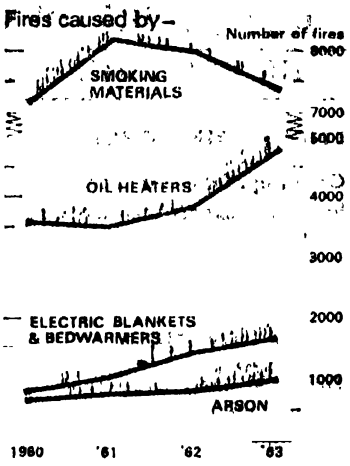
RESTRICTIVE PRACTICES

Try, Try Again

The Registrar of Restrictive Practices is to re-open the case against the National Sulphuric Acid Association. The Court found, eighteen months ago, that the agreement between members to buy their sulphur through the association was not against the public interest. It accepted the argument that the association's buying strength was the industry's main defence against the selling power of the big American producers. Using this power, the association could take its pick of the market and, in the conditions of oversupply prevailing in 1963, did not choose to pick the Americans. Sulexco (the American export group) cancelled its plan to build a liquid sulphur terminal at Immingham and last year supplied virtually nothing to the British market, while it had supplied a large part of

The Burning Homes of England

Last year's fire bill reached a staggering total of £77 million, a measure of the ferocity of a few really big industrial fires culminating in the burning of Bishopsgate goods depot just before Christmas. By the time these infernos have been put out, there is usually not much evidence left to show what started them, but the fire brigades have some disconcerting material on the causes of innumerable other smaller fires. The danger of oil heaters has been known for some years now, yet 61 people died in 1963 from fires that they caused, and 25 of them were babies. In spite of repeated warnings to users and manufacturers alike. There has been a ninefold increase in a decade in fires caused by electric blankets. And who would have thought that in this day and age, more than 1 per cent of a total of nearly 80,000 fires in buildings were the deliberate result of arson?



AEG means electricity

And yet another reason for the success of AEG

These parts destined for use in a hydro-electric generator were custom-built for the task in hand.
Designed and built for a specific purpose. That is the strength of AEG:
The latest technique suited to individual needs.
Electrical power to order.
And it is the basis of AEG's increasing success in the electrical field from household irons to complete electronically-controlled nuclear power stations.
AEG has 6 000 scientists and engineers and 60 000 other staff working in 29 factories — and AEG needs every one of them.

Team up with AEG
AEG means electricity

AEG

ALLGEMEINE ELEKTRICITÄTS-GESELLSCHAFT
(founded 1883)
West Germany
Berlin — Frankfurt

The split stator of a vertical waterwheel generator for the power station at Koyna in India, Asia's largest cavern-type power station.

PIA maintenance standards—among the industry's highest

During the last five years PIA have cut delays for engineering reasons from 3.1% to as little as 2.1%. This is a fact; and a fact which goes a long way to explain this achievement is PIA's own standard of maintenance. Among the highest in an industry of high standards, it has won for PIA the admiration of aircraft manufacturers and airlines alike, while seasoned travellers the world over say PIA are great people to fly with.

LONDON FRANKFURT MOSCOW GENEVA
ROME BEIRUT TEHRAN KARACHI DACCA CANTON SHANGHAI

PAKISTAN INTERNATIONAL AIRLINES

GREAT PEOPLE FLY WITH

the association's 1963 imports. This is, apparently, the reason for re-opening the case. For, if the NSAA can do without American supplies, the Registrar might argue, clearly the Americans' power to dominate their overseas customers has been exaggerated. And the NSAA no longer needs its monopoly buying power to match them.

This might be more easily accepted if conditions had not changed again (see *The Economist* of 16th January). New sources of supply not having come up to expectations, the NSAA is again buying from Sulexco—and the market generally has hardened considerably. Nothing seems likely to halt this trend. The NSAA is thus operating once again in a sellers' market and the arguments that originally won its case are presumably still valid. More worrying to NSAA than the immediate prospect of conceivably losing the case, is the slight possibility that the association might not survive another ordeal by Registrar. The first case cost the association's members about £50,000 in direct costs and several times that indirectly. Moreover, there is the uncertainty of not knowing what side of the law one is on, and a reluctance to let one's self in for another bout in the witness box. In any case, companies like Fisons, ICI and British Titan Products have least to lose, being already of a size to be able to strike hard bargains with the suppliers. The companies that feel most in need of the NSAA's bargaining power are the ones which, ironically, would carry the smallest part of the burden of defending it. But none could feel happy at the prospect of having to fish around for new contracts with sulphur as scarce as it is—least of all the government, watching the import bill.

ENERGY

Wrong Committee?

It can be presumed that the main reason for setting up the Energy Advisory Council that the Minister of Power announced last week is Mr Lee's personal wish, already expressed, to get his consultation with the main energy industries on to a more formalised, collective and regular basis. That is sensible: bringing in Mr John Davies of Shell Mex and BP, as representing the established oil interests, along with the chairman of nationalised fuel industries, rounds it off neatly.

It is doubtful whether the same can be said for bringing in four trade unionists—one of them representing the biggest pressure group in fuel, the National Union of Mineworkers, with workers in the other fuel industries less specifically represented; or two outnumbered representatives of industrial consumers. The terms of reference of this council are

> to consider and advise the Minister of Power about the energy situation and outlook, and the plans and policies of the fuel and power industries in relation to national objectives for economic growth.

As a sounding board for vested interests, for continuing advice about what changes cannot be made in existing energy "national fuel policy," this council may be depended upon. It is perhaps worth reminding the Minister, however, that it would be precisely the wrong kind of council to advise him if he really has it in mind to change this policy.

No Atoms for Ulster

Planning electricity supplies for the next ten years in Northern Ireland has its difficulties. Consumption is increasing there at roughly the traditional rate, that is, doubling in the past decade; recently it has shown signs of accelerating the rate of growth from between 7-7½ per cent to nearer 8½ per cent per annum. But the figures are tiny; peak demand in 1963-64 was only 531 megawatts, installed capacity is 737 megawatts, the load has only just become big enough to install sets as big as 60 megawatts. This is at a time when the Central Electricity Generating Board in England considers 500 MW to be its "standard" set and is planning for something much bigger.

When, therefore, the Northern Ireland government comes to consider the sort of power stations to put up during the next ten years in a country that has effectively no indigenous source of fuel, its choice is complicated by the fact that one option, nuclear power, comes in packages uncomfortably big for Northern Ireland's needs and particularly for the size of its base load which "drops to a level between midnight and 6.00 a.m. which is low in relation to the output of even a single nuclear reactor." Cost and technical uncertainties also work against atomic power. The best cost estimates the Ulster government could get are that a 250 MW atomic station, as small as one can go without costs rising alarmingly as size goes down, would produce electricity at 0.8d. per unit against 0.644d. from the conventional 120 MW sets which will be coming into use at Ballyumford from 1968 onwards. Assuming 1,300 MW of additional generating capacity installed in the ten years 1966-67, only the last 300 MW might be nuclear, and even that is far from certain. Which means no order before 1972. These estimates assume Ballyumford will be oil fired; the government's White Paper says plaintively that "no type of fuel should be excluded from consideration on grounds of policy" and the oil companies offered it better terms than Lord Robens at the Coal Board could do. But why restrict inquiries to the NCB? Had the government approached the American coal industry, it could probably have got supplies on longer term contract and at lower prices than anything the oil companies have offered. If "the choice of fuel should be governed by the need to provide the most economical electricity supplies," why does this alternative not even appear to have been considered?

MANPOWER

Not So Many More Hands

Nearly eight months after the annual stocktaking on the size of Britain's labour force—through a count of national insurance cards—there is still no firm view about it. A footnote in the Ministry of Labour's current *Gazette* hardly radiates confidence: it reads "The calculated forecasts for mid-1964 may differ from the final estimates for June 1964 which will become available next month." This forecasting (an odd description of backward-looking) raises by over 200,000 the previously published figure for last June.

If there is such haziness about how many people were working at the middle of last year, how should one describe the new forecasts published this week of likely numbers in 1980? When the Ministry's statisticians last did this exercise in October, 1963, they assumed a working population in mid-1964 of 25.36 millions; currently, they are assuming that it was 25.21 millions, a number which they expect to rise to 25.47 millions by the middle of next year. After that, they expect a very slow increase to 25.60 millions by 1971 after which the raising of the school-leaving age will bring a cut, a fact that partly, but only partly, explains the lowering of the 1980 forecast from the previous 27.04 millions to 26.45 millions.

Behind such forecasts are many tentative assumptions about the future working habits of the British. It is no longer thought that there will be any increase in the proportion of the younger married women who go out to work. But the potential zest for work among the older ones is put even higher than before: fifteen years ahead, it is assumed as many as 56 per cent of married women in their early fifties, and 49 per cent of those in their late fifties, will be working, or want to work. Even in a prosperous society?

TRADING STAMPS

All is not Pink Pasture

Not as much of the bottom will drop out of Sperry and Hutchinson's stamp trading world when Blyths, the Edinburgh department store, stops distributing pink stamps next week as did when Fine Fare, the Weston chain of supermarkets, dropped them last October. American experience has shown that stamps never seem to catch on in a department store as they do in other shops, although the increased turnover needed to cover their extra cost is only 5 or 6 per cent in these stores, compared with nearer 15 per cent for food stores. Last year was a hard one for some of the smaller stamp companies; but it ended with about 8 per cent of all grocers offering stamps and about 17 per cent of all petrol stations.

Four million gifts valued at £6½ million were redeemed with green stamps and 2 million, worth £2¼ million, with pink

Earning currency improving service

ARGOSY. On three occasions the United States Air Force Logistics Command has awarded the H.S. Argosy a 100% on-time rating in scheduled service with Logair.

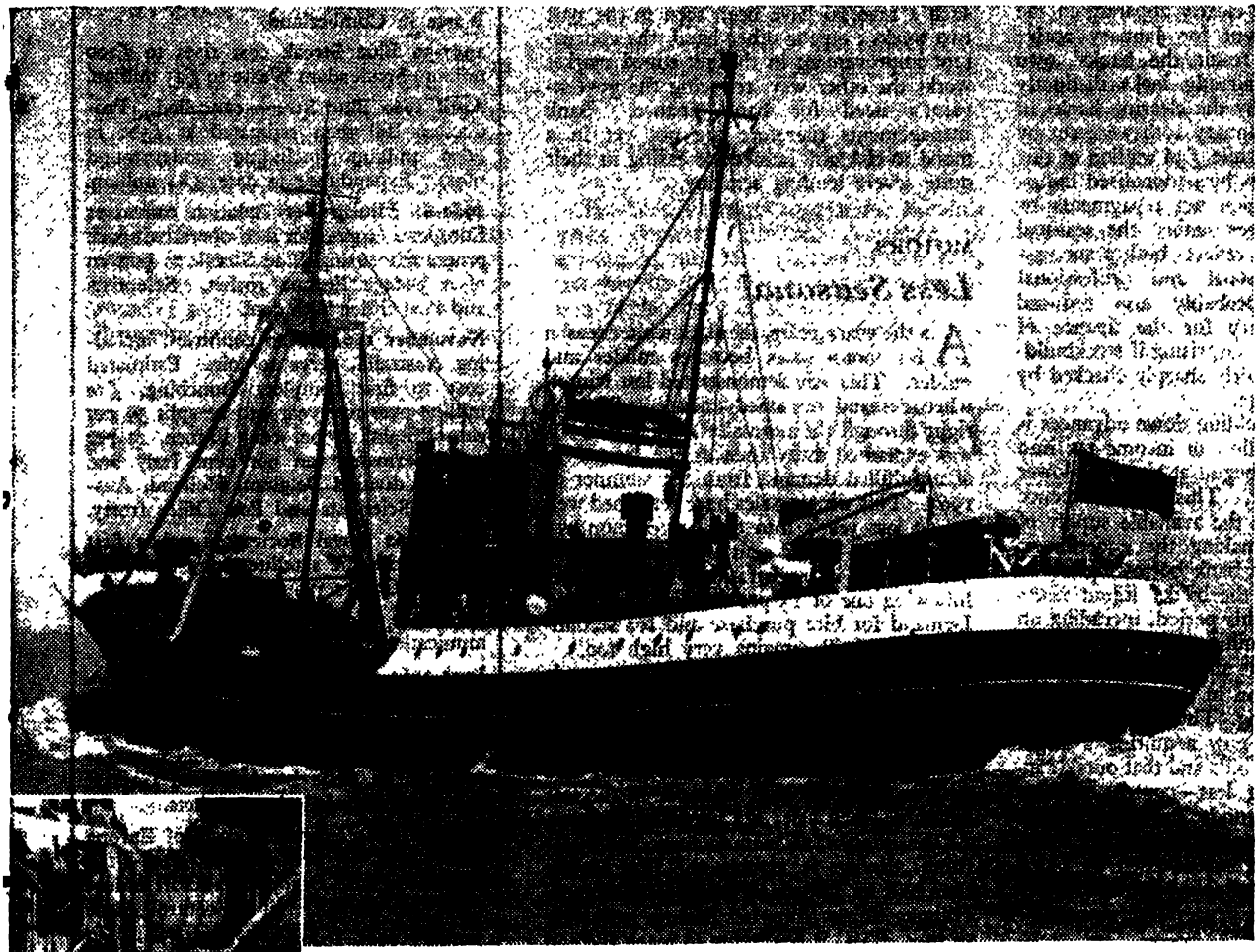
This aircraft also spearheads BEA's drive to increase air freighting of British exports to Europe.

A product of Hawker Siddeley Aviation.

Sound engineering
Consistent top performance

abroad: at home

CONCEIVED BY BRITISH SCIENCE,
DESIGNED AND DEVELOPED
BY BRITISH ENGINEERS,
BUILT BY BRITISH CRAFTSMEN.



MARINE DIESELS. For the second year running, the trawler *Stella Leonis*, powered by a Mirrlees 1,800 b.h.p. Monarch engine, has been awarded the Silver Cod Trophy for the largest weight of fish landed in a year. Four out of the first five trawlers were powered by Monarch engines.

The majority of Mirrlees diesels, ranging from 135 to 7,500 b.h.p., are sold abroad.

A product of Mirrlees National, a Hawker Siddeley Company.

HAWKER SIDDELEY

stamps. Nearly three-quarters of these stamps were collected on food and petrol. The proportion would have been higher but for some second-hand car-dealers who give away 10,000 or more stamps in one swoop (a practice that the stamp companies feel is not quite playing the game). However, the stamp companies feel there is plenty of room for expanding both among the grocers and garages and into other types of store.

BANK CREDIT

Bills Into Deposits?

FIRST results of the current credit squeeze, which the banks began to apply themselves last autumn ahead of the official request, are clearly apparent in the latest bank statement for January 20th; and partly as a result the banks' own liquidity position already looks distinctly better. Advances by the clearing banks in the five weeks to January 20th were cut by £67 million; and while £36 million of this reflected repayments by nationalised industries, the £31 million net repayments by other borrowers goes against the seasonal trend. It probably reflects both a successful curb on personal and professional borrowing, and probably also reduced demand by industry for the finance of stocks: it would be surprising if stockbuilding had not been fairly sharply checked by the import surcharge.

Another factor holding down advances is that the new year flow of income tax into the exchequer has begun at a rather slower pace than last year. This same influence has helped increase the available supply of liquid assets, by making the government more dependent on bank borrowing; even so, the increase in the banks' liquid assets of £97 million in this period, including an increase of £183 million in Treasury bills as a whole, contrasts sharply [illegible] of over £300 million in the [illegible] bill issue outstanding. This [illegible] banking system is now acquiring a larger proportion of these bills and that outside investors are holding less—content perhaps to switch liquid funds in bank deposit accounts, which now pay 5 per cent. Deposit accounts have indeed risen by £56.8 million, against a fall of £38.0 million in current accounts (and an exceptional and artificial fall of £139 million in other accounts, including credit transfers and inner reserves).

LONDON CLEARING BANKS
January 20, 1965

	£mn	%	Change on Month	Change on Year
Gross deposits	8,876		−120	+396
Net deposits	8,379		− 68	+367
Liquid assets	2,851	32·1	+ 97	+ 54
Cash	702	7·9	− 65	+ 20
Call money	844	9·5	− 38	+ 42
Treasury bills	862	9·7	+183	−140
Other bills and liquid export credits	443	5·0	+ 17	+132
Risk assets:				
Gilt-edged	1,021	11·5	− 35	−154
Other market investments	[illegible]	[illegible]	− 1	+ 4
Advances*	[illegible]	[illegible]	− 67	+264
(To State Boards)	38		− 34	− 31

* Excluding all items in transit except [illegible] advances to deposits: all ratios are of gross deposits.

With the additional help of a further unloading of £39 million of gilt-edged—reducing the total portfolio to only 11.5 per cent of total deposits—the banks raised their liquidity ratio by fully 1.5 points to 32.1 per cent. True the seasonal squeeze on bank liquidity comes in February and March, but the banks now have a clear 4 point margin above the minimum which they generally aim for. Just how severe the liquidity pressures will now be will depend partly on the foreign exchanges. A real turn in the leads and lags and the flow of other short-term funds would greatly ease bank liquidity. The first tentative signs of such a reversal have been seen in the past two weeks; on the other hand, the concurrent improvement in the gilt-edged market works the other way, reducing the government's need for bank finance. Bank managements therefore are not yet in a mood to risk any immediate easing in their quite severe lending scrutiny.

MOTORS

Less Seasonal

As the years go by, the slack winter season for motor sales becomes milder and milder. This was demonstrated last winter, when demand remained unexpectedly high right through the normally slack season: it was explained away then as the hang-over of unfulfilled demand from the summer of 1963. This winter, sales have remained well up on last year's into the winter months; there was a 5 per cent increase over the year before in registrations in December following one of 15 per cent in November. Demand for hire purchase and for second-hand cars, still remains very high too.

The industry could be moving towards a new seasonal pattern of fairly high winter demand with much less of the traditional plunge in the spring; but this particular two-year boom in home demand may end with an unaccustomed whimper in the late summer, when sales are normally buoyant. At the moment, all manufacturers are benefiting: Rootes is making the Imp at less than half its 3,000 a week capacity, but the Hillman Super Minx has taken a new lease of life. BMC is beginning to reach the end of the road for its rear-wheel designs: the first to be hit has been the Austin Westminster range, where the competing Rovers and Triumph 2000s have become the more attractive propositions. But front-wheel drive cars now account for two-thirds of BMC's output, a percentage that ought to increase steadily through 1965. That all three of these may prove outstanding cars was demonstrated, not only by the Mini-Cooper's second successive win in the Monte Carlo rally, but probably more significantly by the survival to the finish of the BMC Minos, which is hardly usual for a car scarcely four months in production.

AIRCRAFT CANCELLATIONS

When you don't

Five years ago, a Conservative government faced the same dilemma that Mr Wilson's government now faces: an expensive weapon had begun to cripple the defence budget. Should it be cancelled outright, or somehow kept alive for the sake of the technology?

This is what happened:

1955 Blue Streak was ordered at an estimated cost of £50 million over ten years. Missile based on American Thor rocket technology. Work simultaneously started on £9 million test range in Australia and £10 million engine test site at Spadeadam Waste in Cumberland.

1957-59 Blue Streak cost rises to £200 million, Spadeadam Waste to £25 million.

April 1960 Blue Streak cancelled. Production Bill then estimated at £500 to £600 million (including underground silos). Expenditure to date, £84 million.

1960-61 Ministry of Aviation canvasses European support for a co-operative space programme using Blue Streak as bottom of a 3-stage Europa rocket. Scientists and Post Office both cool.

November 1961 Seven countries, including Australia, agree to join. Estimated cost to first complete launching, £70 million over five years, to be split 39 per cent Britain, 24 per cent France, 22 per cent Germany, ten per cent Italy and balance divided Belgium, Holland, Australia. Scientists and Post Office frosty.

May 1962 Royal Society launches first British scientific satellite using American rocket. Others planned.

July 1962 First American Telstar communications satellite launched.

June 1964 Blue Streak makes first flight.

1964 World Post Offices buy shares in international satellite communication network. [illegible] and management to be done by American Comsat company with American rockets.

October 1964 Estimated costs of Europa rocket rise 50 per cent to £105-£110 million because European aircraft industries (not British) fail to control costs.

January 1965 Inconclusive meeting held in Paris to discuss what to do. Pressure from Britain to revise cost-sharing arrangements. Present treaty leaves Britain paying 39 per cent of increased costs for which this country not responsible. Treasury faces total Blue Streak bill of nearly £130 million. European pressure to make Europa rocket even bigger.

Is this (a) a satisfactory outcome; (b) good for the aircraft industry and (c) do we want to see it happen again? Members of Parliament have until next Tuesday's aircraft debate to make up their minds.

Exports look the reverse of what is happening at home. This year will probably start badly compared with last year, when Ford was still shipping large numbers of cars to France and Italy. Both markets subsequently collapsed and Ford's exports with them; neither has fully recovered. So dependent is Ford on a few export markets that its total shipments were slightly down in 1964. They should recover this year. All the other major manufacturers had a good, well-spread export year, with the total 10 per cent up. This year they will almost certainly do better.

CENTRAL HEATING

Coal Losing Ground?

SOLID fuel systems still lead other forms of central heating; but only by a narrow head, according to a recent survey by the National Federation of Builders' and Plumbers' Merchants. The proportion of merchants who reported more business last year than in 1963 was higher in the South than the North, but the actual increase was roughly 30 per cent all over the country. The survey also "reflects some bias in favour of solid fuel systems, with gas and oil running fairly close in second and third and electricity fourth." The gradual switch away from solid fuel to gas and, to a lesser extent, to oil, is clearly continuing. Last year Lord Robens estimated that of the 1.8 million installations in use at the beginning of 1964, 63 per cent were solid fuel, 11 per cent each gas and electricity and 9 per cent oil. But only about 50 per cent of the systems installed during 1963 were solid fuel, and the Coal Board estimates that the proportion has since dropped to 45 per cent. Disputes rage over which system of central heating is most popular; but they all hinge on the definition used. The figures quoted here include background and full central heating. Solid fuels are probably more used for background heating installations (and these accounted for 52 per cent of the orders covered by the Federation's survey); if the definition is restricted to full central heating only, solid fuel systems lose their lead.

SHORTER NOTES

The latest estimates suggest that Britain's gross domestic product continued to expand in the third quarter of last year, but that the rate of increase since the beginning of the year had not been very fast. In the six months to September, the level was only 1 per cent above that for previous six months.

*

An extra £300,000 towards the development flying of the British Aircraft Corporation's One Eleven jet has been asked for jointly by BAC and British United Airways which is flying the first production aircraft. The government's contribution towards the development of the One Eleven has been fixed since the summer of 1963 at just under £10 million.

*

Never before has the Transport Tribunal refused a request from the British Railways Board to put up fares; but this week it refused permission to increase season ticket prices in the London area. The board did however get backdated permission for the fares increase of last July. It was also relieved of the obligation to offer day return tickets for journeys of over 10 miles costing less than the normal return fare (which is valid for three months). This may be a blow to those travelling in the rush hour without a season ticket. But for those travelling in off-peak periods there will be special discounts for travel between any two stations in the London area, ranging in general from 5 per cent off a 10 mile journey to 35 per cent off a 35 mile journey.

BUSINESS □ INVESTMENT

STOCK MARKET

Settling Down

THE result of the Leyton by-election naturally sent *The Economist-Extel* Indicator roaring ahead by 9 points on Friday to 400; yet this is nearly 5% below the post-budget peak. And steel shares are still some 8% below their immediate pre-election peak. The chart of the market during Mr Wilson's 100 days shows a number of euphoric moments with depressions when the realities of the economic situation were driven home by specific events. Both movements have tended to become less violent in the last few weeks.

There is much evidence that the City is learning to live with the government and its proposed new taxes. There are the asset revaluations by individual companies—notably this week by the Dowty Group, Watney Mann, and industrial fixed interest issues. These are not yet as numerous as they should be. British companies seem in many cases convinced that the 8-8½% that they are paying the banks is so temporary a level and the credit being so secure that they should not indulge in fixed-interest issues, which would cost (at the moment) nearly 7%. For instance Chubb the safe-makers, who did not go forward with a Preference issue last year is not going to issue a debenture or loan stock but is making a rights issue costing nearly 7¼% after tax.

At the same time the major customers for debentures, pension funds and insurance companies, seem convinced as ever that interest rates will come down soon enough to make fixed-interest investment at present prices attractive. The market is also helped by the fact that until recently there were very few such stocks overhanging the market. Where eighteen months ago there

KEY INDICATORS

MOVEMENTS ON THE WORLD BOURSES

LONDON

Leyton election result gave an immediate boost to shares.

NEW YORK

Ever nearer the 900 mark.

ITALY

Marked fall in share prices.

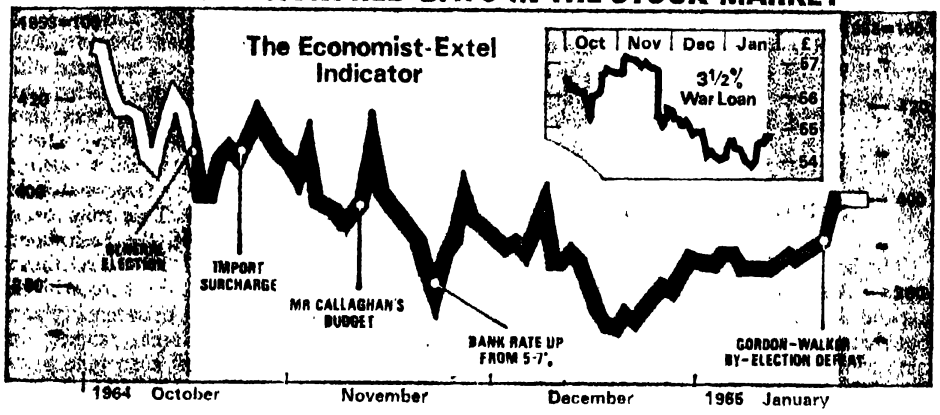
	INDICES *		Percentage change from:		
	Jan. 20 †	Jan. 27 †	A week ago	A month ago	Twelve months ago
London	391·1	401·0	+2·5	+ 5·3	+ 4·6
New York	895·3	899·5	+0·5	+ 3·7	+14·5
France	97·7	96·8	−0·9	− 2·2	−11·4
Germany	182·5	183·5	+1·0	+ 0·8	+ 0·1
Holland	366·4	364·2	−0·6	+ 3·0	+ 4·0
Italy	383·6	371·2	−3·2	− 3·9	−30·8
Belgium	133·9	134·5	+0·4	+ 1·2	− 0·7
Sweden	251·8	254·8	+0·9	+10·0	+20·0

* For Banks and Stock Prices and Yields, see pages 492 and 493.
† London, January 21st and 28th.

was normally £60-£70 million outstanding, a few weeks ago there was only about £35 million. Recent announcements have been for only relatively small sums, notably £1¼ million for Amalgamated Roadstone, £2.8 million for the unquoted Heron Properties, and £3 million to come from English China Clays, but with major issues to come from Unilever and British Oxygen the pipe-line is starting to fill up.

In the gilt-edged market yields have been readjusted to take account of the proposed capital gains tax. So there was an overwhelming welcome to the 15-year Northern Ireland 6½% loan 1979-80, issued at 98½; it is expected to open at 10s. premium this Friday. And with the Funding 5¾% "tap" drying up it could soon show a bigger premium. A shift in margins is becoming apparent between low-coupon stocks, which offer previously untaxed capital gains on redemption, and high-coupon stocks. This is now in the 7s.-10s. range, with for example £6 14s. available on LCC 3½% 68-73, but only £6 7s. on the LCC 6% 1972 stock, a pattern repeated through the list. This margin could well decrease once the tax position for the institutions is clearer in April.

THE HUNDRED DAYS IN THE STOCK MARKET



BREWERIES

Flat Bids

NOT for the first time speculators in shares of the smaller brewery companies are having to pay the price for over-optimism about what the major companies will pay for these smaller and often family controlled breweries. There are those in this market who still shudder at the name of Hardy's Crown Brewery, which was taken over three years ago by United Breweries (as it then was) at a price of 45s., compared with a pre-bid price of 55s. Now Charrington United has made a bid for the Derby-based Offilers Brewery which values the ordinary shares below the peak prices of the past three years. Charrington is offering six 5s. ordinary shares, which at the price of 14s. 7½d. are worth 87s. 9d. for each £1 Offiler share. This values Offiler on an earnings yield of 5¼% and a dividend yield of under 3½%. On this basis and with Charrington forecasting for 1964 "materially" higher profits and a total dividend of 15% against 13½% it is hardly surprising that the Charrington bid receives the full backing of the Offilers' directors. On news of the bid the shares fell 3s. to 85s., but shareholders can hardly expect a more favourable offer on a trading record which shows only a slowly rising trend in profits; and they should accept. Holders of the two classes of Offilers' preference come best out of the deal with exchange offers giving them useful gains of income from more readily marketable shares.

Bass Mitchells and Butlers has also made an offer at just below the market price for the ordinary shares it does not already own in Hunt Edmunds the Banbury-based brewing group. Bass's holding has been built up by buying in the market from a third to 44½% and it is now bidding three of its shares plus 2s. in cash for the remaining shares. With Bass at 17s. 6d. the offer is worth 54s. 6d., against the pre-bid price of 54s. 9d. But even so, at this price the shares are being bought on an earnings yield basis of 6.9%, which is 1¼ points below the current average earnings yield on brewery shares.

The third of the big brewery groups to swallow up this week a willing family-controlled company is Watney Mann, which is taking its first Scottish brewery into its group through its bid for the shares of Drybrough & Co, the Edinburgh-based brewers with some 140 tied outlets. Watney's bid is worth £2 million and the Drybrough directors and others with shares controlling 60% of the votes have already agreed to accept. Watney's share and cash offer is worth about £7 15s. for each of the unquoted Drybrough ordinary shares, while the quoted 5% preference are offered an attractive £1 a share, but this recognises the shares' voting rights.

This flurry of bids suggests that some of the smaller brewing families with a capital gains tax in the offing are now more ready to trade in their independence for shares and cash. On the other hand, bidders are not generally willing to pay the exaggerated prices which some companies are asking, and more shareholders are expecting. This week's foretaste of bid prices much more in line with current market prices is likely to continue—and not only in brewery shares.

J. A. & P. HOLLAND

Bad Taste

The prize for the fastest growing company of the year must go, rather surprisingly, to J. A. & P. Holland, the toffee group which has adopted attack as the best method of defence against shrinking markets; its ventures into distribution, paper and printing (wrappings) as well as new lines in confectionery have nearly quadrupled both its equity and its payroll during the year.

THUS wrote a financial correspondent just three years ago in reviewing the bids of 1961. In fact, little has gone right for the company or its shareholders since then; for 1963 there was a trading loss of £203,000 and no dividend. Now shareholders are told that the Holland family and others are selling 2,004,000 ordinary and 1,135,000 "A" shares in Holland to the Carlisle biscuit makers, Carr and Co., which was itself acquired last year by the Cavenham Foods group, in a battle with J. Lyons. The shares being acquired by Carr represent 28.9% of the equity, but since the "A" shares carry six and a half times as many votes as the ordinary shares, Carr has bought a total voting interest of 48.9% and thus has effective control. So far the actual terms have not been disclosed, but the sellers are receiving cash and convertible loan stock on the basis of about 4s. 9d. for the ordinary shares and probably around 6s. for the "A" shares with their valuable voting rights.

But the disturbing thing about this deal is that Carr is not intending to make a general offer to Holland shareholders, so that they will find themselves virtually a minority interest in a group controlled by the privately owned Cavenham group. Certain members of the Holland board need to be reminded of the revised notes on company amalgamations and mergers prepared by a group of leading City institutions in October, 1963, that "shareholders who are directors or have a close association with the board have a duty, if they contemplate a sale of an effective controlling interest, to consider carefully whether the sale of their interest could affect the position of other shareholders, and whether in consequence they ought to arrange for all other shareholders to be given an equal opportunity to sell."

At least Holland shareholders are promised another statement next week and it

These securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

$15,000,000

Republic of the Ph

5½% Fifteen Year External Loan Bonds of 1965

Dated January 15, 1965 — Due January 15, 1980

[illegible] — [illegible] — Johnson Brothers

Bank of London & South America — [illegible] — Blyth & Co., Inc.

[illegible] — The Dominion Securities Corporation — Goldman, Sachs & Co.

Harriman Ripley & Co. — Kidder, Peabody & Co. Incorporated — Kredietbank N.V. — Lazard Frères & Co.

Carl M. Loeb, Rhoades & Co. — Merrill Lynch, Pierce, Fenner & Smith Incorporated — Morgan & Cie, S.A.

N. M. Rothschild & Sons — Smith, Barney & Co. Incorporated — S. G. Warburg & Co. Limited

Arnhold and S. Bleichroeder, Inc. — Bache & Co. — Hallgarten & Co. — R. W. Pressprich & Co.

L. F. Rothschild & Co. — Hirsch & Co. Incorporated — Model, Roland & Co. — New York Hanseatic Corporation

Swiss American Corporation — E. M. Warburg & Co., Inc.

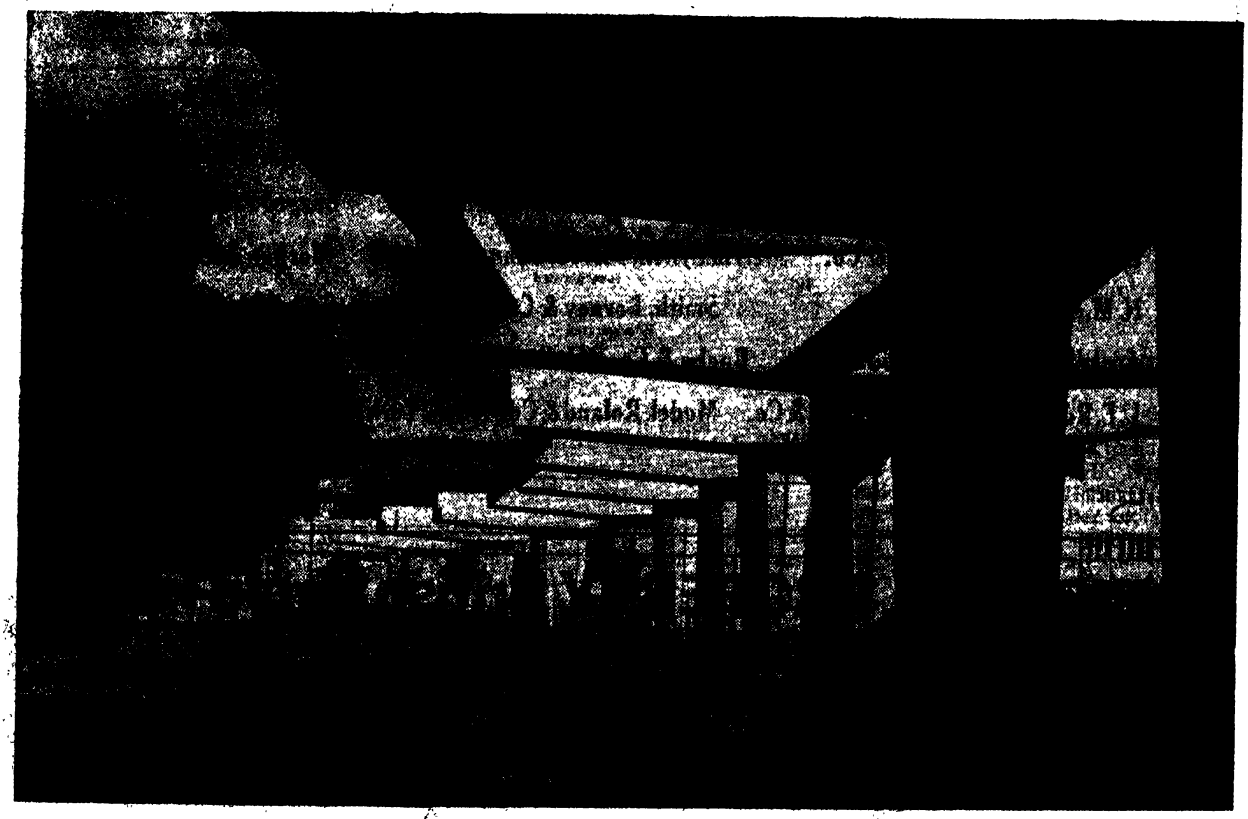
New York, [illegible]

CARIBBEAN PROPERTY/British Virgin Islands

■ The photograph above was taken from one of the freehold sites available surrounding the permanently secluded quartermile of Elizabeth Beach, Tortola. The picture also shows Guana Island in the background. ■ Oceanfront property with beach is also available in the magnificent Cap Estate ranch of St. Lucia. Developed by Gill Lister Associates, St. Lucia. ■ The Caribbean is now only a few hours away and B.O.A.C. fares are lower than ever before. ■ A booklet with photographs, surveyors layout and [illegible] prices on both properties is available from the London agents.

RICHARD ELLIS & SON CHARTERED SURVEYORS
DEPT. TE/2 26 DOVER STREET LONDON W.1 GROsvenor 7151
CITY OFFICE: 65 GRACECHURCH STREET E.C.3

The road to the future with Pyrotenax



"Pyrotenax" is the natural choice for heating the 5 miles of road surface in the M.4 Chiswick viaduct and its approaches, the biggest road heating scheme to date.

Over 280 miles of Pyrotenax mineral insulated heating cable will keep the four traffic lanes clear of frost, ice or snow, the total connected load being some 9,000 kilowatts.

As pioneers in the field of embedded heating cables, Pyrotenax Limited are proud to be associated with this great contribution to road safety.

Consulting Engineers:
Sir Alexander Gibb & Partners,
Consulting Engineers,
Telford House, Tothill Street,
London S.W.1.

Main Contractors:
Marples Ridgway, Kier, Christiani & Nielsen—*Joint venture*
2 Lygon Place, Grosvenor Gardens,
London S.W.1.

Electrical Sub-Contractors:
Electrical Installations Ltd.,
65 Vincent Square,
London S.W.1.

Pyrotenax
THE ORIGINAL M.I.C.C. CABLE

M.I. CABLES

THE PYROTENAX GROUP—
PYROTENAX LIMITED · HEBBURN-ON-TYNE · Hebburn 83-2244/8
CANADA: PYROTENAX OF CANADA LIMITED. P.O. Box 448, West Street, Trenton, ONTARIO.
AUSTRALIA: PYROTENAX CABLE PTY. LIMITED, Normanby Road, Notting Hill, Clayton North, VICTORIA.
REPRESENTATIVES AND AGENTS IN ALL PRINCIPAL COUNTRIES

GD 825

could be that the plans of Cavenham (controlled by the young financier, Mr Jimmy Goldsmith) will justify what seems in the light of present facts to be an unhappy solution to Holland's present ills. Cavenham last year also acquired a 55% stake in Carsons, the chocolate and cocoa manufacturer. Since then Carsons has already acquired the Yeatman confectionery business and the Procea slimming foods group at a cost of £1½ million. It is now in the throes of rationalisation and integration, as it needs to be, for up to 1963 it had made losses in six of the previous ten years. It remains to be seen whether Cavenham has plans for a consolidated confectionery group. Faced with a steady decline in confectionery consumption in this country a policy of rationalisation and integration makes sense—and this is just what Holland aimed to achieve through its spate of acquisitions in 1961. Holland shareholders would be optimistic to expect the present changes in their company to bring a swift solution to their problems and an early return to the dividend list. But they (and this includes the Granada group, which bought a 10% stake in the equity in 1961 at 7s. 6d.) may have little to lose by holding on to their shares, at least to see how the changes work out.

COATS PASOLDS

Ladybird Grows Up

ANOTHER stage in the growth of Pasolds is being completed with the Pasold family's agreeing to sell control to Coats, Patons and Baldwins. Looking for growth outside its own, non-growing, activities, Coats' eye has naturally strayed to companies whose products offer some degree of vertical integration towards consumer outlets. The Pasold family owns 68% of the equity and faces the problem of reconciling this with death duties on one hand and maintaining the company's growth on the other. The marriage between them seems, if not made in heaven, certainly to be a good match. Coats is offering to buy the 2.1 million "A" shares held by the public at 52s. 6d. at which price they yield 1.9% (covered over four times) and the family has guaranteed Coats a minimum of 51% from its own holding if the public does not accept. Coats is also buying the 1 million "B" shares for half a million Coats shares (now standing at 44s.) and £1.5 million cash; the "B" shares to be converted into "A" in April.

Coats is to treat this deal as a straight investment, and will leave the Pasold family in charge. The effect on the company should be beneficial, as its growth has been limited by the previously restricted ownership. Production, in fact, has never kept pace with demand. The family will continue with a large shareholding—a minimum of 15%; more if there are a large number of acceptances from the public—although a shrewd investing public could be forgiven for wanting to hang on to the shares under the new conditions. Pasolds, under family management and supported by a Coats anxious to expand, should be a company to go on watching. For Coats, the impact is more muted. Pasolds is tiny in comparison: Coats' assets stand in the book at £120 million—25 times Pasold's—although the ratio of pre-tax profits is about half that. It may be an expensive buy for Coats in terms of profits, but it is certainly a choice buy in any other terms.

BRITISH OXYGEN

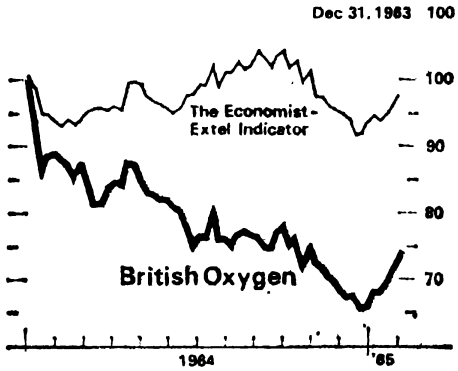
Earnings or Earnings

ONE problem that the recent congress of European Financial Analysts attempted to tackle was to set out definitions of terminology. An example of the confusion that exists can be seen in the latest report and accounts of British Oxygen. In his statement the chairman, Mr J. S. Hutchison, warns shareholders that "it would be unwise at this juncture to forecast such an improvement in earnings as was achieved last year." In the context of the profit and loss account, earnings are usually taken to mean the profits available, after all charges, for the ordinary shareholders. And on this basis earnings per share in the year to end-September fell fractionally, from the equivalent of 20.1% to 19.8%. In fact the chairman is referring to pre-tax profits, which on a 15% increase in sales to £84.4 million rose by a quarter to £11.5 million. This increase was whittled away in sharply higher charges for tax and minority interests. Although the dividend is one point higher at 10%, in the end for shareholders it is earnings available for them that count. So it is perhaps not surprising, that British Oxygen shares have not in the past year come up to expectations as a recovery stock: as the chart shows, they have been convincingly beaten by *The Economist-Extel* indicator. The shares now at 9s. 6d. give a yield of 5¼% which puts them almost in the income class. At this level the shares are just over a quarter down on their 1964-65 high and well over 50% down on their 1961 high.

In view of the cautious tone of Mr Hutchison's statement, it would be unwise to expect the shares to show an early rise far above the current level. True, trading profits before depreciation of £18.9 million last year broke out of the £14-£16 million range of the previous four years, and there seems a good chance that that they will now pierce the £20 million barrier. The chairman is more optimistic about the outlook for the overseas companies—and they again contributed some 62% of profits last year. At home steel is less important than engineering generally to British Oxygen, but clearly last year the group's £15 million tonnage oxygen plants started to earn their keep from the buoyant demand of the steel industry. The steelmasters' optimism in their recent reports suggests that for at least the first half of 1965 demand should ensure at last a fair return from this major investment of British Oxygen.

The firm's current year has started well in this country, although with an £8 million net overdraft there could be a sharp rise in bank interest charges this year, and since it imports half the carbide it uses to make acetylene British Oxygen is also hit by the import surcharge. Even though its overdraft is some £3 million less than a year ago, financing still remains a problem, particularly as there appears to be no tailing off in capital expenditure. In 1963-64 this amounted to almost £11 million and at the year end capital commitments amounted to £7½ million against £2¼ million a year before. Clearly a rights issue is not on the cards at the moment (there were four in the 1950s) and the directors are considering a loan stock issue; it will certainly be more expensive than the £10 million of 5¼% debenture floated in 1956.

This should give a useful boost to the gearing for ordinary shareholders, but any benefit on this score is more than outweighed for the moment by the possible repercussions for British Oxygen from the proposed corporation tax. For on its very large overseas profits double taxation relief is likely to be limited to the rate of corporation tax itself. But a paradox of the tax changes is that while the attractions of companies with large overseas earnings may be dimmed in the eyes of existing shareholders, the introduction of a corporation tax would once again bring such stocks into the orbit of the pension funds, which at present are not attracted to these stocks because of their low net UK rates of tax, which limits the amount that these "gross" funds can reclaim.



MONEY AND EXCHANGES
Money market report, exchange rates, arbitrage calculations and Prices and Pay on page 494.

STOCK PRICES AND YIELDS
Home and overseas stock prices, yields and security indices on pages 492 and 493.

INITIAL SERVICES

Cleaning Up

BACK in 1956 the then directors of the Initial Services laundry and linen supply group devised some highly complicated dividend rights for their newly created "A" shares, of which they distributed 55% to shareholders and 45% to employees. The "A" shares—they form only a tiny part of the equity with a capital of £45,000—participate in profits only when these rise above a datum line, but if profits do move above this level these shareholders are entitled to a great deal. If this were not complicated enough, the datum line is not constant but rises in line with the company's net assets. For the "A" shareholders this has been of only academic interest in recent years, for the last time that the datum profit was exceeded was in the financial year to March 1960, although dividends were paid in the following two years from accumulated profits. But for the current year the datum line at £1.38 million looks like being exceeded, for pre-tax profits of about £1.45 million are forecast on which the "A" shareholders would be entitled to the smaller of either £75,000 plus 20% of the excess of profits over the datum line or 12½% of net profits of the group. The gearing effect of these rights, as so far the "A" shareholders have found largely to their cost, is striking; thus in 1960 the "A" shares earned 182% (from which a 175% dividend was paid) but in the following year, when pre-tax profits dropped by 10½%, earnings evaporated completely and are only now about to return.

But proposals are now being put forward to get rid of these "A" shares by giving nine 5s. Ordinary shares for every five "A" shares, which means that the holders of the "A" shares, which now represent just under 1½% of the total equity capital, will hold just under 12% of the total Ordinary shares after the exchange. And on the face of it the Ordinary shareholders look to be giving up a good deal for a high gearing, which is only just beginning to make an impact on profits after an absence of four years. However they have to remember that this period has been one of reorganisation for the group and that this has held down profits. And chairman, Mr K. E. Garcke, told shareholders last year that the full benefits from this reorganisation had not yet been felt by the group. Moreover in the longer term profits can hardly fail to benefit from the provisions of the new Offices, Shops and Railway Premises Act, which should increase demand for Initial's linen hire services from offices and factories.

But on balance shareholders of both classes would do well to support the proposals to amend the present share structure. This the directors admit has been a failure, as a result of the invidious position in which they have been placed in reconciling the conflict of interests between the "A" and ordinary shareholders; and also because most of the employee shareholders sold their shares at the first opportunity, which was five years after the issue. This week they have been criticised by their chairman for doing so, but since Mr Garcke has often referred to the speculative nature of the "A" shares as an investment such criticism seems misplaced. In almost every year since they were issued, the "A" shares have fluctuated sharply with the high for the year usually double the low, while in 1961 they moved between 10s. and 40s. 6d. And the "A" shares have risen from 22s. 6d. to 35s. 6d. since the first news of the scheme was released just before Christmas. If a company wanted to encourage employee investment, the issuing of shares as complicated as Initial "A" shares was the wrong way to go about it.

Do you know?

Q. How fast trade in electrical machinery is growing between EFTA countries

Q. What percentage preference is given to EEC produce in Greece

Q. What kind of sole rights agreement is likely to be cleared under EEC cartel policy

A. See **European Trends** second issue out this week

Further details from:

THE ECONOMIST INTELLIGENCE UNIT

Spencer House 27 St James's Place London SW1
Telephone HYDe Park 6711 ext 27

60 East 42nd Street New York 17 NY
Telephone Murray Hill 7-6850

WALL PAPER MANUFACTURERS

All Change

THE difficulties that periodically convulse boardrooms do not often reach the public quite so raw and bleeding as the change announced this week in the board of Wall Paper Manufacturers. Mr Ivan Sanderson, the chairman (and member of the founding family) whose removal had been attempted last year by a determined shareholder, was invited back from an overseas trip this week only to be voted out of office. His fellow directors seemingly united under his successor, Mr John Watson, had not been able "to reconcile divergences of opinion" on what changes in the company's management are needed to cope with the change over recent years from a simple family wallpaper manufacture, to a world-wide group with interests in other fields of decoration. And the old form of family domination was held ininappropriate to the new conditions. One of the main divergences was that the chairman had retained too much control over the day-to-day running of the group (for all that the Sanderson family holds less than one per cent of WPM's equity). On his departure, Mr Sanderson is to be paid a "modest golden handshake"; but to reveal the amount "would not be fair to Mr Sanderson."

The first of the reforms is the appointment of a finance director, Mr J. Alan Ladds with a finance side strengthened, presumably to facilitate the financing of new projects. Mr Watson intends to pursue a policy of vigorous expansion of existing interests. Whether he will be able immediately to answer the criticisms of extravagance and incompetent investment made last year is another matter.

AUSTRALIAN STOCK EXCHANGE

Useful Non-starter

WITH five stock exchanges for only 11 million people it would have been thought that Australia did not need a new one. Nevertheless in the month before Christmas Mr H. C. Wilson of Roxburgh & Co (very reputable solicitors in Sydney) was approaching some of the major institutions with proposals for a new exchange to be based on Canberra, on behalf of undisclosed clients. The institutions were naturally hesitant until the name of the proposers had been revealed; it never was and the scheme has now collapsed. But it has achieved what the unknown person (or institution) probably hoped to do. It is inducing the Association of Australian Stock Exchanges to revise its scale of commissions to make them more equitable for the large investors.

Certainly, while there is no room for a new market, there is scope for reform. At the moment charges are based on the market prices of the shares, with charges of 1d. on a shilling share (a rate of 8⅓%), 2d. on a 3s. one (5½%) down to 9d. on shares priced at between 50s. and 60s. (1.5%). And there is no reduction for large dealings. At the same time the system in Australia does not involve jobbers, but a call over, and the aspiring reformer took against the double role of brokers as both principals and agents: it was proposed instead to appoint registered floor brokers to do the actual trading.

It is likely that the new proposals will include a minimum charge (to prevent small orders from being too unprofitable) and scaled-down charges above a certain amount (to have the opposite effect), as well as a standard percentage charge on all transactions.

In Brief...

Rigours of the Market Place

The full balance sheet of the **National Discount** Company, which Mr Enoch Powell joined last year as a director, states that three-quarters of the bond holding is now in 5½ per cent Exchequer Stock maturing in March, 1966. It was depreciation in the bond portfolio that caused such heavy inroads on reserves in 1964: the transfer to contingencies reserve of £430,000 exceeded declared profit of £382,496, which in Inland Revenue terms appears to have been classified as a net loss: the statement refers to "very substantial offsets" of income tax in the coming accounting period. But the decimation of the carry-forward from £425,614 in 1963 to £42,302 last year is neatly offset by a timely revaluation of the Cornhill site, from the 1909 valuation of £100,000 to a current valuation of £560,000—which may still be conservative.

Mining Merger

The full documents have now been sent out on the proposed merger of three London based mining houses, British South Africa Company ("Chartered"), Central Mining and Consolidated Mines Selection into the new Charter Consolidated group. At the end of last year net assets of the combined group amounted to £142 million with 39% in South Africa, 16% in the rest of Africa, 23% in North America and 22% elsewhere. Anglo American will have a dominant 30% stake in the new group resulting from its existing holdings in the merging companies and from an exchange of cross-holdings.

APPOINTMENTS for further announcements see pages 489, 490 and 491

NATIONAL AND LOCAL GOVERNMENT OFFICERS ASSOCIATION

Applications are invited for the appointment of a Research and Statistical Officer in the trade union work of the Association. The salary is £1,885 rising to £2,200 (from August 1, 1965, £1,940 rising to £2,280) plus London Weighting of £45 a year. The possession of a degree in statistics, economics, or other relevant social service is essential.

Further details can be had on request. All applications to be addressed to the General Secretary, NALGO House, 8 Harewood Row, London, N.W.1, to reach him by not later than first post on February 5, 1965.

THE UNIVERSITY OF MANCHESTER

RESEARCH FELLOWSHIP IN ECONOMIC STATISTICS

Applications are invited for the above Fellowship, tenable for one year with a possible extension to two years. The Fellowship is of a value within the range £1,300-£2,000 per annum, together with approved expenses involved in the research. The holder of the Fellowship has access to the facilities of the Manchester Computing Laboratory. Regulations governing the award of the Fellowship and application forms may be obtained from the Registrar, the University, Manchester 13, to whom all applications should be sent not later than March 7, 1965.

UNIVERSITY COLLEGE OF SWANSEA

CHAIR OF APPLIED ECONOMICS

Applications are invited for the newly-established CHAIR OF APPLIED ECONOMICS, which will be tenable from October 1, 1965.

Further particulars may be obtained from the Registrar, University College of Swansea, Singleton Park, Swansea, by whom applications should be received by *Monday, March 1, 1965.*

THE AUSTRALIAN NATIONAL UNIVERSITY

RESEARCH SCHOLARSHIPS

Applications are invited for scholarships in Anthropology and Sociology (including Oceanic Linguistics), Demography (including social and cultural aspects), Economics (including Economic History and Economic Statistics), Geography (most branches but not at present with any emphasis on soil geography and climatology), Modern History (particularly in the fields of Australia and the British Commonwealth), Far Eastern History (China and Japan), International Relations, Law, Pacific History, Political Science (including public administration), Philosophy (including as well as the traditional branches of philosophy, social and political philosophy, the philosophy of education, the logic of the natural and social sciences and of history, the history of ideas) and Statistics (including Mathematical Statistics).

Applicants should be postgraduate students with capacity for research. Scholars will normally enrol for a Ph.D. degree, the course for which extends over three years. A scholarship is initially awarded for two years but will normally be extended for the whole period of the approved course.

The basic scholarship allowance is £A1,065 per annum. Married scholars with dependent children receive additional allowances. Fares to and from Canberra are paid.

Application forms and further particulars are available from the University or from the Association of Commonwealth Universities, Marlborough House, Pall Mall, London, S.W.1. Applications should reach the University by April 30th or October 31st in any year, although special consideration may be given to applications at other times. Scholarships may be taken up at any time after award, subject to agreement of the Head of Department concerned.

D. K. R. HODGKIN,
Registrar,
Institute of Advanced Studies,
Box 4 P.O.,
Canberra, A.C.T., Australia.

* A substantial knowledge of the relevant language is a pre-requisite.

RUSKIN COLLEGE, Oxford, requires Tutor in Economics for summer term April-June 1965 initially: possibility of permanency. University lecturer scale £1,400 x £85 — £2,505 F.S.S.U. Good degree essential, experience of adult education desirable.

Details fro[illegible] [illegible]pal, Ruskin [illegible] Oxford. Clo[illegible] February 26.

AUSTRALIA

QUEENSLAND

UNDERWRITER required by State Government Insurance Office, Brisbane to head special Development Department to handle all modern types of insurance, including necessary re-insurance on behalf of industry in this developing State.

Office, in 49th year, conducts all classes of insurance. Assets £A58m., including Reserves £A12½m. Premium Income over £A15m.

It is essential that applicants, preferably aged between 30 and 40, have required experience in modern types of insurance and possess real management capabilities.

SALARY commensurate with ability to be negotiated with successful applicant, probably in range £A3,500-£A4,000 per annum. Attractive superannuation, excellent prospects advancement to top management. Arrangements can be made for housing and reasonable transport costs to Queensland will be met.

APPLY General Manager, Box 1453T, G.P.O., BRISBANE, Queensland, AUSTRALIA, with full details of qualifications and experience and the names of three referees.

UNIVERSITY OF ST. ANDREWS

Applications are invited for the post of Lecturer in Political Economy in St Salvator's College. Salary scale £1,400 x £85 to £2,505; starting salary according to qualifications and experience. F.S.S.U.; grant towards expenses of furniture removal. FIVE copies of applications, with the names of three referees, should be lodged by February 25, 1965, with the Secretary of the University, College Gate, St. Andrews, from whom further particulars may be obtained.

UNIVERSITY OF SYDNEY

LECTURESHIP, SENIOR LECTURESHIP IN COMMERCIAL AND INDUSTRIAL LAW

DEPARTMENT OF ACCOUNTING

Applications [illegible] mentioned ap[illegible]ment.

The Department of Accounting [illegible] at Pass, Honours and Graduate levels for students proceeding to degrees in Economics. The programme of studies in commercial and industrial law is intended to provide an understanding of general commercial law, company law and taxation law as the setting of economic activity. Candidates should be graduates in Law having special interests in some phase of the law relevant to the general study of economics and commerce.

Salary for a Senior Lecturer is within the range £A2,745 x £A100 — £A3,245 per annum; for a Lecturer within the range £A1,895 x £A105 — £A2,630 per annum, plus cost of living adjustments (at present £A42 p.a.). Academic salaries are at present under review and it is expected that the new salary scale in 1965 for a Senior Lecturer will be £A3,300 x £A100 — £A3,800 per annum and for a Lecturer £A2,400 x £A110 — £A3,170 per annum (in each case incorporating cost of living adjustments).

Further information including particulars of superannuation, Housing Scheme, sabbatical leave and other benefits and method of application may be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London on *March 11, 1965.*

LANCASHIRE COUNTY COUNCIL

COUNTY PLANNING DEPARTMENT

Applications are invited for the following appointments in the Headquarters Research Section of the County Planning Department at PRESTON.

(a) ASSISTANT PLANNING OFFICER salary within Grade "A" (£1,445-£1,745 per annum). Applicants should have served in the Research Departments of Local Authorities, Central Government or Research Institutes and should be competent to organise land use and social surveys.

(b) PLANNING ASSISTANT commencing and maximum salary according to qualifications and experience within the range £710-£1,555 per annum).

Applicants for either post should possess a good honours degree in economics, geography, sociology, statistics or related subjects and should be generally interested in problems relating to population, agriculture, industry and housing.

The County Council has a scheme for the payment of legal costs for house purchase, disturbance allowances and removal expenses to a maximum of £125.

Applications, stating appointment applied for, giving age, qualifications, present appointment, experience and two referees, to the County Planning Officer (J), East Cliff County Offices, Preston, by February 15, 1965.

UNIVERSITY OF READING

Applications are invited for Lectureships and Assistant Lectureships in Sociology. For one of these posts preference will be given to a candidate with special qualifications in social anthropology, for another to a candidate with special qualifications in industrial sociology. The appointments will date from October 1, 1965.

Further particulars may be obtained from the Registrar (Room 22, O.R.B.), The University, Reading, by whom applications must be received not later than February 27, 1965.

UNIVERSITY OF BELFAST

LECTURESHIP OR ASSISTANT LECTURESHIP IN POLITICAL SCIENCE

The Senate of The Queen's University of Belfast invites applications for a Lectureship or Assistant Lectureship in Political Science from October 1, 1965. An interest in International Relations or the Political Institutions of Underdeveloped Countries will be an advantage but is not essential. Salary range for a lectureship is £1,400 to £2,505 plus contributory pension rights under the F.S.S.U., and for an assistant lectureship £1,050 to £1,275 plus F.S.S.U. Initial placing on the salary scale will depend on qualifications and experience. Applications should be received by *March 1, 1965.* Further particulars may be obtained from G. R. Cowie, M.A., LL.B., J.P.

UNIVERSITY OF QUEENSLAND

The Univers[illegible] invites applic[illegible] for the [illegible] and applicat[illegible] lose on the dates shown. The salary range is:

Lecturer, £A2,300 — 7 x £A100 — £A3,100.

For Townsville position, a northern allowance of £A30 per annum will also be payable.

LECTURER IN ECONOMICS: Applicants should have an honours degree in economics. The successful applicant's duties will be mainly lecturing and tutorial work in general economic theory in one or other of the courses entitled Economics I, Economics II, Economics III, Public Finance (March 5th).

LECTURER IN HISTORY, UNIVERSITY COLLEGE OF TOWNSVILLE. Preference will be given to applicants with a postgraduate degree and overseas experience. The main fields concerned are American and/or British and/or Australian History and/or Asian History (February 26th).

The University provides Superannuation similar to F.S.S.U., Housing Assistance, Study Leave and Travel Grants.

Additional information and application forms will be supplied upon request to the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

RESEARCH ANALYST: Rapidly growing firm of Management Consultants in the West End require an Economics Graduate (female) to assume responsibility for a wide range of research requests, including initially some statistical work. Interesting position for those who like a fast pace, variety and full responsibility. Excellent salary and conditions.—Box 1892.

UNIVERSITY OF ST. ANDREWS

LECTURESHIPS IN POLITICAL SCIENCE

Applications are invited for the following vacancies in the Department of Political Science, Queen's College, Dundee:

Lectureship (in the field of political theory)
Lectureship (in British and/or Comparative Government)
Lectureship (in International Organisation and/or International Relations).

Salary scale: £1,400 x £85 to £1,995 (efficiency bar) x £85 to £2,505, with placing according to qualifications and experience.

F.S.S.U.; grant towards removal of household effects.

Applications (six copies), containing the names of three referees, to be lodged by February 26, 1965, with the Secretary of the University, Queen's College, Dundee, from whom further particulars may be obtained.

EDITORIAL RESEARCHER required for The Middle East Digest. Intelligence more important than experience. Arabic an asset.—84 Chancery Lane, London, W.C.2. Chancery 8533.

THE SCOTTISH COUNCIL (DEVELOPMENT AND INDUSTRY)

Economist to join group engaged in survey, review, and analysis of all aspects of Scottish Economy, currently engaged on follow-up to Toothill Report. Should have good degree in Economics with some industrial or commercial experience. Preferred age group 20's and 30's. Applications for this permanent staff appointment to Head of Research Division, The Scottish Council (Development and Industry), 1 Castle Street, Edinburgh 2.

CITY OF BIRMINGHAM EDUCATION COMMITTEE

CITY OF BIRMINGHAM COLLEGE OF COMMERCE

GOSTA GREEN, BIRMINGHAM 4

DEPARTMENT OF BUSINESS ADMINISTRATION

Applications are invited for the post of SENIOR LECTURER in ORGANISATION AND METHODS for Management/Business Studies Courses, and for Organisation and Methods Courses. The post offers opportunity for research as well as teaching.

Candidates should hold a University Honours Degree or professional qualification, and have good experience.

SALARY: Minimum £1,895 per annum rising by annual increments of £55 to a maximum of £2,115 per annum.

Further particulars and application form may be obtained from the Principal.

There is a Scheme for assistance with removal expenses.

M. WATTS,
Clerk to the Governors.

COMPANY MEETINGS

WESTMINSTER BANK LIMITED

GENERAL PROGRESS IN FACE OF KEEN COMPETITION

HIGHER PROFIT AND DISTRIBUTION

IMPROVED QUALITY, RANGE AND EFFICIENCY OF SERVICE

MR DUNCAN STIRLING'S REVIEW

The Annual General Meeting of Westminster Bank Limited will be held on February 17th at 41, Lothbury, London, EC2.

The following is the Review by the Chairman, **Mr Duncan Stirling,** which has been circulated with the report and accounts:

Misgivings felt a year ago as to the optimism then prevailing were unhappily more than justified. After a fair start the year gave way to the events which culminated in the exchange crisis of the autumn. The severity of the onset was unexpected, and it is indeed a baffling feature of these recurrent episodes that their violence is seldom indicated by the available statistics.

The causes of our present troubles have been variously and copiously ascribed, with comment sharpened by political asperities. Their effect was a pressure on the value of our currency which touched the most sensitive nerve in our commercial anatomy, and its vibrations instantly spread around the world from the shock centre in London. The urgency of the case was, as always, heightened by the international importance of sterling as a world reserve currency, although of course no other nation would suffer so much as we would by its deterioration. However, the price of the pound, on which we are so dependent, is not settled in London but in the world's international exchange markets, which use their own judgment as to whether our policies will maintain its worth. We may therefore well applaud the success of our monetary Authorities in establishing drawing facilities with other central banks, by which that judgment has been suspended for some months, though this relief is no remedy for the chronic disorder from which we suffer.

RISK OF HANDLING "HOT" MONEY

The withdrawal of fugitive money from London was accentuated by the large sums of foreign-owned sterling that had been placed here with institutions, including Local Authorities, some of which had used these short-term loans for long-term investment. The notorious risk of handling this hot money in such a way was starkly revealed by its abrupt withdrawal, and the unhappy borrowers turned in their distress to their bankers, who were fortunately able to help them although their advances were already fairly high; and they rose higher still as the chain reaction went on in the succession which is typical of the kind of storm that broke in October and has not yet subsided. This aspect of the crisis demonstrates the unfortunate consequences when undertakings with no banking business or experience bid for money against the banking system and then lean on it for extricating themselves from a situation into which they should never have entered. By doing so they create serious and needless problems for others as well as themselves. It is to be hoped that this elementary lesson has been re-learnt and will not again be forgotten either by those directly responsible or by those who can enforce its observance.

DISORDER OF MARKETS

Another aggravation was the disorder of markets during the closing weeks of the year. This condition invariably follows the denial to any market of the information on which confidence is based. An orderly market is not just a matter of quoting prices. There must be a will to deal. The whole machinery of our trade and the world's depends on markets, and to allow them to become disarrayed is to make as emphatic a "stop" signal as there is in the whole range of the "stop-go" code which it is sought to eliminate. In any event, least of all in those we are prone to experience, it seems unlikely that our precarious, volatile economy can ever be left to run its course without either check or stimulus. Certainly the measures we have lately seen—the import surcharge, rise in Bank Rate, and lending restrictions—bear a familiar image.

The declared intention of the Government to promote industrial efficiency is to be welcomed though the results cannot possibly be quickly achieved. It is germane to recall that in our Bank we made an early start in the use of automation. Reference was made to this more fully a year ago, but I may add here that we are already at the point where we could not handle our present business without this process except with a much larger staff and more accommodation than we have. More and more of the branches and ancillary services are being linked to the computer system and its advantages grow faster than the pace of its application.

The Government's determination to maintain the value of sterling deserves the support and encouragement of the whole community, but to find the means of doing so is a stiff challenge, because time is so short and the measures for it are long-ranged; meanwhile we have to convert the lively scepticism of outside opinion which our affairs have aroused. There is no short-cut alternative to the arduous road we have to travel, and efficiency expressed in low production costs is a condition for which there is no substitute. The prospect ahead is more than unusually uncertain, with many confusing factors. For instance, what has been revealed as to future taxation has made what is concealed still more obscure. These revelations were presumably made to speed the approach to an Incomes Policy, but widespread rises in personal incomes have been announced while the rise in production required to support them without inflation is still out of reach.

There are, however, good grounds for believing that the adverse payments position which precipitated the crisis when it was reported in October was exceptionally unfavourable, and that by then our trade was already set on a better course. What is more important for the hope of ultimate success is the announcement that the first step towards an Incomes Policy has been taken. It is one for which full credit must go to the Government, Employers and Trade Unions. Many more steps have to be taken, and difficult ones, as the two partners in industry approach the goal of a real partnership in their own and the national interest, which are in fact the same thing. To capture this elusive prize would be a triumph indeed.

BOARD AND MANAGEMENT

There were no changes in the composition of the Board during the year, but Mr H. W. Norris has been appointed a member from January 1, 1965. He is well known to our shareholders having been Deputy Chief General Manager since 1962 and a Joint General Manager for many years before that. As Mr Norris has expressed a wish to retire from the General Management during the present year it is appropriate to record now, however briefly, our warm acknowledgment of over forty years' devoted service which he has already given to the Bank. We look forward to having on the Board the benefit of his great experience.

Mr A. W. Brooks, LLB, has been appointed a Joint General Manager with special responsibilities for general administration and for computer accounting, a field in which he is an acknowledged authority, and Mr T. F. B. Powell has been made an Assistant General Manager working with Mr Brooks, Mr S. A. Gregory, BCom., has been appointed Chief Accountant. There has been a number of retirements from senior posts among which were Mr F. T. A. Smith, BCom., Chief Manager of the Overseas Branch, and Mr G. E. M. Jenkins, LLB, Chief Manager, Trustee Department, who are succeeded respectively by Mr A. L. Goodall and Mr J. H. M. Richardson, BSc.(Econ.). Messrs G. W. Parkinson of Overseas Branch, A. T. Guy of Chester, E. J. Downie of Bristol, F. Faulkner of Temple Bar and D. C. D. Ellerton of Oxford have also left important managerial appointments. This is to mention but a few out of many who have retired, having given long and honourable service. They all deserve our thanks and good wishes.

RESULTS FOR THE YEAR

The taxed profit for the year, after appropriations to inner reserves which are proportionately the same as last year is substantially higher and we have declared a higher distribution than for 1963 when the issued capital was smaller. The interim and final dividends together represent an annual rate fractionally over 2s. 4d. per "B" share on the present capital and we regard this as satisfactory. The good result is mainly due to our advances having been running at a higher figure throughout the year than in 1963—the average monthly amount was £602 million compared with £533 million—also to a higher Bank Rate, which averaged £5 1s. 2d. per cent compared with £4 0s. 1d. per cent. On the debit side staff expenses have risen, though mitigated by the use of computer accounting. The rise in salaries of course means a higher liability for present and future pensions, which has to be provided out of profits. In general expenses and premises maintenance we suffer like the rest of the community and this needs no advertisement.

BALANCE SHEET

Two of the main changes in the Balance Sheet come directly from our own decisions: firstly the increase in the issued capital by a "rights" issue of 3 for 10 and a capitalisation issue of 1 for 5 "B" shares last August. The latter involved a draft of about £4,950,000 on the Reserve (including share premium account) which was more than made good at that time from Contingency Account and increased by another £2 million from the year's profit. The result is that we now have a total of Capital and published Reserve of over £69 million. Secondly there is a rise in Premises Account of some £11 million. About one-half of this is accounted for by outlays on the large projects mentioned a year ago as well as a number of smaller capital items. The remainder comes from writing back to Contingency Account sums which were written off our freeholds in bygone years. These freehold properties now stand in the Balance Sheet at their historic cost of about £23 million. Many were acquired long ago; some quite recently; it is safe to say that as a whole their value has appreciated. Leaseholds are shown at cost less amortisation. There is of course in our premises a quantity of plant and machinery, such as accounting, sorting, listing equipment and the like, besides electronic "hardware." The whole of this has been written off annually for, though so valuable to us, its realisable value would be problematical.

Other important Balance Sheet figures are the rises in money lodged with and lent by the Bank. These two are together the main indication of our progress, so we are glad to see each of them at record levels. This is particularly true of the deposits because they are the first requisite of our ability to make profits. These increases, and therefore the improved results of the year, could not have been achieved without the unremitting efforts of our management throughout the country. British Government Stocks are all short dated—mostly within five years, and the earliest maturity will help us to meet the seasonal tax drain by our customers in the coming months.

The only change in the Subsidiary Companies item is an increased holding in Westminster Foreign Bank; this is described below. There is no material change in the Trade Investments, but it is worth mentioning that Mercantile Credit Company, in which we have a 20 per cent interest, again had a much improved year's profit and paid a higher dividend.

PROGRESS AND PERFORMANCE

The general progress of the Bank's business is the more satisfactory for having been made in the teeth of competition as keen as ever; this is not only apparent at home but also in our extensive international business which has again shown a satisfactory growth. One potential source of competition lies in the suggestion that the Post Office should set up a Giro system for money transfer. It seems that this proposal is made without due regard for the growing popularity of the cheque as a means of payment and without awareness of the Credit Transfer system already available at all Clearing Banks. This facility, though introduced less than four years ago, is widely used by customers and non-customers and is recognised as one which is peculiar to our highly developed nation-wide banking system; nothing of this kind exists in foreign countries where the Giro system is used. This subject was admirably discussed in an article in *The Times* of December 31st by the Chairman of the Banking Information Service.

We have made great exertions to keep improving the quality, range and efficiency of our service, and the result has been rewarding though it leaves no room for complacency. For all that has been done—and there is no end to it—our whole Management and staff deserve the highest praise. The General Management, under Mr Chesterfield's distinguished leadership, have by precept and example set for themselves and maintained a high standard which can be seen throughout the Bank, and visits to our branches and departments make us aware of an enthusiasm and pride in its good name. Our shareholders may well feel a similar pride in the men and women who serve them—and our customers—so well.

Those services have been given under the shadow of repeated raids and attempts at robbery with violence at bank branches. Luckily in the eight cases in our Bank during the year none of our staff suffered serious injury, though in each instance both men and women have acted with exemplary courage and coolness. They have shown resource too, whereby in two cases the knaves had their trick turned against them and were poorer when they quitted. These lawless incidents are cause for grave anxiety and it need scarcely be said that all possible steps are taken to prevent the danger to life and property.

During the year a difference of opinion between the Bank and its Staff Guild as to salaries was submitted to arbitration, and an increase was awarded. I would like to record our appreciation of the fact that these negotiations and the recourse to arbitration were conducted without any impairment of the goodwill which has always marked the relationship between the Bank and its officers.

BANKING SUBSIDIARIES

In the Ulster Bank Mr Hugh Clark relinquished his appointment as a Managing Director in July, but fortunately for the bank he remains as Chairman and we are deeply indebted for his strong and wise leadership. He continues to be supported by Mr Watson as Deputy Chairman, jointly now with Sir Robert Kinahan who was appointed to this office during the year. Lord Aldenham expressed his wish to retire from the Ulster Bank Board and Sir Walter Barrie has taken his place, so that he and Mr Chesterfield represent Westminster Bank in the Ulster Directorate. The Bank has again made progress both in Northern Ireland and in Eire, giving further evidence of the good work done over many years by the Management: it also represents the fruit of close co-operation with Westminster Bank's General Management. Our thanks are due to the whole Board for their successful conduct of the business, which has been achieved against rising costs.

For Westminster Foreign Bank 1964 was a notable year. Improved results came from the continental branches, and by opening a branch in the City of London we have been able to make much better use of deposits. The foundations of this expansion were laid a few years ago, and to match our expectations we have increased the authorised capital to £5 million and the paid-up capital to £3 million. The whole is still held by Westminster Bank. In the wider scope of the business now being done we have been able to offer facilities to customers of the parent bank besides making important new overseas connections. During the year we took up a small participation, along with banking friends in London, New York and the Continent, in the Banco de Financiacion Industrial, of Madrid: a new undertaking set up under the auspices of our old friends the Bank of Vizcaya. Our Bank's fine premises in Place Vendôme, Paris, have been greatly improved and the new lay-out and working accommodation is appreciated by our staff there. The year's results are an occasion for congratulating our whole Management in London and the branches overseas, and all those serving with them, on a splendid performance.

THE BRITISH OXYGEN COMPANY LIMITED

STATEMENT BY MR J. S. HUTCHISON TO THE SEVENTY-NINTH ANNUAL GENERAL MEETING OF MEMBERS TO BE HELD ON FEBRUARY 16, 1965

PROFITS

Trading profits last year at £11,450,000 were up £2,333,000 on the previous year; depreciation charged, at £7,504,000, was £763,000 higher.

Home profits at £4,380,000 were £1,325,000 higher and overseas profits of £7,070,000 were up £1,008,000.

Sales at £84,437,000 were over £11,000,000 up. The increase in sales and earnings was widely spread.

TAXATION

Taxation is very heavy compared with last year when there was higher investment allowance benefit and some non-recurring tax-holiday overseas.

Home and overseas tax is up by £1,142,000 on the increased profit, and the 6d. increase in the home rate and higher rates overseas take a further £304,000; UK tax on dividends from overseas companies and other adjustments add another £327,000, and investment allowance relief is down by £219,000. £350,000 of previous reserve was released.

RESERVES AND DIVIDEND

Minority interests now take £1,169,000 (£743,000) following the public issue of 30 per cent of the share capital of African Oxygen Limited.

Subsidiary companies retained £1,174,000 (£1,313,000) of the £7,149,000 net disposable profit balance; £1,500,000 is placed again to General Reserve, and £106,000 to Debenture Redemption Reserve. Preference dividends and the proposed increased ordinary dividend require £2,589,000 (£2,337,000), leaving £115,000 profit to add to the amount carried forward, now £1,780,000.

Profits retained and amounts placed to reserve are used in the business and are a protection against future increased costs of replacing assets. We must allow, too, that some profits retained overseas are subject to exchange control restriction, and that additional tax would arise on any additional remittances.

The Directors recommend a final ordinary dividend of 7 per cent. making 10 per cent for the year compared with 9 per cent, allowing for the capitalisation issue in March, 1964.

FINANCE

Group overdraft of over £12m. a year ago is reduced now to about £9m., but new opportunities for expansion at home and overseas will involve increased capital expenditure again. Accordingly the Directors have been considering the issue of some further loan capital.

INDUSTRIAL AND MEDICAL GASES

Demand for industrial gases for general engineering increased, and fuller use was made of production capacity. Argon and propane (bulk and cylinder) and nitrogen were all in great demand—a special feature with nitrogen being ability to meet short-notice demands for very large supplies for such purposes as purging new methane-carrying tankers; and the polarstream liquid nitrogen system for transport of refrigerated foodstuffs looks like becoming important.

Much greater use was made of tonnage oxygen capacity, though there were early periods of reduced output through steelworks labour troubles in areas where much of BOC production is concentrated.

Medical gas sales rose again; and hospital pipeline systems supplied from central liquid oxygen storage were considerably extended.

USER EQUIPMENT

The new Technical Centre at Cricklewood was opened last March by HRH The Prince Philip, Duke of Edinburgh. It is probably the largest of its kind in the world; here 450 scientists, engineers and technicians are busy developing equipment from the massive electronically-controlled machine for cutting hot slabs in steel rolling mills to the minute gas cylinder-operated mechanism for actuating the limbs of thalidomide children.

Exports account for one-quarter of equipment sales and there was development in every direction.

In the highly competitive field of electric welding there was manifest and remarkable improvement in both consumables and equipment; BOC's high technical reputation for machines and for processes was further enhanced.

Turnover in medical equipment was larger than ever, partly due to the introduction of the latest version of the well-known Boyles anaesthetic machine incorporating many important refinements. Nearly half of this production was for export, and these machines are now being produced or assembled in the factories of three of the overseas associated companies, and by a licensee in USA.

Some items of equipment are in such demand that it has not always been possible to keep pace with customers' requirements—especially when raw materials and components are outwith BOC control, and when there is much competition for available supplies. But the position is rapidly being righted with obvious improvement to sales.

CHEMICAL PLANT

Chemical plant manufacture remained at reduced level for most of the year but with improvement in the last quarter. Enquiries for tonnage oxygen plants are numerous and definite; there are expectations of orders both at home and abroad.

Two additional tonnage plants were commissioned during the year giving BOC total UK capacity of 4,400 tons per day in 25 installations.

CHEMICALS

Melamine and dicyandiamide continued to do well, particularly in exports which were about 60 per cent of sales. Polyvinyl acetate emulsions, on the other hand, met greater resistance in the highly competitive outlet to the paint industry; the situation should improve through a broadening of the range offered.

The carbide factory at Odda, Norway, had another excellent year, with a record profit. BOC, and its industrial partners in the associated hydro-electric undertaking, A/S Tyssefaldene, have been able to put in hand a long-contemplated second stage of power development, with the approval of the Norwegian Government, at an estimated cost of about £7m. An internationally subscribed loan was obtained by A/S Tyssefaldene and construction was begun. When the additional power is available in 1968, the carbide-making capacity will be increased from 50,000 to 80,000 tons per annum without major expenditure on the carbide plant, giving an economic development which would not be obtainable if the complete installation had to be built at today's cost.

At Maydown, Northern Ireland, there was further improvement in carbide and acetylene production and new records in technical efficiency; but there is to be a major change here to take advantage of newer technology. The present carbide/acetylene process was adopted in 1956 when the alternative method of acetylene manufacture from naphtha was not yet profitable; now it is and it will appreciably cheapen the product. There will be a capital outlay of about £3m.

BOC announced recently a new venture in chemicals—the fractionation of tall oil, giving products used in the plastics, paint, paper, detergents and linoleum industries. The plant will cost about £750,000 and will be the first in the UK for the distillation of crude tall oil to produce high quality tall oil resins and fatty acids which were previously imported. The first shipment of crude tall oil has arrived; the plant should be in operation next autumn.

SPARKLETS

New manufacturing arrangements mentioned last year helped to get very good sales of spark-

lets syphons, nearly half for exports. New designs have proved attractive and a wider market is expected.

The cheapness and convenience of the sparklets type bulb lead to its considerable use in many different ways. One just now is the CO_2 filled bulb in fire extinguishers; and other applications are in hand.

RESEARCH AND DEVELOPMENT

Future products derive from research and development in many fields; from cryogenics, with temperatures almost at absolute zero, to plasma-arc at the highest harnessed by man.

There is much activity in deep low temperatures, and the novel-helium refrigerator built to operate down to 3°K referred to last year, is now in final proving at the National Institute for Research in Nuclear Science at Harwell. Liquid helium is regularly supplied for scientific experiment in many universities and research organisations and to industry. British Oxygen Cryo-products supplies the advanced equipment for storing and handling liquid hydrogen and liquid helium.

Another area of research is the anaesthetic and analgesic uses of BOC gases. Scientists engaged here have solved the difficult problem of providing oxygen and nitrous oxide in a mixture homogeneous throughout; this new product should be widely used by midwives in domiciliary childbirth.

Many other aspects of scientific and technical works, with new products and new processes in mind, will keep BOC in the forefront of technical progress, be of outstanding service to the community, and, by increase of turnover and profits, of benefit to shareholders.

OVERSEAS

BOC in the UK had great pleasure in welcoming last March the chairmen and chief executives of sixteen overseas associated companies for the triennial conference and opening of the Technical Centre. This gathering, as in 1961, was of interest and value to all taking part therein, and it strengthened the ties and family spirit throughout the group. Since then, I have been to Australia, New Zealand and Malaysia, and Sir Geoffrey Eley is about to visit India and Pakistan. In turn we have enjoyed and benefited from visits from several directors of overseas companies.

In a year in which almost every overseas company materially improved its position, some merit particular mention. South Africa had an extremely good year; and the previous records in Australia and New Zealand were again exceeded despite a setback in Australia through labour troubles in the first half year. Rhodesia and Malaysia fared better despite political factors; and the progress reported last year in Canada continues. The situation in India and Pakistan is still difficult but there is improvement to report. There has been no change in Burma where private trading has almost been ended. In Italy, trading was adversely affected by severe national financial restriction; recovery, of which there are now signs, may take time.

MANAGEMENT AND STAFF

A further important step in the development of management was the appointment of regional controllers in each of the four UK regions. They are responsible for operating local management and organisation, and can give closer attention to customer needs, and to development in the regions, than is possible from a central office. Benefit is already evident from the change.

Last year entailed added responsibilities for our six chief executives who lead management, and for overseas managing directors and senior officers everywhere. They, and staff and workers of all grades responded splendidly, in all ways and in all places.

We thank each one of them for what they have done.

PROSPECTS

British industry faces many serious uncertainties today—more than at any time in recent years—and uncertainty is more damaging to trading interests than almost any defined proposal, however unpalatable. The momentum of the good trading in the past year or more is carrying industry forward just now, but this will dwindle and disappear if uncertainty be not soon dispelled and business confidence restored.

We do not know, for example, what is to happen with some most important features of taxation. What account is to be taken now of investment allowances when considering new projects? Are these to be valued at the present rate of 56¼ per cent or only at a corporation tax rate of perhaps 35 per cent? And for profits earned abroad, is double taxation relief to be only at a corporation tax rate? Surely it cannot be intended in this way to discourage extension of productive capacity, or to cause overseas investment, with its annual foreign exchange income, to become more difficult to undertake, or to bring expanding industry to a period of enforced inactivity in its constructive function of investment planning? Questions of this kind need early answer if wrong decision is to be avoided.

The 15 per cent import surcharge in its first two months did not reduce imports by any appreciable or worthwhile amount. But what of exports? The customer overseas, if not provoked to retaliate by cancelling orders already placed in UK (as some have), is certainly more disposed to place his business with others; and the others are not slow to seize the unexpected opportunity to capture business Britain would ordinarily expect to get. And what of costs? BOC is obliged, for example, to import about half the carbide used to make acetylene; there is no alternative. Carbide is not classed as a raw material, so the surcharge has to be paid and this means increasing the cost of acetylene to industry. Again, BOC has in effect to pay the surcharge on a hundred and one machine components. So costs go up, and import continues.

Now as to BOC prospects—

There must be caution generally as to prospects in 1965; it would be unwise at this juncture to forecast such an improvement in earnings as was achieved last year.

Overseas results should again be good, and should respond to any improvement in political and economic conditions.

In the UK we have started well this year, but costs are up. National insurance, petrol tax and overdraft interest account for over a quarter of a million per annum, and there are many other items. But BOC is ready to take advantage of every opportunity to improve its position. A quick ending by Government of present uncertainty would help more than anything.

R. A. LISTER & COMPANY LIMITED

EXPORT TRADE INCREASED

The Annual General Meeting of R. A. Lister and Company Limited was held at Dursley on January 25th. In the absence of the Chairman who is abroad on business, the following statement was read by the vice chairman, Mr Frank Lister, OBE, JP:

From the audited Accounts and financial results enclosed you will observe that we have once again in the ninety-seventh year of your Company's existence achieved a record year. This results from a substantial increase in the volume of sales, and the resultant increased production flow in our factories brings a gratifying increase in our Profits. The trading Profit for the year has increased from £1,323,988 to £1,698,420 and our provision for taxation has increased from £757,307 to £941,677, including provision for the increased Income Tax rate at 8s. 3d. in the £ embodied in the Autumn Budget. The net Group Profit after tax is therefore £901,918.

It is proposed to pay a Final Dividend of 8½ per cent making with the Interim Dividend of 4 per cent already paid, 12½ per cent for the year on the Issued Ordinary Share Capital.

We are placing a further £175,000 to the Plant Modernisation Reserve accounts of the Parent and its Subsidiary Companies, bringing these reserves to £475,000, for the purpose of continuing to keep abreast of modern production processes and material handling methods, and the Balance of £216,146 is being carried forward in the Revenue Reserve and the Profit and Loss Accounts, making the Total of Profits retained for the year £391,146.

Some minor amendments have been made in the presentation of the accounts before you and they comply with the letter received by quoted Companies from the Chairman of the Stock Exchange.

The £750,000 five per cent Unsecured Loan Stock falls due for repayment at par on July 1st next and your Directors intend to make this payment out of the cash reserves of the Company which are currently sufficient for this purpose.

Our Stocks are up some 15 per cent as at September 30th compared with the previous year, a factor which reflects in part the common difficulty in securing materials and components from suppliers already over-sold, together with the increased turnover.

TEN YEARS OF RECORDS

It is interesting to observe that each of the past ten years has been a record, and we have been able

(a) to increase the volume of our Export Trade, which now represents a very high percentage of the total, as well as to increase our trade at Home.

(b) to provide steady employment to an increasing number of staff and workpeople both at our Factories and at those from which we purchase supplies, raw materials and components.

(c) to pay a reasonable return on the invested capital on which our progress has been built.

(d) to plough back into our business a substantial percentage of our profits with which we have been able to finance our steady expansion.

(e) and last but by no means least, as the figures before you indicate, we have paid a very substantial sum year by year in the form of taxation to the Chancellor.

Our operations in the year under review have been made in a world in which many of the countries have been experiencing abnormally difficult trading conditions and daily are finding it harder to finance their import requirements, due to their internal inflation and the balance of payments problems which so often result from such inflation.

PRODUCTIVE EFFICIENCY

In accordance with our past practice, we are sending to the USA and the Continent Technical Teams to study ways and means of increasing productive efficiency in our factories and to keep abreast of technological progress.

You will appreciate that to get the best results from production methods a good order book is a "must." Our thanks are due to all those Sales and Service Personnel who unsparingly serve your interests both at home and overseas, and who have made such a substantial contribution to this end, often working under arduous conditions.

We realise that we must continue, as hitherto, not only to increase our trade with traditional markets but also to ensure that the new and developing ones are encouraged to benefit from the experience and quality embodied in the products which we have to offer.

In conclusion, it is my privilege to convey to the ever increasing team of men and women operating in the Offices and Factories of your Parent, Subsidiary and Associated Companies and Branches our appreciative thanks for their valued collaboration.

The report was adopted.

FÉLIX POTIN S.A.

(Paris)

Established 1844

The Annual General Meeting of Félix Potin S.A. was held in Paris on December 7, 1964, under the chairmanship of **Count Cahen d'Anvers** and in the presence of Monsieur André Mentzelopoulos, Deputy Chairman and Managing Director. The following are details of the report presented by the Board of Directors:

Old properties represented a value of Frs. 32,835,380.38 after depreciation. Work continued to renovate old properties and the total of rents received for the year ending June 30, 1964, amounted to Frs. 4,086,157.13 (Frs. 3,404,167.25), a rise of 20.03 per cent. Profit before depreciation also rose, from Frs. 2,504,678.10 to Frs. 2,945,667.40.

As regards new properties, tenants have begun to move into the new 3-storey building, and the 10-storey block will be handed over in the course of December. The 26-storey tower block is in course of completion, as is the 6-storey building and one of the three 8-storey blocks. A new large-scale development at Pantin (Seine) is in the planning stage.

The Company has four subsidiaries. Sofal Cercle Bleu ran 273 shops and 8 supermarkets on January 31, 1964. Turnover rose by 7.61 per cent to Frs. 142,628,000, and by another 13.38 per cent during the seven months to August 31, 1964. P.A.C.Y. S.A., a company specialising mainly in the production of meat products, achieved an 11.3 per cent rise in turnover to Frs. 17,399,867.61, with a further increase of 2.6 per cent during the seven months to August 31, 1964.

Sovin registered a rise in sales of 3.97 per cent to Frs. 25,313,320.76 and another 12 per cent during the first six months of the current year. Cencar made particular efforts to improve the purchasing organisation for products other than food, and had turnover figures of Frs. 78,568,402.84 on trading account and Frs. 50,806,116.17 on commission account, representing increases of 2.7 per cent and 10.2 per cent respectively.

Net profit amounted to Frs. 1,998,696.93, of which it is proposed to appropriate 5 per cent to the legal reserve and to distribute a net dividend of Frs. 2.40 per share, which is an increase of 20 per cent over last year's dividend. This leaves a balance of Frs. 991,948.17 to be carried forward.

The report, the accounts, and the proposals put forward by the Board were adopted.

THE UNION DISCOUNT COMPANY OF LONDON LIMITED

The Annual General Meeting of The Union Discount Company of London Limited will be held on February 17th in London.

The following is the circulated statement of the Chairman, **Mr Eric O. Faulkner, MBE**: 1964 has been a difficult year for your Company. Not since 1931 has any trading year seen a net increase in Bank Rate of 3 per cent. The increase of 1 per cent in February and even more the sharp further rise of 2 per cent in late November inevitably resulted in substantial running losses both on Bills and Bonds. Although the trading margins on Bills are now recovering, losses on running the Bonds still persist, and in addition a drastic reduction in the market value of our Bond portfolio has occurred

In these circumstances I feel it is therefore satisfactory to be able to report a profit for the year which, after tax, and after making a transfer to inner reserves, is sufficient not only to pay the same dividend but also to increase the balance carried forward by £144,000.

As is always the case when uncertainties beset the gilt-edged market, jobbing opportunities have been fewer this year. Withdrawals of sterling from London during the last weeks of the year and the resulting tightness of money in our Market made it difficult to retain at the year end as large a portfolio of Treasury Bills as in 1963, but this is partly compensated for by our increased holding of Commercial Bills.

While Bank Rate continues at its present very high level it is unavoidable that we continue to earn less interest on our Bonds than the interest we have to pay on the money we borrow. Moreover, while uncertainties regarding capital gains tax remain we can hope for little improvement in gilt-edged prices. Our prospects for the early part of 1965 therefore are not encouraging.

It is at such times that the state of our inner reserves is so important. Our policy of building up these reserves over past years, their maintenance intact to date, and the average life of our British Government Bonds (approximately 21 months) all of which are valued in our books below par, give us sober confidence that we can see through the adverse conditions of the present to happier days ahead. These reserves, without which we could not sustain our present Bond portfolio, also enable us to be sure that your Company can continue to play its appropriate part in the Money Market, which is so unique and so important a factor in the maintenance of London's place in the international financial mechanism.

To our Management, to whose skill and judgment we owe the inherent strength of our position, to our Staff who have had an arduous year, and to our friends and customers whose understanding and support sustain us all, your Board offers its most grateful thanks.

In response to the request from the London Stock Exchange a summary of profits, etc. in past years is set out below. On this occasion figures are shown back to 1951 when a change was made in the Company's capital. In future a 10-year summary will be given.

Year	Issued Capital £	Published Reserve £	Total £	Carry Forward £	Profit for the Year £	Dividend %	Net Dividend £	Issues
1951	5,133,333	2,566,667	7,700,000	934,921	331,533	10	260,500	Bonus 1 for 3
1952	5,133,333	2,566,667	7,700,000	987,378	321,957	10	269,500	—
1953	5,544,000	2,456,000	8,000,000	761,603	367,852	10	293,627	Bonus 2 for 25
1954	5,544,000	2,456,000	8,000,000	885,761	505,308	12½	381,150	—
1955	5,544,000	2,456,000	8,000,000	878,223	390,937	12½	398,475	—
1956	5,544,000	2,456,000	8,000,000	900,517	420,769	12½	398,475	—
1957	5,544,000	2,456,000	8,000,000	917,295	415,253	12½	398,475	—
1958	5,544,000	2,456,000	8,000,000	1,069,813	550,993	12½	398,475	—
1959	6,652,800	3,347,200	10,000,000	477,308	666,850	12½	509,355	Bonus 1 for 5
1960	6,652,800	3,347,200	10,000,000	543,877	575,924	12½	509,355	—
1961	6,652,800	3,347,200	10,000,000	600,784	566,262	12½	509,355	—
1962	7,500,000	3,500,000	11,000,000	813,200	754,203	12½	541,787	Bonus 1 for 8 (approx.)
1963	7,500,000	4,000,000	11,500,000	624,462	885,481	12¾	574,219	—
1964	7,500,000	4,000,000	11,500,000	769,066	718,823	12¾	574,219	—

The Union Discount Company of London, Ltd.

ERIC O. FAULKNER, M.B.E. (Chairman)
MARK R. NORMAN, O.B.E. (Deputy Chairman)
The Hon. Sir GEOFFREY C. GIBBS, K.C.M.G. DAVID JOHN ROBARTS The Hon. DAVID J. SMITH, C.B.E. JOHN THOMSON

BALANCE SHEET AS AT 31st DECEMBER, 1964

LIABILITIES

1963 £		£	1964 £
	CAPITAL (in £1 Units of Stock):		
10,000,000	AUTHORISED ...		10,000,000
7,500,000	ISSUED ...		7,500,000
4,000,000	RESERVE ...		4,000,000
11,500,000			11,500,000
	PROFIT AND LOSS:		
624,462	Balance carried forward ...		769,066
12,124,462			12,269,066
295,447,988	LOANS secured on Assets of the Company ...	279,710,090	
18,460,119	DEPOSITS, OTHER LIABILITILS AND RESERVE FOR CONTINGENCIES ...	17,163,374	
100,107	DEPOSITS BY SUBSIDIARIES ...	100,107	
287,110	PROPOSED FINAL DIVIDEND, *less* Income Tax ...	287,110	
314,295,324			297,260,681
	NOTES: (1) There is a contingent liability in respect of Bills Re-discounted (excluding Treasury Bills) of £37,469,047 (1963—£26,250,093). (2) The amount now recoverable in respect of income tax suffered in excess of taxation upon profits to date has been included in Loans and Amounts Receivable.		
£326,419,786			£309,529,747

CURRENT ASSETS

1963 £		£	1964 £
6,091,564	CASH AT BANKERS AND IN HAND ...		6,073,130
	BILLS DISCOUNTED, *less* rebate and reserve:		
136,047,515	British Government Treasury Bills ...	114,662,154	
51,358,130	Commercial and Other Bills ...	62,532,864	
187,405,645			177,195,018
	SECURITILS at less than Market Value:		
	British Government, British Corporation and County, Public Board, Dominion Government		
112,940,981	and Corporation Securities and British Local Authority Bonds ...	107,575,589	
	Unquoted:		
7,606,151	British Corporation and Public Board Mortgages and Local Authority Bonds ...	7,012,399	
120,547,132			114,587,988
12,125,338	LOANS AND AMOUNTS RECEIVABLE ...		11,423,504
326,169,679			309,279,640
	FIXED ASSETS		
100,107	SHARES IN SUBSIDIARILS, at cost ... The net assets of Subsidiaries are represented by Deposits with the Company (*per contra*).		100,107
150,000	FRELLHOLD PREMISES, including Furniture and Fittings, at cost, *less* amounts written off		150,000
	E. O. FAULKNER, *Chairman.* M. R. NORMAN, G. C. GIBBS } *Directors.* C. G. SEVASTOPULO, *Secretary.*		
£326,419,786			£309,529,747

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1964

1963 £	£		£	1964 £
	885,481	PROFIT FOR THE YEAR, after providing for amortisation of premiums on securities, rebate and taxation, and after making a transfer to Reserve for Contingencies ...		718,823
		NOTES: (1) The Accounts of Subsidiaries show neither profit nor loss for the year 1964 (1963 same). (2) The Directors' emoluments for the year were—Directors' Fees £10,078 (1963—£11,500), including Chairman's Remuneration £2,500 (1963—£2,500).		
		Deduct Dividends paid and proposed per £1 Unit of Stock, *less* Income Tax:		
287,109		Interim of 1s. 3d. paid 1st August, 1964 ...	287,109	
287,110		Proposed Final of 1s. 3d. ...	287,110	
	574,219			574,219
	311,262			144,604
	813,200	*Add* Balance brought forward from previous year ...		624,462
	1,124,462			769,066
	500,000	*Deduct Transfer to Reserve* ...		—
	£624,462	Balance carried forward 31st December, 1964 ...		£769,066

39, CORNHILL, LONDON, E.C.3

RAND SELECTION CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

INCREASING DIVERSIFICATION OF INTERESTS

The seventy-third Annual General Meeting of Rand Selection Corporation Limited will be held in Johannesburg on February 23, 1965.

The following are extracts from the statement by the Chairman, Mr H. F. Oppenheimer, which has been circulated to members with the annual report and accounts:

Increased Investments

The Corporation and its subsidiaries have enjoyed a further advance in profits during the year under review. The group profit, after deducting taxation and minority interests, was R15,614,000, which is R1,150,000, or eight per cent, higher than the profit earned in the previous year. The most important factor contributing to this increase was a rise in investment income of R805,000 to R14,718,000, reflecting higher distributions over a broad range of the group's investments.

The book cost of the group's investments increased by R5,640,000 to R157,230,000. Of this increase, R4,311,000 relates to quoted investments, whose market value, calculated on a new basis, rose by R11,359,000 to R278,730,000. Formerly those investments of Rhodesian subsidiaries quoted in both Salisbury and Johannesburg were valued at the higher Johannesburg price; such investments are now valued at Salisbury prices. Had the new basis been applied last year, the appreciation in market value during the year under review would have been R2,370,000 greater.

Purchases and sales and changes in market prices have affected the disposition of the group's shareholdings among the various sectors of investment. Investments in financial stocks now account for over 22 per cent of the value of the group's portfolio, and industrial interests for over 12 per cent. On the other hand, our investment in gold mines has decreased by 4.7 per cent to 27.3 per cent, largely owing to a slight decline in prices of gold mining company shares over a period when prices in most other sectors increased markedly. There has been a firmer tendency in gold mining stocks since the end of the year under review.

Charter Consolidated

After the close of the year The British South Africa Company, The Central Mining and Investment Corporation Limited and The Consolidated Mines Selection Company Limited, all of which are British companies, announced that, in view of the similarities in their business and their common associations, it would, if found practicable, be in their best interests to amalgamate. The proposition has been investigated by two London merchant banks and a basis for the amalgamation has been recommended. The scheme of arrangement, which has been accepted by the boards of the three companies, will now be submitted to the courts and to shareholders for approval. In exchange for its shareholdings in the companies concerned, this corporation will acquire an interest in the combined company, which is to be called Charter Consolidated Limited. The merger will produce a company of great financial strength, having a very wide spread of interests and able to promote and undertake business on a major scale.

Anglo American Industrial Corporation

In the first half of 1964, Anglo American Industrial Corporation Limited was expanded by the acquisition of the dynamic company, Scaw Metals Limited, in exchange for the issue of 3,360,000 ordinary shares to members of that company. Scaw's foundry and steel rolling activities will provide a sound basis for further expansion in allied fields. AMIC has acquired new investments, both to broaden its portfolio and to strengthen its ability to promote new business, and, in addition, a number of industrial propositions are presently being studied. It was recently announced that AMIC has formed a company with Thompson Ramo Wooldridge Inc. of Cleveland, Ohio, to manufacture certain components for the automotive industry in South Africa.

Highveld Development Company

I have referred before to the scheme to produce steel and vanadium which is being undertaken by Highveld Development Company, Limited. The company has contracted to supply vanadium overseas from 1969 onwards and has engaged Messrs Davy and United Engineering Company, Limited, of Sheffield to plan and supervise the construction of a plant to come into production by that year. The plant will be developed in stages up to a capacity of about 600,000 tons of finished steel products a year. The remarkable industrial expansion of South Africa and its potential for further development supports our view that a market will be found for the steel.

The plant of Transalloys (Proprietary) Limited has been completed and production of ferrochrome began in May, 1964. Severe shortages of skilled labour have contributed to the problems of attaining full output as early as was scheduled. The whole output is being sold overseas and it is expected that this will continue to be so when full production is attained.

Carlton Centre Project

In the property field the corporation has a substantial interest in Carlton Centre, a multipurpose building project covering four city blocks in central Johannesburg. The complex, which will include an international class hotel, will be the first of its kind on the African continent. Through its controlling interest in South African Townships, Mining and Finance Corporation, Limited, the corporation also has a stake in township property, the market for which has been particularly good in 1964. Indications are that demand will remain at a high level this year and South African Townships expects no difficulty in disposing of its remaining saleable property.

Swaziland Iron Ore

On November 5, 1964, the Ngwenya iron mine of Swaziland Iron Ore Development Company Limited and the new railway line from the mine to the Mozambique border were officially opened. Both developments should contribute greatly to the future of Swaziland. Great credit is due to the various parties responsible for developing this scheme, which was brought into operation on schedule. It involved not only the establishment of the mine and the construction of Swaziland's first railway, linked with the port of Lourenco Marques, but also the expansion of facilities at that port to handle the ore, the deepening of its approaches to permit the entry of the ore-carrying ships, and the construction of the ships themselves. By the beginning of December, 1964, enough ore had been moved to Lourenco Marques to load the first cargo for steel mills in Japan under a ten-year contract to deliver 12,000,000 tons.

Hudson Bay Mining and Smelting

Our investment in Canadian base metal mining through Hudson Bay Mining and Smelting Company, Limited, continues to do well. High prices for copper and zinc were the main contributing factors in substantially improved net earnings in 1964. Dividends paid in that calendar year amounted to 3.50 dollars per share, compared with 3.25 dollars in 1963 and 3.00 dollars in 1962. Underground development in the new mines in the Snow Lake area is encouraging and there is reason to expect some addition to ore reserves. Prospecting activities have been considerably extended and, apart from normal operations in Manitoba, the company is presently participating in exploratory work in Ontario, Quebec, British Columbia, and also in Nevada and Arizona.

New Gold Interests

The corporation has acquired an interest in two new South African gold mining companies during the year.

The Kloof Gold Mining Company Limited was formed in June, 1964. Its lease area adjoins that of the Libanon mine on the West Rand Goldfield. We have acquired a substantial shareholding in the new company, partly by virtue of our shareholding in West Witwatersrand Areas Limited, to whose members shares in Kloof were offered.

The Kinross Gold Mining Company has been formed to mine a lease area adjacent to the Winkelhaak and Bracken properties in the Evander goldfield where the Union Corporation has already successfully brought three mines to production. We acquired an interest in this mine through our holding in U.C. Investments, Limited. The latter company is an investment holding company of the Union Corporation group, and shares in it were offered to members of Union Corporation during 1964. U.C. Investments' major interest is in the Evander goldfield, and it has holdings in other mines and in industry, including a substantial investment in S.A. Pulp and Paper Industries.

The corporation's most important direct investment in the gold mining industry is in the newer mines in the Orange Free State, West Rand and Klerksdorp areas. In most cases the profits earned by the mines have not reached their peaks and further improvements in dividend distributions can be expected this year.

A constant flow of new enterprise is required to provide for the steady growth of a corporation of this size, and in this respect its relationship with Anglo American Corporation is of the greatest value. Projects still in the planning stage, in which this group will participate, the formation of new mining ventures and the commencement of production by enterprises in which we are interested, all point to continued profitable employment of our expanding resources.

The annual report and accounts are obtainable from 40 Holborn Viaduct, EC1.

Extracts from the Report by Harold Woolley, C.B.E., President of the National Farmers Union given on January 25th, 1965 at Central Hall, Westminster, SW1.

AGRICULTURE 1965

Britain's biggest import saver

Cereals—largest ever harvest

Meat—all time record output

As I make this report, Britain is facing one of the largest balance of payments deficits in its history. Agriculture is Britain's biggest import saving industry and it is in this field that we can make the most certain and immediate contribution to national solvency. Net output from out farms and market gardens is now almost double the pre-war figure and is 50 per cent above the early post-war years. Even on a most conservative estimate our national balance of payments would be some £400 million a year worse than it now is if we had not produced this extra food from our own land.

It is of the utmost importance that our Government should make it clear to everyone that the economic circumstances of Britain make it imperative for us to expand home food production and that this principle will be built into our international trade negotiations.

PRODUCTION RECORDS IN 1964

Cereal production rose by 1½ million tons to a new record output of 12½ million tons. The fact that this is being steadily absorbed at reasonable prices indicates the need for expanding home cereal production to meet the requirements of our increasing livestock population. In terms of balance of payments' savings this year's increase in cereal production is worth some £30 million.

Home produced meat reached the highest level ever recorded and, with nearly two million tons flowing from British farms, domestic production accounted for about 64 per cent of our needs. The growing world demand for meat, particularly beef, led to a sharp fall in imports from Argentina, and, without the increased home production of meat of all kinds, consumer prices would have risen far more sharply than in fact was the case. This only serves to underline the danger of over-reliance upon foreign supplies, even if we had enough foreign currency to afford them.

DANGER OF MILK AND BEEF SHORTAGE

One cannot review the beef situation without considering the direct relationship between the beef and dairy sectors of our farming economy.

There is urgent need to increase our cattle population and we can only view with alarm the fact that farmers are going out of dairying at the rate of some 5,000 a year because the reward for this arduous seven day week job is quite inadequate. Unless the trend is halted, there is a real danger of future milk supplies being jeopardised, and of the country being seriously short of beef.

In pigmeat we face the quite illogical position that although the meat market needs the pigs, and our bacon factories are short of them, pig producers are being penalised for meeting the national need.

PLANS FOR HORTICULTURE

Horticulture represents 10 per cent of the total value of home food production and does not come within the provisions of the guaranteed prices. There is no question that many of our horticultural producers are under severe economic pressure. The National Farmers' Union is in full support of the measures in the Agriculture and Horticulture Act 1964. Clearly confidence in the future of the horticultural industry is necessary if capital development is to proceed and an adequate level of import regulation will continue to be necessary to provide stability of market prices without which no amount of endeavour by the home producers would be capable of success.

OUTSTANDING PRODUCTIVITY RECORD

We welcome the efforts being made by the Government in trying to create a sounder relationship between Productivity, Prices and Incomes. British agriculture's record in productivity to date is a credit to both the employers and to the workers in our industry, to whom I would like to pay tribute. An analysis made by the Department of Applied Economics at Cambridge University showed that over a six year period agriculture was one of only five industries which maintained an annual improvement of four per cent or more in output per man.

So far as agricultural prices and incomes are concerned, for the past 18 years most of the commodities we produce have been subject to very comprehensive and close scrutiny at the annual farm review. Between 1955 and 1964 the industry's costs on the review commodities went up by about £218 million; price guarantees were increased productivity has been used ing a gap of some £142 million. Thus, most of the benefit from our increased productivity has been used to absorb increases in production costs.

The year 1963/64 showed a reduction of £15½ million, compared with the previous year, in the cost of Treasury support for food and agriculture and a £70 million saving on the estimates. Again, the year 1964/65 is likely to show a saving on 1963/64 and a significant saving on the estimates of £327 million which the Government made a year ago.

LOW FARM INCOME

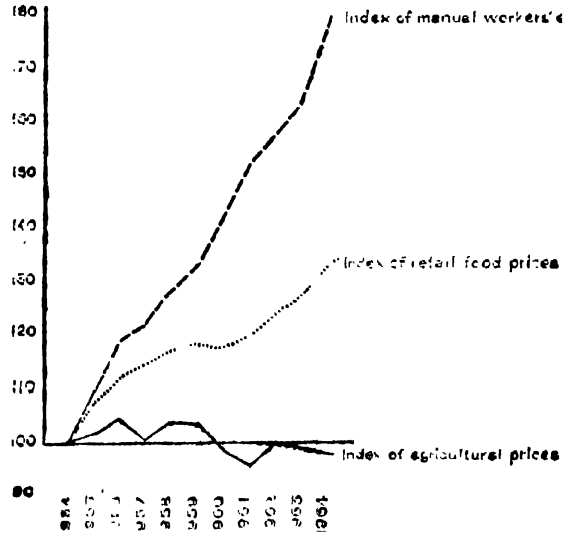
We cannot, however, escape the fact that the trend of farm incomes shows a considerable disparity with that of the community as a whole. Between 1954/55 and 1963/64 in monetary terms the income of the community as a whole has risen by 70 per cent while net farm income has risen by only 30 per cent despite similar increases in net output. An immediate improvement in agricultural incomes is vital.

On the business and marketing side of our industry we recognise and accept the challenge to develop our efficiency. Big strides have been made in the development of agricultural machinery syndicates. Co-operation and farm groups for marketing and the purchase of requisites have developed rapidly.

GAP IN FARM AND RETAIL PRICES

Between 1953/54 and 1963/64 the index of farmers' prices for all products fell by one and a half per cent. In roughly the same period the official index of retail food prices rose by 33 per cent and it is difficult to avoid the conclusion that those who handle our produce have passed on more of their costs to the consumer than has the farmer. However, in the same period the index of manual workers average earnings has risen by 78 per cent, so that even at the retail stage food today takes a smaller proportion of the pay packet than it did some ten years ago.

Comparison of Farm and Retail Food Prices with Earnings



THE LANCASHIRE STEEL CORPORATION

The 35th Annual General Meeting of The Lancashire Steel Corporation Limited will be held on 27th February, at the Masonic Hall, Winwick High Street, Warrington.

The following are extracts from the Statement of the Chairman, Mr. Philip E. Holloway, circulated with the report and accounts for the year ended 3rd October, 1964:

I concluded my review last year with the hope that the results for 1964 would show a substantial improvement. In the first six months of the year the Trading Profit did, in fact, show an improvement over that for the corresponding period of 1962/63, as was announced when the Interim Dividend was declared. Most unfortunately from that time onwards, whilst the affairs of the Wire Companies continued to prosper, the Iron and Steelmaking Plants and the Rod Mills suffered from a series of operational and technical difficulties which caused a substantial fall in profits.

As a result, the final Manufacturing and Trading Profit for the year as shown by the Consolidated Profit and Loss Account amounted to £1,067,000 as compared with the previous year's figure of £1,116,000, a reduction of nearly £50,000, although I should point out that this reduction is after charging Depreciation of £225,000 more than in the preceding year.

Against this fall in profit must be set a net increase of £91,000 in Other Income after deducting a greatly increased charge for Bank Interest. The Income from Trade Investments, however, included a dividend from an Associated Company which, to the extent of some £200,000, was paid out of accumulated profits of previous years.

After the taxation charge Available Income amounted to £784,000 out of which, after payment of the Dividend on the Preference Shares, a sufficient margin remained for your Directors to recommend a Final Dividend of 6½%, less Income Tax, making a total Dividend of 10%, less Income Tax, on the Ordinary Shares for the year, and to carry forward a small balance to Revenue Reserves.

CONSOLIDATED BALANCE SHEET

Capital Expenditure for the year amounted to £3,186,000, an increase of over £1,000,000 on the previous year. The financing of this Expenditure, together with increases in the Stocks and Debtors carried as a result of the greater activity during the year, is, of course, the reason for the increase of some £2,400,000 in Bank Overdrafts which at 3rd October, 1964, amounted to £6,387,000.

THE YEAR'S TRADING

Production of the main sections of the steel works compared as follows with those of the year 1963.

	1964 (53 weeks) Tons	1963 (52 weeks) Tons	% (allowing for extra week)
Coke	324,000	323,000	− 2
Pig Iron	365,000	330,000	− 9
Ingots	652,000	582,000	−10
Rods	387,000	326,000	+16
Heavy & Re-Rolled Sections and Bars	104,000	88,000	+16

Production increased in all major sections of plant despite operational and technical difficulties.

Although productions have increased in all the major sections of the plant as compared with the year ended 28th September, 1963, and, to this extent, indicate the potentialities of the Works as a result of the high capital expenditure over the last few years, nevertheless it would have been possible to achieve even greater increases had we not encountered the operational and technical difficulties mentioned in the preliminary announcement of results.

Mr. Holloway said that demand for re-rolled Steel Products had been generally good throughout the year and in commenting on individual products said, in reference to wire rods: –

Traditionally we have always been large suppliers of rods to the Wire Industry, both to our Associated Companies and to Independent Wiredrawers, and for many years rods have formed a very high proportion of our total production, in the year under review amounting to some 76%. In recent years the margin on Mild Steel Rods, which form the bulk of the Wire Industry's demand, has been eroded to such an extent and is now so low, that we can no longer afford to rely on them to the same extent as in the past. Whilst maintaining our supplies to both our Associated Companies and other Wiredrawers, we must, therefore, expand our sales in other directions and into more profitable products, and it is for this purpose that we are installing the 22" Medium Section Mill at our Warrington Works and producing more carbon and alloy steels than in the past.

RE-NATIONALISATION

As was anticipated, the Government's intention to re-nationalise the Steel Industry has now been confirmed, and once again the Industry is faced with the prospect of a change of ownership. What form this will take is not yet known, nor when it will become effective.

A great deal has been said purporting to justify the decision to re-nationalise the Steel Industry and, in an attempt to prove that it is in the public interest, it is constantly repeated that the Industry is inefficient, lacking in imagination and enterprise, and has failed the Nation. These statements are either entirely false or, at best, misleading, and surely at a time when we, as a Nation, are facing so many serious problems, such propaganda can only impair the confidence of the world in the country's future.

Your Board is convinced that public ownership of the Steel Industry is neither in the National nor the Shareholders' interest. Accordingly during the past year we have taken such steps as were available to us to combat the possibility.

Steel is a basic industry with a vital part to play in the economy of the country. It is an essential raw material of very many trades, whose competitive position in world markets may well be seriously affected, and I can only bitterly regret that once again it has become the subject of a decision on purely political grounds.

FUTURE PROSPECTS

At the time of writing, the demand for our products is still strong and this position has every appearance of continuing in the immediate future. What may happen later in 1965 is, however, subject to doubt, and I cannot view the future without some misgiving. The 7% Bank Rate, the Credit Squeeze, the increasing cost of Hire Purchase and higher prices of consumer goods which are inevitably resulting from the recent Import Surcharge, and increased Petrol Tax, are bound to have a dampening effect on trade in general, which must ultimately affect such a basic industry as steel.

As is now well known, the Restrictive Trade Practices Court ruled against the Heavy Steel trade arrangement that maximum prices fixed by the Iron and Steel Board should be charged by Makers, not because the Court considered that prices were unfair to the public or that there was too great a margin of profit, but simply because the Court took the view that never again would there be a recession of such magnitude as to result in price cutting to such a degree as to affect the wellbeing of the Industry.

After many years' experience in the trade, I, myself, feel no such assurance, but can only hope that this assumption will prove to be correct, and that the future is indeed assured. The Industry must, of course, abide by the Court's decision, but to me it is a matter of regret that a pricing system which for many years has been of advantage both to consumers and producers alike, in that it has resulted in stable prices not subject to the fluctuations which have occurred under other systems, has to be abandoned. Also I particularly deplore the present position in which the Industry now finds itself in that maximum prices for our products carrying at present only slender margins of profit, are fixed by the Iron and Steel Board while there are no minimum prices, a situation which, from a rate of profits point of view, limits the Industry only to average or low returns on capital employed.

As I have already mentioned, the past year has been a quite unexpectedly difficult one. There is no doubt that many of the difficulties that then arose have now been overcome, whilst those that remain are being vigorously tackled by your Board and the executives concerned in order to bring the Steel Plants back to the efficiency and profitability of which they are capable. When this has been achieved, given a continuance of reasonable trading conditions and the bringing into operation of the new equipment now being installed in order to diversify our products to a greater degree than in the past, I have every hope that we may look forward with reasonable confidence to the future.

TANGANYIKA CONCESSIONS LIMITED

CAPTAIN CHARLES WATERHOUSE'S REVIEW

The Annual General Meeting of Tanganyika Concessions Limited was held on January 21, 1965, at the Head Office of the Company, Bahamas International Trust Building, Bank Lane, Nassau, Bahamas, **Captain The Right Honourable Charles Waterhouse, MC, DL, The Chairman, presiding.**

The Chairman, after welcoming the new Directors and referring to the outstanding services of Mr Dickinson as Secretary of the Company, addressed the Meeting as follows:

"The Union Minière has had an uninterrupted and satisfactory period of operations during their financial year which closed at December 31st, last. The target for 1964 was realised and 275,000 metric tons of copper were produced. The production of cobalt was 7,700 metric tons and of zinc concentrate, 184,000 metric tons. The market for copper remains strong and today's selling price of £260 a ton shows a material advance on the prices obtained in 1963, an increase which will gradually be reflected in the gross receipts of that company.

Early last month I paid a short visit to the Katanga, where I saw many of the mines, plants and workshops, which stretch from Luilu to the west of Kolwezi, through Jadotville and Elisabethville, to Kipushi on the Zambian border in the east. I had an opportunity of meeting many of those who control the management of these great works and, on behalf of Tanganyika Concessions Limited, of thanking them for and congratulating them on the magnificent work they and their staffs have accomplished in recent years, during which they have successfully surmounted difficulties which would have daunted lesser men.

In spite of all that has happened, the workings and installations are today in good condition. Morale is high and new developments on a scale as extensive as ever are proceeding. The living conditions of the Africans, which suffered severely during the period of strife, are improving and provided there is no recurrence of interference from outside, there is every reason to hope that the people and industries of Katanga have before them a period of steady progress and increasing prosperity.

Congolese Exchange Control permission for the transfer of funds for the payment of a dividend is still withheld, though the authorities concerned have reiterated their hope that this may be accorded as soon as possible. Meanwhile, the Union Minière have paid 350 francs per part sociale from profits earned in Europe over the past four years, as a first instalment on the dividend of 800 francs per part sociale declared in 1962.

The Benguela Railway has again been able to carry all traffic offered, arising both within Angola and in transit to and from the Katanga and Zambia. The reopening of the Matadi route as an outlet of copper from the Katanga has, of course, meant smaller tonnages to Lobito, but the freight on copper remains a large source of the company's revenue.

Net pay-ton kilometres in 1964 were approximately, 1,464 million, as compared with 1,402 million in 1963. Gross receipts have been well maintained and working expenses have not increased disproportionately. The overall result for the year's working should, therefore, be comparable with that of 1963. This result, so important to the interests of today's Meeting, has only been obtained by the unstinted devotion of all concerned in the management and operation of the railway. On your behalf I send them a message of our high appreciation.

There is nothing outstanding to report in the affairs of Commonwealth Timber Industries Limited. The Novobord factory in Port Elizabeth is working to capacity and has found a ready market for its production. Renovations being made in the plant will improve the quality of the board. The use of conventional citrus boxes has faced severe competition from alternative methods of packing, but the Bruce type, wire-bound box has gained favour and additional productive capacity for this box is being installed.

You will, I know, wish me on your behalf to thank members of the staff of Tanganyika Concessions Limited and of the companies associated with it in Africa and in Europe, for another year of loyal service."

The Report and Accounts were adopted and the payment of the Ordinary Stock Dividend was approved. Mr W. E. W. Carter, Mr H. Revington, Mr D. H. A. Wright, Monsieur E. P. Van der Straeten, Dr Alexandre Pinto Basto, Mr T. P. M. Cochran and Sir Mark Turner were re-elected to the Board.

NELSON FINANCIAL TRUST LIMITED

SIR DENYS LOWSON ON TRUST'S PROGRESS

FAVOURABLE PROSPECTS IN AUSTRALIA

Sir Denys Lowson, Bt, the Chairman, in the course of his remarks at the Annual General Meeting of Nelson Financial Trust Limited on January 22nd, at Estates House, Gresham Street, London, EC2, said:

The Gross revenue for the year amounted to £206,858 against £161,566. The Directors are recommending the payment of a final dividend of 8 per cent less income tax, making 15 per cent for the year as against 14 per cent last year on a smaller capital. If you approve the distribution there will be £94,923 to carry forward against £68,171 brought in.

At October 31st last the market value of our investments showed an appreciation of 115.33 per cent over book value. The performance of the portfolio has been satisfactory showing an appreciation of 20.6 per cent over the year compared with a rise of 2.8 per cent in the *Financial Times* Industrial Ordinary Share Index.

As regards the geographical distribution of the investments we have 84.67 per cent in Great Britain and the Commonwealth (excluding Canada), 14.66 per cent in the USA and Canada, with .67 per cent elsewhere, while as regards classification 7.35 per cent are in Bonds and Debenture Stocks, 3.63 per cent in Preference and Preferred Ordinary Stocks and Shares, and 89.02 per cent in Ordinary and Deferred Ordinary Stocks and Shares.

The satisfactory increase in revenue over the past year is due to increased dividends from companies operating not only in this country but also overseas, particularly in Australia which country we have always regarded as offering attractive investment opportunities.

Australia has shown substantial economic growth over the post-war years particularly in the development of her secondary industries. For instance whilst Primary Produce as a percentage of the Gross National Product fell from 31.7 per cent in the year 1950-51 to 17.2 per cent in the year 1962-63, Factory Production increased from 23.5 per cent to 30.4 per cent during the same period; a true indication that home demand is becoming increasingly supplied by home production. This rapid development of the second industry and the growth of consumer demand put a great strain on the import bill and caused extreme fluctuations in the balance of trade which, it is interesting to note, had rarely shown a deficit during the thirty years preceding the war when primary products were still the mainstays of the Australian economy. Happily now the increasing self-sufficiency of Australia in raw materials and the growing maturity of some of the major secondary industries has helped the Government to find satisfactory measures to stabilise the trade balance. Moreover Manufactured Goods apart from satisfying home demand and helping to reduce the import bill, are now making an increasingly important contribution to export income.

Another important development which has taken place in recent years is the change in Australia's pattern of trade with other countries. This partly stemmed from Great Britain's negotiations to join the Common Market when it appeared probable that the traditional outlet for the majority of Australian produce would no longer provide the same attractions and opportunities. Australia had to make a complete reappraisal of the markets for her products and the result has been a most satisfactory one with the discovery of new markets in Japan, Europe and North America. In fact last year there was an increase of just over 40 per cent in exports to Japan.

Summing up, therefore, it would appear that the prospects for Australia are definitely favourable bearing in mind her geographical position which will enable her to cater for the increasing demand especially from the Asiatic countries as their standard of living improves.

As far as this Company is concerned I am pleased to be able to tell you that an estimate which has been made shows that our revenue for the year ending October 31, 1965, should compare favourably with that of the previous year and barring any unforeseen circumstances we hope at least to maintain the dividend at 15 per cent on the increased capital.

The formal resolutions were seconded by Mr Guy Nelson and were passed unanimously. The proceedings terminated with a hearty vote of thanks to the Chairman, Directors and Staff.

M.T.D. (MANGULA) LIMITED

(Incorporated in Rhodesia)

The eighteenth Annual General Meeting of members of M.T.D. (Mangula) Limited will be held on February 18th, in Salisbury, Rhodesia.

The following is an extract from the circulated statement of the Chairman, **Commander H. F. P. Grenfell, DSC, RN (Retd):**

In striking contrast to its stability in 1962 and 1963, the behaviour of the Copper Market in 1964 was turbulent in the extreme. Throughout the year it was the scene of violently fluctuating and sharply rising prices which have undoubtedly created difficult trading conditions throughout the industry.

The cash price of electro wirebars on the London Metal Exchange, which at the end of January stood at £240, reached £277 per ton on February 24th, £296 by the end of March, and £319 on April 13th.

In retrospect it now seems probable that dealers greatly overestimated the amount of saleable stocks held by the producers, and that the sudden and uncomfortable realisation that further supplies would not be forthcoming from this source was the primary cause of the sharp increase in prices during February. Thereafter, throughout the year the situation was aggravated by strikes in the USA, the Congo and Zambia, and the price increased progressively but with intermediate fluctuations to a peak of £531 in November.

At the time of writing this review (end November) the current price is £510, and the situation may be summarised as follows. Consumption is still running at a high level and seems likely to continue to do so during 1965. Productive capacity throughout the world is fully employed but remains subject to interruption from labour stoppages, which, as we have seen in the past year, can seriously affect supplies to the market. Further substantial expansion of output is planned in Chile and Zambia, and to a lesser extent elsewhere, but this is unlikely materially to affect the issue in the near future.

In the past, high L.M.E. prices have carried the seeds of their own destruction in that copper was priced out of many products, and thus excess demand was taken off the market. This time, however, the existence of so large a proportion of "Producer Price copper" has enabled fabricators to mix with it an element of copper bought at L.M.E. prices, and to charge their customers on a weighted average formula. In this way most fabricators have been able so far to obtain the volume of metal they need, and copper itself probably has not as yet lost any significant markets to other materials. Nevertheless, the danger exists, and there can be no doubt that excessively high prices must, in the end, operate as much against the primary producers as against the consumers.

The accounts for the financial year ended September 30, 1964, show a net profit of £1,141,319, which is approximately £430,000 more than the previous year. The increase was due to several factors. First, the refined copper produced from Mangula concentrates was 550 tons greater than the year before; secondly, the cost per ton of recoverable copper produced was lower: lastly—and principally—the increased profit was due to the rise in the price of copper.

Dividends paid for the year were increased from 11 per cent to 12½ per cent and absorbed £625,000. The sum of £500,000 was appropriated for Capital Expenditure and transferred to Capital Reserve, and the balance of approximately £27,000 was carried forward. An amount of £250,000, which in previous years had been placed to General Reserve was also transferred to Capital Reserve, bringing the total of that Reserve to £1,400,000.

Technically the mine had a successful year and operations proceeded broadly according to plan. The main features of the year were the improvement in production grade from last year's exceptionally low figure of 1.07 per cent Cu. to 1.17 per cent Cu. this year, and a reduction of 4 per cent in concentrator throughput.

This reduction, coupled with rises in the cost of labour and mining supplies, caused a reversal in the steady decline in unit working costs which has taken place each year, and these increased to 19s. 7d. per ton.

However, due to the higher grade of ore mined and milled, the cost per ton of recoverable copper decreased to approximately £106.

Good progress is being made in mining the capping of oxide ore which overlies the Molly sulphide orebodies. By the end of the financial year a total of 2½ million tons at a grade of 1.15 per cent Cu. had been stockpiled.

Meanwhile erection of the new treatment plant is well under way, and it is hoped to have it in production by mid-1965. The initial capacity of the plant, which will recover cement copper by the acid leaching process, will be 1,000 tons of ore per day, but we intend to double this as soon as it is operating to our satisfaction. The plant has been so designed that it will be possible to secure this increase in capacity for very little additional cost.

It gives me great pleasure to welcome Mr W. I. Spence to the Board of Directors.

Mr P. O'B. Frost, who has been a Director for the past ten years, will retire from the Board on December 31, 1964. He played an important part in bringing Mangula mine into production and his services have been of great value to the Company.

Having dealt with the past, I now turn to the future.

I have earlier referred to the dangers inherent in excessively high prices for copper, and I remain in sympathy with the efforts which have been, and are being made by the major producers to maintain prices on a reasonable and stable basis. Nevertheless, it cannot be denied that each individual company must necessarily face the situation in the light of its own problems. The duty of its Directors must always be to act in what they believe to be the best interests of their shareholders.

With this in mind, and having regard to all the circumstances, your Board decided last August to sell a proportion of the future output at prices in excess of what has come to be called the Producer Price. This decision, together with the increase in production to be expected as soon as the new Leach Plant has settled down on an operational basis, should result in higher profits for the current year.

ALEXANDERS DISCOUNT COMPANY LIMITED

HIGHER RATE OF DIVIDEND

The ninety-seventh Annual General Meeting of Alexanders Discount Company Limited will be held on February 15th in London.

The following is the circulated statement of the Chairman, **Mr John P. R. Glyn:**

In contrast to 1963, 1964 was a year in which Bank Rate was increased twice, from 4 per cent to 5 per cent on February 27th and from 5 per cent to 7 per cent on November 23rd. An increase of 2 per cent at one time must cause a substantial loss to your Company both by the depreciation in the value of its Bonds and on its holding of Bills. When an increase in Bank Rate is expected the usual buyers of Treasury Bills are reluctant to take the Bills from the Market and the amount of Treasury Bills tendered for from outside the Market also drops. This in turn means an increase in the number of Treasury Bills allotted to the Market, and the Market's holding of Bills also tends to grow. By its covering of the weekly allotment of Treasury Bills by tender the Discount Market is of particular assistance to the Authorities in times such as we have recently experienced.

The turnover in Treasury Bills during the year showed little change as compared with the previous year. The turnover in Commercial Bills showed another satisfactory increase. At the end of the year the total Bonds held was about the same as last year, the difference between the cost of these Bonds and their market value being covered by a transfer from contingency reserves.

After making a transfer to inner reserves a profit of £240,092 has been declared, which compares with £343,112 last year.

As the majority of the Bonds held are due for redemption early in 1966, your Board recommends, after taking all relevant factors into consideration, the maintenance of the dividend of 12½ per cent on the Ordinary capital of the Company. As the Ordinary capital was increased by £300,000 to £3,000,000 during 1964 this proposal, if approved, will mean a percentage increase in the rate of dividend paid on the Ordinary capital of 1.4 per cent.

STOCK EXCHANGE REQUEST

The Board is considering the request of the Chairman of the Stock Exchange for the disclosure of more information, particularly the publication of interim reports. Your Board wishes to co-operate in this matter, but whilst information as to the trend of the Company's trading experience during the past months can be factual, changes in interest rates, such as have been experienced during this November, can have a violent effect on profits. Any indication of profits for the full year derived from an interim statement must consequently be treated with the greatest reserve. It is worthy of note that whilst money rates can rise steeply and quickly, they tend to fall gradually and slowly. Thus falls in profits are liable to be more violent and more sudden than increases.

Our thanks are due to Mr Dawkins and his staff for their continued efforts on behalf of the Company and to the many banks and kindred institutions on whom your Company depends for its business and livelihood.

THE BRUNNER INVESTMENT TRUST LIMITED

ANOTHER EXCELLENT YEAR

The Annual General Meeting of The Brunner Investment Trust Limited will be held on February 18th at the office of the Company, Aldermanbury House, London, EC2.

The following is the statement by the Chairman, **Sir Felix J. M. Brunner, Bt.**, which has been circulated with the Report and Accounts for the year ended November 30, 1964:

We have again had an excellent year and your Directors are pleased to recommend an increase in the dividend from 13½ per cent to 16 per cent, which will absorb the same proportion of available revenue as last year. A year ago, I stated that the prospects for a further improvement in our income were favourable.

The valuation of investments as at November 30, 1964, was again higher and the net asset value of the Company's 5s. units was 19s. 2d. compared with 18s. 7d. for the previous year. The inclusion of the ruling investment dollar premium would have increased the value of each unit by a further 7½d. (last year 6d. per unit). The tables in the Report and Accounts showing the geographical distribution of funds based on market value allow for changes in the price action of different markets as well as the movement of funds. This is reflected in an increase in the dollar content of the portfolio from 22.6 per cent to 27.0 per cent.

The effect of the forthcoming tax changes cannot be forecast with any certainty, although I hope they will do nothing to discourage overseas investment as the income remitted is a contributory factor in the country's invisible exports. There is some concern that the proposed two new taxes, Corporation Tax and Capital Gains Tax may mean that shareholders will be taxed twice—once in the Company's hands and again in shareholders' hands. In these circumstances I do not propose to make any forecast of the outcome for the current year beyond expressing the hope that it will be possible to maintain the current rate of dividend even if with reduced cover.

In order to lessen the disparity between the interim and final dividends it is proposed to raise the rate of interim dividend payable in July from 5 per cent to 6 per cent.

WEST RIDING WORSTED AND WOOLLEN MILLS LIMITED

The Annual General Meeting of the Company will be held on February 17, 1965, to receive the report and accounts for the year ended August 31, 1964, and to declare a dividend.

The Directors have recommended the payment on February 18th of a final dividend of 12 per cent (less tax) on the Ordinary shares, making 18 per cent (less tax) for the year.

The following summaries are extracted from the accounts:—

PROFIT OF GROUP BEFORE TAXATION		£1,189,056
Dealt with as follows:		
Taxation	£561,189	
Retained	£244,644	
Dividends (net):		
6 per cent Preference	£48,024	
Ordinary	£335,199	
		£1,189,056

NET ASSETS:		
Current Assets, less Current Liabilities		£5,328,085
Fixed Assets, less Depreciation ...		£3,952,549
		£9,280,634
Represented by:		
Preference Share Capital	£1,500,000	
Ordinary Share Capital	£3,040,355	
Capital Reserves	£80,162	
Revenue Reserves	£4,226,117	
		£8,846,634
Amount set aside for Future Income Tax		£434,000
		£9,280,634

ALEXANDERS DISCOUNT COMPANY

LIMITED

Statement of Accounts, December 31, 1964

LIABILITIES

	£	£
Authorised Capital.—		
100,000 Preference Shares of £2 each and 3,300,000 Ordinary Shares of £1 each		3,500,000
Issued Capital:—		
100,000 £2 6% Cumulative Preference Shares fully paid ...		200,000
3,000,000 £1 Ordinary Shares, fully paid		3,000,000
		3,200,000
Share Premium Account	—	
General Reserve	1,600,000	
Profit and Loss Account	331,619	
		1,931,619
		5,131,619
Loans Secured on Assets of the Company		125,661,666
Deposits, Sundry Creditors and Contingency Account		3,670,805
Final Dividends (*less* Tax) recommended		178,237
		£134,642,327

NOTES —

1. Securities are included at cost or market value, whichever is the lower.
2. There is a contingent liability in respect of Bills Rediscounted of £10,219,[illegible] (£[illegible] last year).
3. Income Tax recoverable on debts has been included in these accounts.

ASSETS

	£
Balances at Bankers and Cash In Hand	1,020,496
British Government Treasury Bills (*less* Provision for Rebate)	54,831,544
Commercial and Other Bills (*less* Provision for Rebate)	30,315,071
British Government Securities (Quoted)	42,468,281
Corporation and Dominion Government Securities (Quoted)	1,615,832
Corporation Securities (Unquoted)	602,275
British Corporation Mortgages	1,000,000
Loans and Amounts Receivable	2,788,828
	£134,642,327

24, LOMBARD STREET, LONDON, E.C.3.

AVON RUBBER COMPANY

CONTINUED GROWTH AT HOME AND OVERSEAS

The annual general meeting of Avon Rubber Company Limited was held on January 25th at Melksham, Wiltshire, **Mr C. M. Floyd, OBE** (the Chairman), presiding.

The following is an extract from his circulated statement:

Group profit for the year before taxation amounted to £936,331 (£667,859 last year). Taxation takes £316,336 or 34 per cent of profit.

Group sales increased by just over 17 per cent to £19 million. The greater part of the increased profit arose from the Parent Company's operations which were helped, not only by the lively demand for tyres in the home market, but also by the good acceptance of your Company's other rubber products throughout Industry generally.

No profits from Moseley have been taken into account this year; the trading results of the Moseley Group are being maintained at the same satisfactory level as in 1963 and profits will be incorporated in our next year's accounts.

Parallel with the growth of the home market your Directors have been giving special attention to overseas business. One-fifth of your Company's products are exported directly overseas and many more go as component parts of other exports.

The report was adopted and a total dividend of 15 per cent (13 per cent last year) approved.

ARTHUR LEE & SONS LIMITED

SUBSTANTIAL PROGRESS

The seventh Annual General Meeting of Arthur Lee & Sons Ltd. will be held on Friday, January 29th, at Sheffield.

The following is an extract from the circulated Statement of the Chairman and Managing Director, Mr G. Wilton Lee, TD, JP.

ACCOUNTS

I am pleased to be able to report that the Group profit for the year before taxation, at £1,355,526, is an increase of 26 per cent over the previous year, largely due to a more sustained demand for our products. A higher tax charge of 56 per cent, compared with 52½ per cent last year, takes £757,205 and leaves a profit, after taxation, of £587,643, an increase of £85,024 over the previous year.

Members will recollect that in July, 1964 we gave a one-for-ten scrip issue to our Ordinary shareholders. We are now recommending a final dividend of 11 per cent on this enlarged capital, which makes, with the interim of 4 per cent paid on the smaller capital, a total of 14.6 per cent for the year. This dividend is covered by profits 2.2 times.

It will be seen in the Consolidated Balance Sheet that stocks and debtors have both increased substantially, but bank balances, short term loans and cash have fallen by £600,000 approximately. This is due to increased trade and to further investment in Alloy Steel Rods Ltd. Nevertheless, current assets exceeded current liabilities by £4½ millions.

During the year, an independent revaluation was carried out of the Group's fixed assets in the United Kingdom as at September 30, 1963, on a going concern basis. This showed a surplus over the figures appearing in the Group balance sheet at that date of more than £9½ millions, of which almost half was attributable to land and buildings and the balance to plant and machinery. This revaluation did not extend to our overseas interests in Australia and New Zealand.

PROSPECTS

The future is obscured by the high Bank Rate and the taxation policy of the present Government. Both these factors could increase the trend towards greater inflation and the former could easily have a retarding effect on people contemplating the purchase of consumer goods.

We have a healthy order book and prospects for the immediate future are good. Furthermore, we are continuously improving our efficiency by modernisation of plant and methods and we feel that we are in as good a position as our competitors to meet future requirements.

THE NATIONAL BANK OF KUWAIT S.A.K.

Established 1952

Under Charter granted by H.H. Shaikh Abdulla Al Salim Al Subah, Amir of the State of Kuwait

STATEMENT OF CONDITION at 31st DECEMBER, 1964

LIABILITIES		Kuwaiti Dinars
Capital, Authorised, Issued and Paid Up		2,947,500
Statutory Reserve	579,000	
General Reserve	6,421,000	
		7,000,000
Profit and Loss Account		113,273
		10,060,773
Current, Deposit and Other Accounts (including Inner Reserves and Provisions)		120,756,624
Proposed Dividend		707,400
Confirmed Credits, Acceptances and Guarantees on behalf of Customers, as *per contra*		24,865,057
		K.D. 156,389,854

ASSETS	Kuwaiti Dinars
Cash and Current Accounts with Banks	8,003,430
Money at Call and Short Notice	6,750,000
British Government Treasury Bills	2,500,000
British and Other Government Securities (at under market value)	2,165,146
Deposit accounts with Banks and Industrial Bankers	74,400,000
Advances to Customers, Bills Discounted and Other Accounts	36,389,296
Unquoted Investments, at or under cost	866,925
Land and Buildings, at cost less amounts written off	450,000
Liability of Customers for Confirmed Credits, Acceptances and Guarantees, as *per contra*	24,865,057
	K.D. 156,389,854

PROFIT AND LOSS ACCOUNT for the year ended 31st DECEMBER, 1964

	Kuwaiti Dinars
Transferred to Statutory Reserve	161,000
Transferred to General Reserve	739,000
Proposed Dividend of 24 per cent	707,400
Balance carried forward	113,273
	K.D. 1,720,673

	Kuwaiti Dinars
Profit after charging all expenses, making provisions for contingencies and writing down assets	1,609,610
Balance brought forward from previous year	111,063
	K.D. 1,720,673

1 Kuwaiti Dinar = £1 Sterling

London Correspondents:

Midland Bank Limited
Barclays Bank Limited
Lloyds Bank Limited
National Provincial Bank Limited
Westminster Bank Limited
Chartered Bank
Eastern Bank Limited
Chase Manhattan Bank

New York Correspondents:

Irving Trust Company
Chase Manhattan Bank
Bank of America (International)
Morgan Guaranty Trust Company
Manufacturers Hanover Trust Company
First National City Bank
Chemical Bank New York Trust Company

Correspondents in all principal countries

A COMPLETE BANKING SERVICE FOR TRANSACTIONS WITH KUWAIT

APPOINTMENTS (continued) for further announcements see pages 475, 490 and 491

Air Products LIMITED

COMPANY CONTROLLER

Air Products Ltd. is a company with a multi-million turnover and an exceptional record of profitable growth in the manufacture and sale of cryogenic plant and industrial gases in the United Kingdom and overseas. A substantial £7m. construction programme which will further enlarge the gas product range, capacity and turnover of Air Products Ltd. and its associated companies on the Continent is now under way.

The Company seeks the services of a mature, experienced and highly qualified Controller who will bring a high order of leadership and technical and administrative competence to the management of an established Department and will provide a first-class service to the Company and its operating Divisions. The Controller's Department comprises Divisional Controllers and Accounting, O & M and Internal Audit Sections, operates existing systems of management accounting, budgetary control and financial forecasting which can be further developed and is charged with the responsibility of contributing to the profitable conduct of the Company's business by prompt and reliable accounting reports, the constructive and imaginative interpretation of figures, the development and auditing of administrative, clerical and accounting procedures and the control of expenditures against budgets and authorisations.

The successful candidate is likely to be a Chartered Accountant and a Graduate who has had several years' experience in an expanding company or group employing modern management accounting and control techniques and in a similar type of industrial activity. Fluency in one or more European language, experience in European accounting and administrative practice, familiarity with computer operations and a knowledge of O & M techniques will be added advantages.

The Controller is a key member of our management team and a high standard of proven competence will be expected from candidates who will probably not be eligible for consideration unless they are at present earning in the region of £3,000/£4,000 per annum.

PERSONNEL MANAGER,
AIR PRODUCTS LIMITED,
WAVERLEY HOUSE, NOEL STREET,
LONDON, W.1.

INDUSTRIAL LIFE OFFICES ASSOCIATION

The post of Secretary to the Association will become vacant on the retirement of the present occupant in July

Applications will be considered from men with outstanding qualifications up to the age of 55 years. Character, personality and background are of paramount importance.

Arrangements would be made for superannuation, and medical examination would be required.

The salary will be according to experience and qualifications.

Applications should be addressed to

THE CHAIRMAN, INDUSTRIAL LIFE OFFICES ASSOCIATION,
Aldermary House, Queen Street, London, E.C.4.

and marked "Confidential."

consulting — career phase II

University graduates with experience of industrial responsibility see consulting as a route to top management. Specialist experience in phase I, of production, personnel, marketing or administration is relevant. We would like to discuss the possibilities and pitfalls if you write with brief details of your experience to Mr. C. Handscomb, Arthur Young & Company, Moor House, London Wall, London, E.C.2, quoting reference CH/P2.

ASSISTANT STATISTICIANS

Pensionable posts for men and women in Cabinet Office, Department of Economic Affairs, General Register Office, Post Office, Board of Trade, Ministries of Agriculture, Fisheries and Food, Defence (Navy Department), Health, Housing and Local Government, Overseas Development, Pensions and National Insurance, Power, Public Building and Works and Transport.

QUALIFICATIONS: Degree or post-graduate university certificate or diploma in statistics, or degree (preferably with good honours) in which statistics is a principal subject, or a higher degree involving work in statistics of at least 2nd class honours standard, or a Dip. Tech. with good honours in statistics or in mathematics with statistics as a principal subject. Candidates qualifying in 1965 may apply. Selection by interview. Age at least 20 and under 28 on August 1, 1965 (extension for service in H.M. Forces or Overseas Civil Service and/or approved post-graduate experience).

SALARY (Inner London): on interim scale £885-£1,423 according to age and experience. Promotion normally within seven years to interim scale £2,036-£2,810. Prospects to £3,985 or over.

WRITE (preferably by postcard) to Civil Service Commission, Savile Row, London, W.1, for application form, quoting *561/65*. Closing date February 26, 1965.

Tarmac

Commercial & Financial Analyst

A unique opportunity exists, for a man of 25/30, within the small national commercial organisation of the largest U.K. manufacturer of coated road materials, based at Wolverhampton.

The work immediately involved would include the direct examination, analysis and solution of a wide variety of the commercial and financial problems encountered by a vigorously expanding company: opportunities for the future from this position are excellent.

A few years experience in industry would be a useful background for the right man who will probably hold accounting and statistics qualifications in addition to his B.Sc. (Econ). There is no rigidity in the "job specification", however, since versatility and flexibility are primary assets.

Enquiries to:
The Commercial Manager
Tarmac Roadstone Limited
Ettingshall
Wolverhampton

SENIOR PROGRAMMER

NCR. 315 INSTALLATION

Applications are invited for a Senior Programmer with an accountancy background and at least two years' EDP experience to join a team involved with an integrated Production Control and Accountancy project, now reaching an advanced stage

A generous salary will be paid to the successful applicant, who will be responsible for programming further accountancy functions

Apply, giving details of qualifications, salary, experience and age, to:

The Personnel Officer,
A.F.C. Ltd.,
Windmill Lane,
Southall, Middlesex.

DEPUTY HEAD

Statistical Department

This department, staffed by 17, of whom five are graduates, advises the board and main operating departments in the brewing, market research and pharmaceutical companies in the Group on all matters that lend themselves to statistical analyses and controls. It supplements its own activities by maintaining close contacts with universities on special projects and investigations into statistical research techniques and their application.

Candidates, in their early thirties, must be graduates and have experience of applying statistical methods and controls to the solving of industrial and commercial problems. Experience in biometrics or O.R. very desirable. A starting salary of up to £3,500 will be negotiated according to age and experience. Free lunches, non-contributory pension scheme and four weeks annual holiday.

Please send relevant details, quoting S.3, to the Personnel Manager.

Arthur Guinness, Son & Co. (Park Royal) Limited,
Park Royal Brewery, London, N.W.10

HERTFORDSHIRE COUNTY PLANNING DEPARTMENT

Applications are invited for the appointment of SENIOR PLANNING ASSISTANT ECONOMIST in the "Buchanan" Traffic Team. Salary range £1,715-£2,014 to £2,110.

Qualifications in Planning and Economics are desirable.

The duties will include analysing and forecasting patterns of consumption and assessing social costs. Experience in Central Area Planning an advantage

The person appointed will be expected to contribute fully to the analytical and design work of the team in Land-Use Traffic Planning.

A two-bedroomed flat and garage may be available on a short term tenancy. Lodging and removal expenses will be payable in appropriate cases and assistance with house purchase may be available

Application forms from THE COUNTY PLANNING OFFICER, COUNTY HALL, HERTFORD, to be returned by February 8th

ASSISTANT CHIEF ACCOUNTANT

A large first-class financial institution requires, at its headquarters in the City of London, an Assistant Chief Accountant who, under the control of the Chief Accountant, will be responsible, among other accountancy duties, for the taxation work of the company.

Age: 40 or over.

Qualifications: Chartered Accountant, with special knowledge and experience of company taxation.

Experience: Several years' practical experience of taxation in all its aspects, and well versed in current developments.

Duties: To assist the Chief Accountant generally, and to be responsible under him for the taxation work of the company, which covers a wide range of problems. These duties will have special reference to the new and forthcoming taxation developments. Expert advice and reports will be required to Management at all levels.

Salary: Commencing salary £3,000/£3,500, depending on age and experience, with excellent future prospects.

Other benefits: Non-contributory pension scheme and various generous employee benefits.

Please send full details to

BOX NO. 1504, c/o CHARLES BARKER & SONS, LTD.
20 CANNON STREET, LONDON, E.C.4

A MAN 20 to 30 is required for editorial work on technical monthlies (London), editorial experience and knowledge of Russian desirable.—Full details to Box 1491

TRADES UNION CONGRESS

ASSISTANTS ARE REQUIRED BY THE T.U.C. for its Research and Economic Department, mainly for work on current and long-term projects associated with the economic and industrial activities of the National Economic Development Council. Starting salary for Assistants is in the range £800 to £1,102 a year rising to £1,525 a year. Further details before February 12th from Mr. George Woodcock, T.U.C., 23-28 Great Russell Street, London, W.C.1. Quote reference RAF

SIDNEY SUSSEX COLLEGE CAMBRIDGE

OFFICIAL TEACHING FELLOWSHIP or RESEARCH FELLOWSHIP in ECONOMICS. Open to graduates of any University. Particulars from the Master, Sidney Sussex College, Cambridge. Applications by March 1, 1965.

ECONOMIST STATISTICIAN

Applications are invited for the post of "ECONOMIST STATISTICIAN" with the White Fish Authority to work on a variety of interesting problems connected with the production and marketing of fish. Applicants should have a good Honours Degree in Economics with Statistics and several years' practical experience of applied economic research. Experience in a basic food industry would be an additional qualification

The post is permanent and superannuable salary will be in the range of £1,500 to £1,934 or £1,938 to £2,398 per annum according to qualifications and experience.

Applications, which should include full particulars of age, education experience and the names of two referees, should be submitted by February 15, 1965, to the Secretary/Solicitor, White Fish Authority, Lincoln's Inn Chambers, 2-3 Cursitor Street, London, E.C.4.

Further particulars of the post may be obtained on request.

THE UNIVERSITY OF SHEFFIELD

LECTURER IN ECONOMIC HISTORY

Applications are invited for a post of LECTURER in ECONOMIC HISTORY to begin duties on October 1, 1965. An interest in the modern period and/or industrial history will be an advantage. Initial salary according to qualifications and experience on the scale £1,400 x £85 — £2,505, with F.S.S.U. provision. Further particulars may be obtained from the Registrar, to whom applications (four copies) should be sent by February 20, 1965

ECONOMIST-STATISTICIAN

Trade association of progressive growth industry has a vacancy for a young economist with statistical training. Industry-wide statistics and trends analysis are being developed and there will be considerable scope for initiative here and in relation to Official and N.E.D.C. requirements

Candidates should have a University degree with statistical training and several years' experience, preferably in industry. Commencing salary in the range of £1,350-£1,650 according to qualifications and experience. Write to: The Director, Association of the British Pharmaceutical Industry, Mercury House, 195 Knightsbridge, London, S.W.7

For further announcements see pages 475, 489 and 491

STATISTICAL ASSISTANT

LONDON TRANSPORT has vacancy in statistical section of Operational Research Office. The work includes investigations in field of transportation planning, use of sampling methods in various aspects of bus and underground operations, design of controlled experiments for engineering purposes, and use of techniques such as regression analysis.

Applicants should hold a good degree in Statistics or Economics and should preferably have had two or three years' experience in industry or commerce.

Salary scale £1,340-£1,520 per annum.

The post carries valuable free travel on London Transport services both on and off duty and membership of a superannuation fund.

Applications to STAFF AND WELFARE OFFICER, 55 Broadway, S.W.1, giving details of age, qualifications and experience, and quoting reference No. 345/2

FEDERATION OF BRITISH INDUSTRIES

An appointment will shortly be available for an additional economist in the Economic Director's Department. The principal duties will be to assist in the preparation of papers on national economic problems affecting the interests of industry. Candidates should have a good Honours degree in economics and possess skill in analysis and exposition. A taste for statistics would be an advantage. The appointment is likely to suit a man or woman in the 29-35 age group. Commencing salary about £1,500 p.a. with superannuation. Apply to the Secretary, F.B.I., 21 Tothill Street, S.W.1.

ADVERTISING AGENCY

London, W.1, requires experienced marketing executive for new business department: age preferably 30-35 with broad management or similar background. Letters in strict confidence to: The Managing Director,
ROBERT BRANDON & PARTNERS LTD.,
10 Clifford Street, London, W.1.

UNIVERSITY OF BELFAST

The Senate of The Queen's University of Belfast invites applications for an assistant Lectureship in Economics, from October 1, 1965, or such earlier date as may be arranged. The salary scale is £1,050 x £75 to £1,275 plus F.S.S.U. Initial placing on this scale will depend on experience and qualifications. Letters of application (one copy), giving the names of two referees, should reach the undersigned by March 1, 1965. Further particulars may be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary to the University.

UNIVERSITY OF NEW ENGLAND

ARMIDALE, NEW SOUTH WALES

RESEARCH FELLOWSHIP
(RICE MARKETING)

Applications are invited for appointment to the position of Research Fellow (Rice Marketing).

The successful applicant will undertake research into the effectiveness of promotion of rice and other aspects of rice marketing. The project is being financed by a grant from the Rice Marketing Board for the State of New South Wales and is expected to take about three years to complete.

Applicants should be University graduates with a sound training in economics and with some knowledge of statistical methods. Experience in the field of market research would be an advantage.

Salaries in the University are under review. The salary will be determined within the range £A1,895 x £A105 — £A2,630 according to qualifications and experience. It is expected that the limits of the new salary will be £A2,400 x £A110 — £A3,170.

Further information may be obtained from the undersigned, with whom applications (two copies together with a recent photograph and the names of three referees) close on *February 22, 1965*. Applicants in the United Kingdom should forward an additional copy of their application to the Secretary-General, Association of Commonwealth Universities (Branch Office), Pall Mall, London S.W.1, by the same date.

T. C. LAMBLL,
Registrar.

Armidale, N.S.W., Australia.

UNIVERSITY OF MALAYA

DEPARTMENT OF ECONOMICS

Applications are invited for appointment as LECTURERS/ASSISTANT LECTURERS in the DEPARTMENT OF ECONOMICS in the following fields:

(a) Business Administration (Industrial Relations)
(b) Rural Economics
(c) Money and Banking

Candidates should have a good honours degree. Experience, teaching and or research would be an advantage. Candidates having additional qualifications in Commerce or Business Administration would be given preference for one of the posts.

Salary scale (approximate sterling equivalents):
Lecturer: £1,338 x £56 — £1,624/£1,680 x £64 — £1,995
Assistant Lecturer: £1,120 x £56 — £1,232.

In addition, the following allowances are payable:
Variable allowance: 35 per cent. of basic salary, subject to certain maxima depending on marital status: Minimum £210 per annum, maximum £500 per annum.
Inducement allowance (if awarded), varies—
(a) for Lecturers up to £420 per annum
(b) for Assistant Lecturers up to £280 per annum.

Housing will be provided, if available, for which a rent of £117 to £175 per annum will be charged.

Provident Fund: Staff member contributes 5 per cent. and University 15 per cent. of basic salary.

Further particulars and application forms are obtainable from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

The closing date for the receipt of applications from candidates outside Malaya is *March 22, 1965*.

OVERSEAS TECHNICAL EDUCATION

Opportunities frequently occur for technical teachers to serve for a time in overseas universities and technical colleges.

Qualified technical teachers who would like to teach overseas for periods varying from one to five years are invited to take advantage of the Appointments Register which has been set up to keep those interested in touch with suitable vacancies. There is no charge for the service provided and no commitment is incurred by registration.

For further information please write to the Council for Technical Education and Training for Overseas Countries, Eland House, Stag Place, London, S.W.1.

ENGINEER JOURNALIST

to go out to industry and seek the information designers of capital machinery need, writing himself and editing contributions from specialists. Engineering degree, HNC or equivalent, and experience in mechanical engineering design office essential. Good prospects, starting salary not less than £1,250 p.a. Friendly company, pension, etc. Write full details to Editor, Machine Design Engineering, 77 Charlotte Street, London, W.1.

PROGRESSIVE International company with Offices in the U.S.A. and major European cities, requires first class sales executive to develop East/West trade. The successful applicant should be conversant with present opportunities of East European business, be fairly fluent in at least two languages apart from English, and be prepared to travel very extensively, mainly in Eastern Europe. Knowledge of financial problems connected with international trade essential. He would be based on London. Salary would be commensurate with the actual importance of this position.—Reply in detail with photograph to Box 1893, giving fullest details of previous experience. Any information given will be treated in strict confidence.

CAMBRIDGE UNIVERSITY

RESEARCH STUDENTSHIPS IN LAND STUDIES

A Harold Samuel Studentship, tenable from October 1, 1965, is offered for research in economic, legal or social matters relating to the use, tenure or development of land. Applications must reach The Registrary, The Old Schools, Cambridge, not later than March 15, 1965. Particulars may be obtained from the Secretary of the Board of Land Economy, 19 Silver Street, Cambridge.

THE UNIVERSITY OF HULL

LEVERHULME FELLOWSHIP IN COMMONWEALTH STUDIES

Applications are invited for appointment to a Leverhulme Fellowship for teaching and research in Commonwealth Studies, with special reference to Economics, Geography, Political Studies, Sociology or Social Anthropology, tenable from October 1, 1965, for one of two years.

Salary (under revision) within the range £1,250-£1,850 per annum with F.S.S.U. Some provision for travel.

Further particulars may be obtained from the Registrar, Room (M), The University, Hull, to whom applications (six copies) should be sent by February 28, 1965.

MORTGAGE LOANS

INVEST in
COUNTY BOROUGH OF
IPSWICH
LOANS
(*Trustee Securities*)
6¼% for 2 to 7 years
Particulars from Dept. E,
Borough Treasurer, Museum Street, Ipswich

Lend to County Borough of
WEST HARTLEPOOL
6¾% for 3, 4 or 5 years TRUSTEE SECURITY NO EXPENSES. **6¼%**
£5,000 or more. Less than £5,000 (Min. £500)
Write to Borough Treasurer (E),
AVENUE RD., WEST HARTLEPOOL

INVEST WITH THE
CITY OF NOTTINGHAM
6¼% MORTGAGE LOANS FOR 2 - 7 YEARS
Minimum Loan £500 : : No Expenses
For further particulars apply to
CITY TREASURER
Exchange Buildings, Nottingham

EDUCATION, BUSINESS AND PERSONAL

Profits can be increased

or maintained by the development of new products, but the failure rate can be extremely high. Test Marketing, using the Westminster Press Diagnostic Marketing Service, will establish the potential viability of the new product and cut down investment risks to the absolute minimum. Write now for booklet giving full details to Box 1896.

DISTRIBUTION IN DENMARK

Leading Distributor with highly efficient and experienced Sales Organisation is now in a position to handle a limited number of lines in the Grocery, Perfumery, Toiletries and Cosmetics, and Pharmaceutical fields. Only quality products considered. Commission basis.
Enquiries to Box 1893.

ROYAL COLLEGE OF ADVANCED TECHNOLOGY, SALFORD

DEPARTMENT OF MANAGEMENT STUDIES
PLANNING FOR EFFICIENT MARKETING

A residential course for those of professional standing to be held on April 7-9, 1965. Fee for the course 23 guineas.

A brochure giving details of the course, and application forms may be obtained from the Head of the Department of Management Studies, Royal College of Advanced Technology, Salford 5, Lancashire.

Home Study Courses
B.Sc.(ECON.), LLB.

and other external degrees of the University of London. Also Accountancy, Secretaryship, Law, Costing, Banking, Insurance, Marketing, G.C.E., and many (non-exam.) courses in business subjects including the new Stockbrokers and Stockjobbers course.

Write today for details or advice, stating subject in which interested, to

METROPOLITAN COLLEGE

(Dept. G9 2), St. Albans,
or call at 40 Queen Victoria Street, London, E.C.4. City 6874. (Founded 1910)

M.SC (ECON.) LOND., long teaching experience, offers private or group tuition in theoretical and applied economics for Part I and II of B.Sc.(Econ.) Degree. Also all compulsory subjects.—Box 1871.

TUITION AT HOME

Wolsey Hall (Est. 1894) provides successful courses for G.C.E. (all Examining Boards) and for London University External B.Sc.(Econ.), B.A., B.D., B.Sc., LL.B. Degrees; also Diplomas and Certificates. 1824 Wolsey Hall students passed B.Sc.(Econ.) since 1950. Tuition also for Law, Statistical, Secretarial and other Professional Exams., R.S.A. etc. Moderate fees, instalments if desired. Prospectus from E. W. Shaw Fletcher, C.B.E., LL.B., Principal, Dept. P 17.

WOLSEY HALL OXFORD

AIMEZ-VOUS LIRE? Ask your bookseller about the *Livre de Poche* series. A wide choice, a modest price. If distant from shops ask us for the Catalogue. 4 Regent Place, adjoining 130 Regent Street, W.1.

TOP PEOPLE'S secretaries are well placed generally by STELLA FISHER BUREAU in the Strand.

THE BRITISH ASSOCIATION OF ACCOUNTANTS AND AUDITORS LIMITED (Incorporated 1923). The next Examinations will be held from May 24 to 28, 1965. Membership can only be obtained by those who have passed the prescribed examinations.—Copies of the Syllabus are obtainable from the Secretary, Stamford House, 2-4 Chiswick High Road, London, W.4.

UNIVERSITY OF LONDON: A course of three lectures entitled "The Role of Money in Economic Theory" will be delivered by Professor R. A. Mundell (McGill) at 5 p.m. on February 9th, 11th and 12th at the London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2.
ADMISSION FREE, WITHOUT TICKET.
JAMES HENDERSON,
Academic Registrar.

SECRETARIAL Training for Women especially university graduates and older students: 6-month and intensive 14-week courses.—Write Principal, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

University College, Dublin
DEPARTMENT OF BUSINESS ADMINISTRATION
APRIL 1965.

The Harvard International Marketing Programme will be conducted in University College, Dublin, by the Marketing Faculty of the Harvard University Graduate School of Business Administration.

The course, which will be residential and full time, will run from April 1-29 (excluding Easter).

Enrolment limited. Inclusive course fee 250 guineas.

Application Forms and Brochure obtainable from:

Department of Business Administration,
University College,
DUBLIN 2.

CRANFIELD

Management Development Programme
April 25th—July 2nd 1965
(10 weeks)

Objectives: To develop the skills, knowledge and attitudes essential for senior management responsibility.

To expose managers to the whole range of marketing, accounting, production and policy problems from an inter-functional viewpoint.

Applicants (limited to 24): *Managers 25-35 years of age, sponsored by employers.*

Training: Intensive and participative. Eight weeks at Cranfield and two weeks in Europe as first-hand exposure to European business.

Syllabus: Operating management, including Marketing, Accounting, Production, Business Policy, Organisation, Operational Research, Network Analysis and a wide range of management techniques.

Fee: £550 which includes tuition, College residential accommodation, travel, individual management, library and case material.

Further information from:
The Programme Director,
Management Development Programme,
Cranfield, Bedford. (Telephone: Cranfield 321)

STOCK PRICES AND YIELDS

LONDON STOCK EXCHANGE INDICES

THE ECONOMIST–EXTEL INDICATOR (1953=100)				FINANCIAL TIMES (1935=100)		FT–ACTUARIES INDICES (April 10, 1962=100)			Bargains Marked
1965	Noon	Close	Yield %	Ord Index	Yield %	500 Shares	Yield %	2½% Consols Yield	
Jan. 20	388·0	389·1	5·19	337·9	5·40	107·03	5·23	6·24	10,644
" 21	391·0	391·9	5·16	338·8	5·39	107·38	5·22	6·24	11,232
" 22	397·3	400·2	5·02	348·0	5·25	109·18	5·13	6·23	13,120
" 25	400·1	400·2	5·02	346·7	5·27	109·23	5·13	6·24	15,519
" 26	399·5	399·5	5·03	346·0	5·28	109·17	5·14	6·25	11,443
" 27	398·8	399·8	5·03	345·9	5·28	109·14	5·15	6·26	10,866
	High, 431·5 (October 1, 1964) Low, 371·6 (December 18, 1964)			High, 377·8 (Oct. 1, 1964) Low, 322·6 (Feb. 3, 1964)		High, 118·77 (August 13, 1964) Low, 103·24 (December 18, 1964)			

Prices, 1964/65 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS		Price, January 20, 1965	Price, January 27, 1965	Net Red Yield, January 27, 1965§ £ s d	Gross Red. Yield, January 27, 1965 £ s d
98 11/16	97 3/16	Savings Bonds 3%	1955-65	98	98 1/32	5 12 7	6 15 11
93 9/16	90 13/16	Savings Bonds 2½%	1964-67	91 13/32	91 19/32	5 7 2	6 11 6
92¼	88	Funding 3%	1966-68	88 7/16	88 21/32	5 7 3	6 13 9
94¾	88 7/16	Conversion 3½%	1969	88⅞	89 3/32	5 1 8	6 11 10
98½	94¼	Victory 4%	1920-76	95⅞	94⅜*	3 8 1	5 1 5‡
89 9/16	83 9/16	Savings Bonds 3%	1960-70	84½	83⅜*	5 3 11	6 10 11
95¼	90	Funding 4%	1960-90	90¼	90¼	3 12 3	5 8 7
81 13/16	73¼	Savings Bonds 3%	1965-75	73 7/16*	73 9/16*	5 0 3	6 9 8
79 13/16	72¼	Treasury 3½%	1977-80	72¾	72 11/16	4 11 5	6 7 1
96⅛	88⅜	Funding 5¼%	1978-80	88⅞	88 15/16	4 1 11	6 9 3
78 13/16	71	Treasury 3½%	1979-81	71½*	71 7/16*	4 11 8	6 7 0
98 13/16	90 3/16	Funding 5½%	1982-84	90⅝	90 11/16	3 18 10	6 7 5
97 3/16	92 7/16	Funding 5¾%	1987-91	92 15/16	93⅛	3 17 4	6 8 10
63⅞	56¾	Redemption 3%	1986-96	58¼	58	4 4 3	6 1 5
67⅛	60¼	Funding 3½%	1999-2004	61 1/16	61⅛	4 0 10	6 2 9
95⅝	87 9/16	Treasury 5½%	2008-12	88 7/16	88 7/16	3 16 5	6 8 6
67	61¼	Consols 4%	after Feb. 1957	62 3/16*	62¼*	3 15 6	6 8 5
60	54 3/16	War Loan 3½%	after 1952	55 3/16	55 3/16	3 15 0	6 8 2
59¾	54½	Conv 3½%	after Apr 1961	55½	55½	3 15 0	6 8 10
51⅞	46⅜	Treasury 3%	after Apr. 1966	47¾	47¾	3 14 8	6 8 3
43⅞	39⅞	Consols 2½%		40⅛	40 1/16	3 13 6	6 5 4
43½	39⅜	Treasury 2½%	after Apr. 1975	40⅛	40 1/16	3 14 3	6 7 5
85 3/16	78 7/16	British Electric 3%	1968-73	78⅞	79	5 0 5	6 10 3
80⅝	73	British Electric 3½%	1976-79	73½	73¼	4 11 8	6 7 4
64⅛	57½	British Gas 3%	1990-95	58⅝	58 11/16	4 4 4	6 0 11
67	60¼	British Transport 3%	1978-88	61⅛	61¾	4 9 2	6 3 6

Prices, 1964/65 High	Low	DOMINION AND CORPORATION STOCKS		Price, Jan 20, 1965	Price, Jan 27, 1965	Red. Yield, January 27, 1965 £ s d
90¼	85⅞	Australia 3¼%	1965-69	86⅛*	86¼*	6 13 6
103	97¼	Australia 6%	1974-76	98	98	6 8 0
70	65½	Ceylon 4%	1973-75	67	67	9 4 6
102¾	97¾	New Zealand 6%	1976-80	97¾	97¾	6 9 0
85	69	Northern Rhodesia 6%	1978-81	81¼	81½	8 1 0p
95¼	92½	South Africa 3½%	1965-67	93¼	93½	6 19 0
66	52½	Southern Rhodesia 4½%	1987-92	54¼	54*	9 0 0
89	79¼	Agricultural Mortgage 5%	1959-89	79¾	79¾	6 12 6
94¾	88¼	Birmingham 4¼%	1967-70	88¾	88¾	6 14 0
97	89	Bristol 3%	1971-73	89½	89¾	6 12 0
98¼	87½	Corporation of London 5¼%	1976-79	88¼	88¼	6 11 0
49¼	41⅞	LCC 3%	after 1920	45½	45½	6 11 6
94	84	LCC 5%	1980-83	85	85	6 10 6
98⅜	88	Middlesex 5¼%	1980	88¾	89	6 11 0

NEW YORK PRICES AND INDICES

	Jan. 20 $	Jan. 27 $		Jan. 20 $	Jan. 27 $		Jan. 20 $	Jan. 27 $
Atch. Topeka	33⅞	33⅛	Chrysler	59	59¾	Inter. Paper	33⅞	33⅜
Can. Pacific	59¾	64⅛	Col. Palmolive	51⅝	51⅜	Kennecott	98⅜	98⅜
Pennsylvania	41⅝	40¾	Crown Zeller	58⅞	58½	Litton Inds.	78	80⅛
Union Pacific	43⅞	43⅞	Distillers Seag	31¾	33	Monsanto	84⅞	86⅛
Amer. Electric	46⅞	46¼	Douglas	32½	31½	Nat. Distillers	27⅝	28⅝
Am. Tel. & Tel.	68⅛	67¾	Dow Chemical	78½	78½	Pan-American	29	29
Cons. Edison	96½	98⅜	Du Pont	244¾	251	Procter Gamble	81½	78⅜
Int. Tel & Tel	63⅜	62⅛	East. Kodak	146¾	151⅝	Radio Corpn	32⅛	31⅞
Western Union	33⅞	33¾	Ford Motor	54¾	56¼	Sears Roebuck	129¼	128¾
Alcoa	65	63⅛	Gen. Electric	97	97¾	Shell Oil	59¼	60⅜
Aluminium	31⅝	31½	General Foods	83	83⅛	Socony-Mobil	92	91¼*
Amer. Can	44¼	44	General Motors	97¾	101⅝	Stand. Oil Ind.	43¾	43⅝
Am. Smelting	52⅞	55	Goodyear	48¼	47	Stand Oil N.J.	90	89⅜
Am. Viscose	91	91	Gulf Oil	59⅜	59½	Union Carbide	132	132⅛
Anaconda	58⅛	59⅛	Heinz	45¾	46¾	U.S. Steel	54¼	53⅛
Beth. Steel	37½	37½	Int Bus. Mach.	443¾	448½	West. Electric	42⅛	43¾
Boeing	65⅝	65½	Int. Harvester	80⅝	80½	Woolworth	27⅝	28½*
Celanese	78¼	78¼	Inter. Nickel	82¾	83	Xerox	105¾	110⅜

Standard and Poor's Indices (1941–43=10)

1964/65	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Dec. 30	89·12	2·99	45·64	4·36	74·18	3·21	87·06	4·17
Jan. 6	89·76	2·98	46·05	4·36	74·66	3·19	87·06	4·17
" 13	90·74	2·94	46·71	4·30	75·68	3·16	87·06	4·17
" 20	91·50	2·93	47·16	4·26	76·62	3·13	87·16	4·16
" 27	92·21	2·90	47·30	4·24	76·88	3·12	87·36	4·14

425 Industrials :—High, 92·21 (Jan. 27, 1965). Low, 79·74 (Jan. 2, 1964).

Prices, 1964/65 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Jan. 20, 1965	Price, Jan. 27, 1965	Yield, Jan. 27, 1965 %	Cover
				BANKS, DISCOUNT & HP				
59/-	45/-	5 a	6½ b	Barclays £1	53/3*	55/3	4·16	...
45/6	37/7½	3·9 a	5¼ b	Lloyds £1	40/3*	42/6	4·42	...
19/9	16/7½	·7 a	8 b	Martins 5/-	17/4½*	17/7½	4·26	...
59/-	44/6	6 a	6 b	Midland £1	53/3*	53/6	4·49	...
72/7½	59/6	7½ a	8½ b	Nat. Provincial £1	66/9	66/3*	4·83	...
56/-	42/6	5⅜ a	7½ b	Westminster 'B' £1	52/9*	52/-	4·75	...
54/6	44/7½	4 a	8 b	Australia & N. Z. £1	48/-‖	47/9	5·03	...
39/9	34/-	9·1 c	3½ a	BOLSA £1	36/3	36/3	5·24**	...
£25 11/16	£22 3/16	$2·15 c	$2·20 c	Bank of Montreal $10	£24⅜	£25⅛	2·92	...
58/9	49/3	5‡‡a	5‡‡b	Bank of New S. Wales £1	53/9	52/9	3·03	...
39/9	32/7½	5 a	6 b	Barclays DCO £1	38/9	39/-	5·64	...
54/9¾	47/-	7½ b	7½ a	Chartered £1	48/9	49/3	6·09	...
£24¼	£19¾	11/- b	5/- a	Hongk'g & Shang. $25	£22¾	£23¾	3·37	...
35/4½	27/4½	5 a	7 b	Nat. Com. Bk. Scot 10/-	28/9	28/3	4·25	...
£30 13/16	£26 1/16	$2·55 c	$2·60 c	Royal Bk. Canada $10	£29 1/16	£30	2·89	...
57/6	43/9	17½ c	7½ a	Standard Bank £1	57/-	57/6	6·09	...
36/-	24/9	16½ b	7½ a	Hambros 5/-	29/-	28/9	4·17	...
34/-	28/9	13 c	21 c	Montagu Trust 5/-	29/9	29/9	3·53	...
68/6	53/-	5½ b	4 a	M. Samuel £1	57/3	57/3	3·32	...
71/-	50/-	9 c	3½ a	Schroders £1	54/-	54/6	3·30	...
54/9	45/-	6¼ a	6¼ b	Union Discount £1	48/6	49/3	5·08	...
15/4½	10/3	4 a	11 b	Bowmaker 5/-	10/9	11/-	6·82	1½
19/3	12/10½	12½ b	5 a	Lombard Banking 5/-	16/7½	17/1½	5·11	...
17/3	12/-	5 a	12½ b	Mercantile Credit 5/-	13/4½*	13/9	6·36	1¾
24/-	14/6	30 c	9 a	United Domins. Tst 5/-	15/9	17/3	5·80	1½
				BREWERIES, Etc.				
16/3	13/-	5 a	9½ b	Allied Breweries 5/-	13/7½	14/4½	5·04	1½
18/3	15/6	4 a	12 b	Bass, Mitchells & B. 5/-	17/-	17/4½	4·60	1¾
16/3	13/6	13½ c	5 a	Charrington United 5/-	14/6	14/9	4·75	1½
29/11½	22/4½	5 a	6½ b	Distillers 10/-	23/-	23/10½	4·82	1¾
24/3	18/9	8 a	13 b	Guinness 5/-	20/6	21/3	4·94	1¾
20/9	15/10½	5 a	11½ b	Harveys 5/-	17/6	17/6	4·71	1¾
69/-	59/6	5 a	8 b	Scottish & Newc Brew £1	63/9	63/9	4·08	2
19/2¼	16/2¼	4⅔ a	11½ b	Watney Mann 5/-	16/7½	16/10½	4·74	2
19/-	15/-	11 b	5 a	Whitbread 'A' 5/-	15/9	16/1½	4·96	1¾
				BUILDING, PAINT, Etc.				
62/3¾	52/9	8·6 c	3½ a	Associated Portland £1	54/3	55/-	3·14	2¼
28/4½	22/7½	10½ c	4½ a	British Plaster Bd. 10/-	25/1½	26/4½	3·98	1¾
35/-	23/-	18 c	8 a	Richard Costain 5/-	26/-	26/-	3·46**	2
13/6	9/-	8½ b	3½ a	Crittall Mfg. 5/-	9/6	9/10½	6·08	2
17/3	13/-	24 c	8 a	International Paints 4/-	13/9	14/1½	6·80	1¾
25/-	20/6	14·6 c	5 a	London Brick 5/-	20/9	23/3	3·14	2½
28/6	23/3	12½ c	5 a	Rugby Portland 5/-	24/6	26/6	2·36	3
23/7½	17/1½	7½ a	12½ b	Wall Paper 5/-	20/6	20/1½	4·97	2¼
				CHEMICAL				
24/4½	17/10½	15·8 c	6 a	Albright & Wilson 5/-	21/6	22/1½	3·57	1¾
22/6¾	17/-	5 a	11 b	Borax Defd 5/-	19/-	19/6	4·10	2
52/3	39/6	4½ a	7½ b	Fisons £1	50/3	52/3	4·59	1¾
49/6	41/3	10 c	5 a	I C I £1	42/9	43/4½	4·61	1¼
19/7½	14/-	8¾ b	3¼ a	Monsanto 5/-	14/6	14/10½	4·20	1½
				DRAPERY & STORES				
18/-	14/2¼	10 c	4 a	Boots Pure Drug 5/-	15/10½	16/-	3·13	2¼
34/6	21/-	2 a	6 b	Montague Burton 10/-	26/-	25/7½	3·12	1½
46/4½	35/-	6¼ a	15 5/12 b	Debenhams 10/-	37/9	37/3	5·82	1½
48/9	34/6	47 c	11¼ a	Grattan Warehouses 5/-	38/-	39/6	3·80**	1¾
47/11¼	39/9	31·8 c	10 a	GUS 'A' 5/-	43/6	44/-	3·61	2
33/9¾	23/10½	18½ b	14½ a	House of Fraser 5/-	25/3	24/9	6·57	1¼
15/10½	12/10½	9½ b	5 a	Lewis's Invest. Tst. 4/-	13/0¾	13/2¼	4·40	2
48/11½	32/9	25⅝ c	8¼ a	Marks & Spencer 'A' 5/-	34/6	34/9	4·14**	1½
36/9	27/6	24 c	8 a	United Drapery 5/-	28/6	29/3	4·10	1¾
33/-	20/-	5 a	14½ b	Woolworth 5/-	21/3	20/4½	4·91	1½
				OIL				
64/4½	46/8¼	†8½ b	†3½ a	British Petroleum £1	55/9	55/9	6·51	2¾
61/10½	48/9	†11½ c	†4 7/12 a	Burmah Oil £1	50/6	50/10½	7·27**	1
£19	£16 5/16	29·1 c	13 a	Royal Dutch 20 fl	£17⅜	£17 7/16	3·33	2¼
42/1½	32/9	†18½ b	†11½ a	Shell Transport 5/-	35/-	35/3	6·95	2¼
31/-	23/9	...	...	Ultramar 10/-	26/6	26/9	...	...

FOREIGN AND OVERSEAS STOCKS

	Jan. 20 Frcs.	Jan. 27 Frcs.		Jan. 20 %	Jan 27 %		Jan. 20 %	Jan 27 %
FRANCE			**GERMANY**			**HOLLAND**		
Air Liquide	682	679	A.E.G.	492	495	A.K.U.	526	526½
Banque de Paris	327·5	324	Bad'che. Anilin	574	587	Amster. Rot. Bk.	Fl. 69·3	Fl. 68·5
Citroen	143	141·5	Bayer	586	607	Bijenkorf	785½	792
C. F. Petrole	247·5	186·5	Commerzbank	475½	477	Heinekens	477½	477
Cie. G. d'Elect.	517	505	Deutsche Bank	538	544	Interunie (Fl.50)	Fl.210	Fl.212
Machines Bull	126	116	Hoechst Farb.	528½	546½	K. N. Hoogoven	547¾	523¾
Pechiney	206·5	204	Kundenkredit	390	390	Kon. Zout-Ket.	980	989¾
Printemps	241	237	Loewenbrau	1,100	1,100	Philips (Fl.25)	Fl.153·8	Fl.155
Rhone-Poulenc	342	316	Mannesmann	214½	215	Robeco (Fl.50)	Fl.235	Fl.236
S.I.M.	320	316	Siemens	558	569	Thomassen & D.	673	665
Saint-Gobain	256	256	Thyssen-Huette	195	196½	Valeurop	Fl.68·2*	Fl. 68·0
Usinor	130·1	127·5	Volkswagen	537	548	Zwanenberg	1,076	1,060
Index	*97·7*	*96·8*	*Herstatt Index*	*102·52*	*103·47*	*Index*	*366·4*	*364·2*
High	*99·8*	*(4.1.65)*	*High*	*111·46*	*(6.4.64)*	*High*	*366·4*	*(20.1.65)*
Low	*96·8*	*(27.1.65)*	*Low*	*99·88*	*(2.1.64)*	*Low*	*326·5*	*(23.7.64)*
Dec. 21, 1964=100.			*Dec. 31, 1959=100.*			*1953=100.*		

ITALY	Lire	Lire	BELGIUM	Frcs.	Frcs.	SWEDEN	Kr.	Kr
Ass Generali	74,350	71,150	Arbed	5,200	5,110	Alfa Laval B.	350	355
Breda	3,520*	3,570	Bque Nat. de Bel.	12,225	12,200	Asea	405	414
Edison	2,105	2,065	Bque. Soc. Gen.	4,060	4,095	Elektrolux	215	220
Fiat	1,721	1,655	Cockerill-Ougr.	1,940	1,950	Ericsson B. Kr.50	214	215
Finsider	795	785	Esperance Long	4,070	4,080	Skand. Banken	194	190
La Centrale	9,105	9,000	Hoboken	5,600	5,450	Sv. Cellulosa	300	286
Montecatini	1,495	1,432	Innovation	4,300	4,210	Sv. Handelsbank	212	210
Motta	12,003	11,650	Photo Gevaert	2,950	2,975	Tandstk. B Kr.50	173	176
Olivetti	1,835	1,765	Sidro	1,052	1,046	*Index*	*251·83*	*254·77*
Pirelli S.p.A.	3,020	2,840	Soc. Generale	15,500	15,825	*High*	*254·77*	*(27.1.65)*
Rinascente	444	436·5	Sofina	9,720	9,640	*Low*	*204·30*	*(2.1.64)*
Snia Viscosa	3,970	3,860	Un. Miniere i/10	880	910	*Dec 29, 1956=100.*		
Index	*383·58*	*371·19*	*Index*	*133·92*	*134·49*			
High	*552·61*	*(3.1.64)*	*High*	*139·40*	*(6.1.65)*			
Low	*360·73*	*(14.1.65)*	*Low*	*125·02*	*(24.6.64)*			
1950=100.			*Dec. 31, 1953=100.*					

NORWAY	%	%
Bergens Priv'bk.	189	189
Borregaard	190	182½
Norsk Hydro	249	248¾

* Ex dividend. † Tax free. § Assumed average life, 7 years. ‖ The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ Equivalent to 8·0 sterling.
(a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Ex all. (h) After Rhodesian tax. (l) To latest date. (n) Interim since reduced or passed.
(p) Resulting from split of Federation of Rhodesia & Nyasaland Stock. Japanese prices supplied by Daiwa Securities, Tokyo. Canadian 65 Stock Industrial Index supplied by the Montreal Stock Exchange.

LONDON: NEW YORK: FRANCE
GERMANY: HOLLAND: ITALY
BELGIUM: SWEDEN: NORWAY

Prices, 1964/65 High	Prices, 1964/65 Low	Last Two Dividends (a) %	(b) (c) %	ORDINARY STOCKS	Price, Jan. 20, 1965	Price, Jan. 27, 1965	Yield, Jan. 27, 1965 %	Cover
				ELECTRICAL & RADIO				
51/3	36/-	6¼ b	3¾ a	AEI £1	43/-	45/-	4·44	1¾
78/6	65/3¾	12½ c	6 a	BICC £1	68/7½	70/-	4·29**	2
15/9	12/-	5 a	6 b	Crompton Parkinson 5/-	13/6¾	13/6¾	4·46	1¼
82/-	60/6	7½ a	20 b	Decca 10/-	68/-	68/-	4·04	1¾
30/11¼	19/7½	12½ c	5 a	EMI 10/-	25/10½	26/6	4·72	2¼
24/9¾	16/6¾	9½ c	4 a	Elliott-Automation 5/-	17/6	17/9	2·68	1¾
50/-	40/3	7 b	3 a	English Electric £1	43/6	45/-	4·44	2¼
45/3	28/6	5·91 c	3 a	General Electric £1	44/-	44/9	3·35**	2¾
69/3	43/9	8⅓ b	4½ a	C. A. Parsons £1	44/3	45/6	5·49	1
145/-	122/6	10 b	6 a	Philips Lamp Works 10 fl.	135/6	134/-	2·39	2
44/9	30/-	5½ a	6½ b	Plessey 10/-	36/4½	37/6	3·20	2½
26/3	13/7½	11·4 c	20 c	Pye (Cambridge) 5/-	17/6	17/9	5·63	2
51/-	36/1½	15 a	25 b	Radio Rentals 5/-	41/-	40/-	3·80	2
50/7½	41/3	4⅞ b	2⁷⁄₁₆ a	A. Reyrolle £1	44/3	44/3	3·80**	2½
93/3	58/-	22½ c	15 a	Thorn Electrical 5/-	71/-	73/6*	1·50	4½
				ENGINEERING				
45/9	30/3	4½ b	4½ b	Babcock & Wilcox £1	32/-	32/6	5·54	1
41/3	32/-	4 a	7 b	John Brown £1	33/6	34/6	6·38	1¼
10/-	7/-	8 b	4 a	Cammell Laird 5/-	7/4½	7/10¼	7·66	2
38/4½	22/3	20 b	10 a	Internat. Combust. 5/-	23/6	23/9	6·32	1¼
29/3	19/3	7½ b	2½ a	Swan Hunter £1	24/-	25/3	7·92	¾
10/6	7/-	5¾ b	3 a	John Thompson 5/-	7/4½	7/6	5·83**	1⅝
33/7½	27/7½	†3¾ a	†6¼ b	Coventry Gauge 10/-	32/3	33/-	4·95	2
51/-	40/-	†4⅔ b	†2 a	Alfred Herbert £1	42/-	43/-	5·06	1½
32/-	21/6	12½ a	11¾ b	Acrow (Eng.) 'A' 5/-	23/9	27/6	4·20**	1½
32/3	22/9	17½ b	7½ a	Allied Ironfounders 5/-	23/3	23/10½	5·27	2
24/0¾	19/1½	15 b	5 a	Averys 5/-	20/2¼	20/11¼	4·78	1¾
19/6¾	14/1½	4 a	6 b	BSA 10/-	18/3¾	18/9	5·33	1¼
14/9	11/6	14 c	6 a	George Cohen 5/-	14/7½	14/7½	5·47**	1¾
14/-	10/1½	6 b	5 a	Davy-Ashmore 5/-	12/7½	12/7½	4·96	...
52/-	44/10½	11⅕ c	5 a	Guest, Keen £1	46/9	47/3	4·80	2
21/1½	14/3	12 b	4 a	Head Wrightson 5/-	16/3	16/-	5·00	2
63/5¼	52/7½	11⅕ c	5 a	Metal Box £1	54/9	56/6	5·96	4½
19/6	15/9	4 a	12 b	Ransome & Marles 5/-	16/1½	16/4½	5·19	2
41/9	33/1½	8¼ c	4½ a	Renold Chains £1	36/3	37/3	4·83**	1¾
67/3	58/-	7 a	8 b	Tube Investments £1	62/-	62/6	4·80	2
31/1½	21/4½	7½ b	2½ a	Vickers £1	22/4½	23/6	8·51	1
50/-	40/8¼	2½ a	9¼ b	Ward (Thos. W.) £1	43/3	47/-	7·45	1
21/6	10/7½	10 a	7½ b	Wellman Smith Owen 5/-	11/3	10/7½	8·24	1
18/6	12/6	16 b	5 a	Woodall-Duckham 5/-	14/3	14/6	7·24	1½
				FOOD & TOBACCO				
32/-	26/10½	12½ c	14 c	Allied Suppliers 10/-	30/4½	30/6	4·59	2¼
8/1½	6/4½	28½ c	12 a	Assoc. British Foods 1/-	7/1½	7/6	3·80	2
46/6	35/-	8 b	4 a	Bovril £1	35/6	38/9	6·19	2
13/-	10/4½	†2½ a	†5 b	Brooke Bond 'B' 5/-	12/-	12/3	5·00	2¾
8/11¼	7/-	13¾ c	7 a	Fitch Lovell 2/6	7/9	8/1½	4·31**	2½
11/1½	8/8⅛	8⅓ b	1⅔ a	International Stores 5/-	10/4½	10/3¾	4·85	2
93/3	72/6	12½ b	5 a	J. Lyons 'A' £1	80/-	80/-	4·38	2
35/4½	30/6	5½ a	10½ b	Ranks Hovis 10/-	32/-	33/3	4·81	2
36/6	30/-	14 c	7 a	Reckitt & Colman 10/-	30/6	31/6	4·44	2
15/9	12/10½	11½ c	3½ a	Spillers 5/-	15/-	15/4½	4·07**	2½
39/3	30/6	9·9 c	8 a	Tate & Lyle £1	33/1½	33/9	5·87	2
9/1½	6/1½	25 c	12 a	Tesco Stores 1/-	8/9	9/1½	2·74	2¼
14/11¼	10/10½	13·6 c	5 a	Unigate 5/-	13/7½*	13/10½*	4·90	1¾
56/-	47/9	†9⅔ a	†10⅚ b	Brit. Amer. Tobac. 10/-	52/3	53/9	6·23	2½
25/4½	20/5¼	11·4 b	5 a	Gallaher 10/-	24/6	24/6	6·94**	2¼
54/9	39/-	15⅔ c	6 a	Imperial Tobacco £1	51/9	53/9	5·83	2
				INSURANCE				
6¼	5⅛	91⅔ c	43⅓ a	Britannic 5/-	5¼	5¼	4·3	..
48/3	37/3	25 b	20 a	Commercial Union 5/-	37/3	38/3	5·88	...
6³⁄₁₆	4⅝	†26⅔ c	†26⅔ a	Equity & Law Life 5/-	4¾	4⅞	2·23	...
68/9	42/3	25 b	12½ d	General Accident 5/-	42/3	44/3	4·24	...
40/3	27/3	15 b	11⅔ a	Guardian 5/-	27/9	28/9	4·64	...
12⅛	8⅝	50 b	50 a	Legal & General 5/-	8⅞	9³⁄₁₆	2·72	...
162/6	105/-	13 b	11 a	Northern & Empl. £1	105/-	107/6	4·47	...
11¼	9³⁄₁₆	†95 b	†20 a	Pearl 5/-	9¼	9¼	5·08	..
26½	21	†291⅔ c	†125 a	Prudential 'A' 4/-	24⅛	24⅛	3·95	..
40/-	33/6	16⅔ b	15 a	Royal 5/-	35/-	35/9	4·43	...
95/-	69/9	11¼ b	7½ a	Royal Exchange £1	69/9	69/9	5·38	...
				MOTORS & AIRCRAFT				
17/10½	11/9	5 a	5 b	Birfield 5/-	13/9	13/9	3·64	3½
18/-	13/8¼	20 c	20 c	British Motor 5/-	14/9	14/10½	6·73	1¾
47/6	26/9	10 c	12½ c	Jaguar Cars 'A' 5/-	32/4½	32/3	1·94	6¾
11/9	6/1½	4 c	4 c	Rootes Motors 'A' 4/-	7/3	7/1½	2·25	3
55/3	37/2¼	2½ a	8½ b	Leyland Motors £1	53/-	53/6*	4·11	1¾
~~24/-~~	~~15/-~~	~~8½ b~~	~~5 a~~	~~Bristol Aeroplane 10/-~~	~~15/4½~~	~~16/3~~	~~8·31~~	~~2~~
39/6	27/4½	7 b	5 a	Hawker Siddeley £1	29/6¾	30/7½	7·84	1¾
39/-	23/8¼	7½ b	2½ a	Rolls-Royce £1	32/10½	35/10½	5·57	2
37/-	27/3	†8 c	†3¼ a	Dowty Group 10/-	30/-	33/-*	3·96	2
31/6	25/7½	13·8 c	5 a	Dunlop Rubber 10/-	28/-	29/6	4·68	1½
40/3	32/9	2½ a	5⅚ b	Joseph Lucas £1	34/-	35/-	4·76	2½
22/10½	13/3	20 c	9 a	Pressed Steel 5/-	18/-	18/3	5·48	¾
35/3	27/7½	4 a	8½ b	Triplex Holdings 10/-	28/9	29/7½	4·22	2½
				PAPER & NEWSPAPERS				
49/6	38/-	20 b	5 a	Financial News 5/-	44/-	43/6	2·87	2¾
72/-	56/-	30 b	7½ a	Financial Times 5/-	62/3	63/6	2·95	2½
20/6	15/-	14 b	6 a	Internat. Publishing 5/-	16/10½	16/10½	5·93	1½
31/6	26/-	16 b	14 a	News of the World 5/-	29/-	29/9	5·04	2
64/6	49/-	11 c	4 a	W. H. Smith & Son 'A' £1	53/-	53/9	4·09	2
24/3	16/-	14 b	10 a	Thomson Org'n. 5/-	18/-	19/-	6·32	1½
51/9	40/-	6¼ b	5 a	Bowater Paper £1	43/9	44/-	5·11	1½
25/3	19/6	22½ c	10 a	British Printing 5/-	20/9	21/6	5·23	1¾
36/-	27/6	10 c	13⅓ c	Bunzl Pulp 5/-	30/-	30/-	2·50**	4¼
65/7½	52/3	11 b	5 a	Reed Paper £1	55/5¼	55/9	5·74	1½
61/6	43/-	10 b	4 a	Wiggins Teape £1	46/-	45/6	6·15	2
				STEEL				
38/-	26/-	6 a	10 b	Colvilles £1	28/-	31/-	10·32	1½
30/3	21/3	4 a	10 b	Dorman Long £1	23/9	26/-	10·77	1½
27/-	19/3	3½ a	6½ b	Lancashire Steel £1	19/9	20/9*	9·64	1
27/-	14/4½	4 a	8 b	South Durham £1	17/6¾	18/9	12·80	1
25/6	17/9	3¾ a	6¼ b	Steel Co. of Wales £1	18/6	19/10½	10·06	...
39/6	24/9	5 a	12½ b	Stewarts & Lloyds £1	31/3	34/3	10·22	1½
38/4½	27/6	6 a	10 b	John Summers £1	28/-	31/1½	10·28	1¾
37/9	23/9	6 a	9 b	United Steel £1	28/-	31/3	9·60	1

Prices, 1964/65 High	Prices, 1964/65 Low	Last Two Dividends (a) %	(b) (c) %	ORDINARY STOCKS	Price, Jan. 20, 1965	Price, Jan. 27, 1965	Yield, Jan. 27, 1965 %	Cover
				MISCELLANEOUS				
26/6	18/9	30 b	10 a	Assoc. British Picture 5/-	25/10½	25/7½	[illegible]	[illegible]
16/11¼	8/2¼	10 a	12½ b	Assoc. Television 'A' 5/-	13/10¼	14/11¼	7·31	2
28/9	25/1½	8 a	6½ b	Wm. Baird £1	28/9	28/6	[illegible]	[illegible]
23/4½	19/3	18 c	9 a	Beecham Group 5/-	19/7½	20/4½	[illegible]	1½
23/3	17/3	†6⅔ b	†3½ a	Bookers 10/-	18/1½	18/9	[illegible]	[illegible]
48/10½	38/6	7½ b	3½ a	British Match £1	41/7½	41/4½	[illegible]	2
13/-	8/6	3 a	7 b	British Oxygen 5/-	9/8¼	9/7½	5·19	1¼
12/-	9/1½	8½ b	3 a	British Ropes 5/-	9/7½	10/4½	5·34	1¾
16/1½	9/10½	45 c	17½ a	Butlin's 1/-	10/7½	10/9	5·12**	1
39/10½	28/9	10 b	5 a	De La Rue 10/-	30/6	30/9	4·96	1½
26/6	15/3	8 c	12 c	Drages 5/-	17/9	19/-	5·16	2¼
24/10½	20/-	13⅓ c	6 a	Gestetner 'A' 5/-	23/6	23/6	[illegible]	2½
36/6	27/9	3·6 a	8 b	Glaxo 10/-	32/-	32/-	[illegible]	2¼
57/-	43/4½	2·14 a	12 b	Harrisons & Cr. Defd. £1	46/4½	48/4½	[illegible]	3
89/3	43/9	55 b	15 a	Hoover 'A' 5/-	45/7½	46/1½	[illegible]	2
114/-	95/6	12·04 b	7·08 a	Hudson's Bay £1	101/-	97/9	[illegible]	1¼
58/9	39/3	4¼ a	7½ b	ICT £1	47/9	48/-	[illegible]	2
32/3	17/3	12 b	11 a	Mecca 'A' 5/-	19/-	19/3	5·97	1
38/9	31/9	11·4 c	12½ c	National Canning £1	33/-	32/10½	[illegible]	1
24/9	19/10½	7 b	3 a	Powell Duffryn 10/-	20/3	20/6	[illegible]	[illegible]
45/9	26/9	7½ a	11¼	Rank Organisation 5/-	30/3	29/9	[illegible]	2½
16/7½	11/7½	12½ c	4 a	Schweppes 5/-	12/1½	12/1½	5·19	1½
29/9¾	17/2¼	25 c	25 c	Sears 'A' 5/-	19/4½	21/3	5·88	1½
23/9	19/-	15 c	5 a	Steetley 5/-	21/9	22/-	3·41	2½
25/-	21/-	24 c	10 d	Thomas Tilling 4/-	22/3	22/3	4·94**	1½
47/-	37/6	3¼ a	7 b	Turner & Newall £1	40/9	40/-	5·38	1¾
36/9	32/1½	22½ c	9¼ a	Unilever 5/-	33/10½	33/4½	3·37	3
~~[illegible]~~	~~[illegible]~~	~~10·9 c~~	~~7·65 a~~	~~Unilever NV 12 fl.~~	~~[illegible]~~	~~[illegible]~~	~~[illegible]~~	~~[illegible]~~
15/-	10/9	10 b	5 a	United Glass 5/-	10/10½	10/10½	6·90	1½
42/6	23/3	†4⅙ a	†10⅙ b	United Molasses 10/-	26/-	28/6	[illegible]	[illegible]
				MINES				
247/6	196/9	60 b	40 a	Anglo-American 10/-	244/4½	245/-	[illegible]	[illegible]
98/3	79/-	10 a	20 b	Consolid. Gold Fields £1	95/3	94/6	[illegible]	2¼
146/3	118/1½	20 b	15 a	General Mining £1	137/6	[illegible]	[illegible]	[illegible]
106/9	71/6	185 c	40 a	Union Corporation 2/6	105/3	105/3	3·23	1¾
186/3	98/1½	70 a	120 b	Free State Geduld 5/-	126/10½	126/3	7·58	1¼
109/4½	83/9	33 a	33 b	W. Driefontein 10/-	105/-	108/9	[illegible]	2
66/3	41/3	6¼ a	8¼ b	Western Deep 'A' £1	61/3	61/10½	4·85	1¾
218/7½	152/6	115 a	160 b	Western Holdings 5/-	202/6	206/-	6·71	1¼
66/-	46/3	26⅔ b	13⅓ a	Chartered 15/-	59/6	61/6	6·50**	...
72/6	55/7½	30 a	60 b	Rhod. Anglo-Amer. 10/-	69/-	[illegible]	15·00h	1¼
51/7½	38/9	7½ a	147½ b	Roan Selection Tst. £1	39/-	39/6	11·11h	2
15/4½	10/3	7½ a	7½ c	Tanganyika Cons. 10/-	11/6	12/-	6·25	1¼
151/3	111/3	150 c	60 a	De Beers Defd. Reg. 5/-	143/9	144/4½	5·19	2
$178	$136	$2·25 c	$2·75 c	Internat. Nickel n.p.v.	$162½	$160½	3·07	...
24/1½	16/1½	30 b	7½ a	London Tin 4/-	18/1½	18/7½	8·05	1½
35/6	22/4½	17½ c	5⅚ a	RTZ 10/-	30/6	30/4½	5·76	1¾
26/6	18/-	50 c	32½ a	Tronoh 5/-	20/6	20/-	12·50	1
				SHIPPING				
50/9	40/3	2 a	5½ b	Anglo Norness £1	43/-	41/9	3·59	4
21/9	17/-	10·7 c	4 a	Brit. & Com'wealth 10/-	17/10½	18/7½	5·74	1¾
17/10½	14/-	4 c	5 c	Cunard £1	14/0¾	15/2¼	6·58	...
37/-	26/-	8 c	10 c	Furness Withy £1	34/9	36/-	5·56	...
33/6	22/10½	10·7 c	3 a	P & O Defd. £1	29/9	29/1½	6·87	...
17/-	10/3	3 c	3 c	Royal Mail £1	14/11¼	14/9¾	4·05	...
				TEXTILES				
11/11¼	7/10½	10⅛ c	6 a	English Sewing Cotton 5/-	10/4½	10/3	5·85**	1¾
23/4½	16/11¼	20 c	6⅔ a	Courtaulds 5/-	21/10½	21/10½	4·57**	1¾
72/9	57/6	6 a	12 b	West Riding Worsted £1	58/6	57/6	6·26	2
29/-	19/4½	7½ b	2½ a	Woolcombers £1	19/9	19/10½	10·06	1
11/8¼	7/9¾	4 a	10 b	Calico Printers 5/-	10/5¼	10/11¼	6·40	2½
50/7½	37/9	12½ c	4⅓ a	Coats, Patons & B. £1	38/3¾	43/4½	6·22**	1½
23/-	10/11¼	5 c	15 c	Viyella Int. 5/-	18/6	19/3	4·55**	1¾
				TRUSTS & PROPERTY				
26/3	21/-	15 c	7	Alliance Trust 5/-	23/1½	23/4½	3·21	1¼
59/9	47/10½	37½ b	25 c	BET 'A' Defd. 5/-	52/7½	53/1½	5·88	1½
20/4½	15/4½	8¼ a	6¼ b	Cable & Wireless 5/-	16/4½	16/10½	3·70	1¾
23/-	15/6	9½ b	5½ a	Philip Hill 5/-	19/-	19/-	3·95	1½
33/3	25/9	23 c	11½ a	Industrial & General 5/-	28/9	28/9	4·00	1¼
44/-	23/-	12½ a	17½ b	City Centre Props. 5/-	27/1½	27/1½	5·53	1
78/-	53/-	16 c	6 a	City Lond. Real Prop. £1	53/6	58/-	5·52	1
21/8¼	15/-	5¼ b	2 a	Land Securities 10/-	16/6¾	17/10½	4·06	1
33/-	23/6	16⅔ c	4⅛ a	Lond. Cnty. Freehld. 10/-	24/7½	26/10½	6·20	1
				TEA & RUBBER				
53/6	43/-	†17½ b	†2½ a	Cons. Tea & Lands £1	46/6	46/3	14·12	1½
28/9	23/9	†3 a	†5 b	Jokai (Assam) £1	24/-	23/9	11·00	...
3/10½	3/-	20·8 c	8⅓ a	Highlands & Lowlands 2/-	3/3	3/3¾	12·56	1½
4/3¾	3/2¼	23⅓ b	5 a	London Asiatic 2/-	3/7½	3/7½	[illegible]	1½
60/7½	45/9	24 b	8 a	United Sua Betong £1	49/9	51/-	12·55	1½

FOREIGN AND OVERSEAS UNIT TRUSTS

	January 27		Yield
Brown, Shipley:			
EURIT	£13/1/6	£13/10/9	2·30
ESPAC	£10/10/0	£10/18/0	2·20
FRANCIT	£9/17/6	£10/5/6	1·60
GERMAC	£9/15/9	£10/3/6	1·70
ITAC	£13/17/6	£14/7/0	2·60
DENAC	£7/18/0	£8/0/0	1·40
Calvin Bullock:			
Bullock Fund ...	116/10½	119/6	2·33
Canadian Inv. ...	30/7½	31/7½*	2·93
Canadian Fund .	156/3	160/3	1·91
Dividend Shares .	29/9	30/9*	2·30
Charterhse. Japhet:			
Adiropa	101/10	106/8	4·90
Fondak	76/4	79/1	5·24
Nurit	£9/8/11	£9/14/8	3·04
Interstor	£7/16/9	£8/1/2	2·32
Romit	£9/13/2	£10/10/11	3·10
Develop. Finance:			
Delfin Australian	3/5	3/9*	2·98
Dillon Walker:			
C.I.GF	79/6	84/4	...

	January 27		Yield
Fonds Fiducem Int.:			
F F I (Belg.-Fr.) ...	1,511	1,594*	2·63
Kleinwort, Benson:			
Interitalia (It.) ...	66/10½	70/7½	2·06
Intertec (Intl.) ...	88/4½	92/10½	1·57
Signet (Bermuda) .	89/10	92/1	0·95
Unifonds (Ger.) ..	59/9	63/3	6·47
Kleinwort, Benson/ Hambros Bank:			
Eurinvest (EEC) ..	142/4½	150/9	2·15
Pan-Australian Unit Trust:			
Pan-Aust.	9/7½	10/1½	4·21
St. Michael's Securities:			
Israel Unit	16/11½	17/9	3·38
Rothschild & Philip Hill:			
Eurunion (Lux.Fr.)	1,730	1,800	2·78
Finance Union (Lux. Fr.)	531	552	2·54

** Yields based on assumed dividends:—Acrow (Eng.) 'A', 23·1%. BICC, 15%. BOLSA, 9½%. Bunzl Pulp, 15%. Burmah Oil, 11⅓%, tax free. Butlin's, 55%. Chartered, 26⅔%. Coats, Patons & B., 13½%. George Cohen, 16%. Richard Costain, 20%. English Sewing Cotton, 12%. Fitch Lovell, 14%. Gallaher, 17%. General Electric, 7½%. Grattan Warehouses, 80%, after scrip issue. Marks & Spencer 'A', 28¾%. Renold Chains, 9%. A. Reyrolle, 8·4%. Spillers, 12½%. John Thompson, excludes special bonus, 4%. Thomas Tilling, 27½%. Viyella Int., 17½%.

MONEY AND EXCHANGES

KEY MONEY AND ARBITRAGE RATES

January 27

London

	%		%
Bank rate (from 5%, 23/11/64)	7	**Market discount rates** (3 months'):	
Deposit rates		Treasury bills	6 19/32
7 days' notice:		Bank bills	6 13/16–7/8
Clearing banks	5	Fine trade bills	7 3/4–8
Discount houses	5		
Local authorities	7 3/8–1/2	**Euro-dollar deposits:**	
3 months' fixed:		7 days' notice	3 3/4–4 1/4
Local authorities	7 1/4–7 3/8	3 months'	4 1/4–4 3/4
Finance houses	7 3/8		
Call money:		**Euro-sterling deposits** (in Paris):	
Clearing banks' minimum	5 3/8	2 days' notice	6 7/8–7 1/8
Day-to-day spread	5–6 1/2	3 months'	6 7/8–7 1/8

New York

Treasury bills:		**Market paper:**	
January 20	3 82	Bank bills	4·13
" 27	3·85	Certs. of deposit	4·13
Forward cover (3 months'): Annual interest cost, US dollars			2 19/32–2 25/32

Covered Arbitrage Margins

	In favour of	
Treasury bills	London	1/16
Prime bank bills	London	1/32
Euro-dollar/UK local authority loans	London	1/8
Euro-dollars/Euro-sterling	New York	3/16

These covered arbitrage margins show the differentials in rates on the particular sterling and dollar assets, as adjusted for the cost of forward exchange cover, shown above.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91-Day Average Rate of Allotment	Allotted at Max Rate *	Tender Issue Outstanding
1964	91-Day		s. d.	%	
Jan. 17	210·0	360 3	74 3·63	38	3,130·0
Oct. 23	260·0	414·4	94 5·45	52	3,330 0
" 30	250·0	458·3	93 11 61	30	3,330·0
Nov. 6	250·0	457·5	93 5 09	41	3,330 0
" 13	240·0	422·6	93 3·71	33	3,320 0
" 20	240·0	395·0	94 8·31	46	3,300·0
" 27	220 0	327 9	132 7·25	63	3,260·0
Dec 4	200 0	335·1	132 4·62	37	3,200·0
" 11	230·0	388·2	132 5 45	33	3,170·0
" 18	200 0	332 9	132 5·83	40	3,070 0
" 24	220·0	336·7	132 6·52	52	3,070·0
1965					
Jan. 1	190·0	336 7	132 5·39	28	3,000 0
" 8	180·0	310 5	132 5·81	31	2,930·0
" 15	170·0	321·2	132 5·68	20	2,850·0
" 22	160·0	306·0	131 10·84	57	2,750·0

* On January 22nd tenders for 91-day bills at £98 7s. 1d. secured 57 per cent, higher tenders being allotted in full. The offer for this week was for £160 million 91-day bills.

MONEY MARKET REPORT

At last week's Treasury bill tender the syndicate of discount houses changed its bid for the first time since the tender immediately following the increase in Bank rate to 7 per cent last November. Offerings of Treasury bills have fallen to a 12-year low and the houses' stocks of bills have been run down drastically. They needed to gain a bigger allotment of bills and by raising the agreed bid by 2d. to £98 7s. 1d. they achieved their objective, securing an allotment of 57% against only 20% for 91-day bills at the previous tender. The average rate of discount fell by 6.84d. to £6 11s. 10.84d. per cent.

Money was very tight in Lombard Street at the start of the week with the houses in special difficulties on Tuesday, when the weekly Inland Revenue payment, seasonally heavy at this time of the year, fell due. And a very large amount of help was forthcoming from the authorities to save the need for penal borrowing at the Bank of England. But, in the way that the money market often perplexes the outside observer, Wednesday provided a complete contrast with the authorities selling back to the houses a fairly large amount of bills to mop up surplus funds. Large government disbursements played their part in this sharp reversal, particularly surprising since it came near the end of the month when money is generally tight.

In New York the average rates of discount on three month and six month Treasury bills moved in opposite directions. On 91-day bills the rate moved up from 3.821% to 3.848%, while on the companion issue of 182-day bills it fell from 3.960% to 3.946%.

Bank of England Returns

(£ million)	Jan 29, 1964	Jan 20, 1965	Jan. 27, 1965
Discounts and advances	3 0	89 0	[illegible]4 0
Notes in circulation	2 398 9	2 581 3	2 [illegible]63 3

LONDON CLOSING EXCHANGE RATES

Spot

	Effective Limits	January 20	January 27
US $	2·78–2·82*	2·79 1/8–1/4	2 79 1/8–1/4
Canadian $		2·99 9/16–11/16	2 99 11/16–13/16
French Fr.	13 622–14·027	13 68–1/4	13 68 1/8–3/8
Swiss Fr.	11·94–12 54 7/8	12·05 3/4–06	12 07 1/4–1/2
Belgian Fr.	137·06–142 05	138 50–55	138 52 1/2–57 1/2
Dutch Gld.	9·98 3/4–10 28 1/2	10·02 7/8–3 1/8	10·03–1/4
W Ger. Dm.	11 037–11·365	11·10 5/8–7/8	11·11 1/4–1/2
Italian Lire	1725–1775	1,744–1/2	1744 3/8–7/8
Swedish Kr.	14·27 1/4–14·70	14·33 1/2–3/4	14 33 3/4–34
Danish Kr.	19 06 1/2–19 62	19·29 3/4–30	19 31–1/4
Austrian Sch.	72·25–73 345	72·12–15	72 12–15

* Official limits

Three Months Forward

	January 20	January 27
United States $	1 5/16–1 3/16c. pm	1 5/16–1 3/16c. pm
Canadian $	1 5/16–1 3/16c. pm	1 3/16–1 1/16c. pm
French Fr.	9 1/2–9c. pm	9 1/4–8 3/4c. pm
Swiss Fr.	12–11 1/2c pm	11 3/4–11 1/4c pm
Belgian Fr.	92–82c. pm	92–82c pm
Dutch Gld	8 3/4–8 1/2c. pm	8–7 3/4c. pm
W. German Dm.	10 1/4–9 3/4pf pm	10 1/4–10pf pm
Italian Lire	10 3/4–9 3/4 lire pm	10–9 lire pm

Gold Price at Fixing

	January 20	January 27
$ per fine oz	35·11–13	35·12–14

Investment Currencies

		January 20	January 27
Investment $ (London)	% pm	9 1/2	8 5/8
Security £ (New York)	% dis	0·3	0 2

BUDGET CASH FLOW

Exchequer Returns

£'000	Estimate 1964–65	April 1, 1963, to Jan. 25, 1964	April 1, 1964, to Jan. 23, 1965	Week ended Jan 25, 1964	Week ended Jan. 23, 1965
Ord. Revenue					
Income Tax	3,043 000	1,730,159	1,850,723	171,006	155,384
Other Revenue	4,412,000	3,303,898	3,652,458	69,399	90,914
Total	**7,455,000**	**5,034,057**	**5,503,181**	**240,405**	**246,298**
Ord. Expend.					
Supply Services	6,549,000	4,660,572	4,978,970	110,300	119,800
Other	839,000	459,263	647,578	7,052	291
Total	**7,388,000**	**5,319,835**	**5,626,548**	**117,352**	**120,091**
"Above-line" Surplus or Deficit		285,778	123,367	123,053 Cr	126,207 Cr
"Below-line" Expenditure		376 894	685,385	120,361	99,335
Total Surplus or Deficit		**662,672**	**808,752**	**243,414**	**225,542**

Non Market Borrowing

Net receipts from					
National Develop. Bonds			133,439		2,668
Tax Reserve Certificates		20,392	65,230	–41,129	38,574
Savings Certificates		15,300	16,700	300	1,000
Defence Bonds		13,921	56,618	902	1,603
Premium Savings Bonds		33.300	42,900	2,000	1,500
Total		**52,303**	**168,251**	**–38,527**	**–37,009**

* Net repayments to Civil Contingencies Fund £9 million in 1964–65 compared with £2 million in 1963–64

PRICES AND PAY

Prices of basic materials eased in December with falls in copper, tin and wool. The retail price index reflected seasonal increases in the price of household coal and, in the food group, dearer eggs, bacon and fish.

Wages continued to rise in December: railwaymen and motor vehicle workers were among those receiving increases. The half-yearly inquiry into weekly earnings last October showed, for men, that these averaged £18 2s. 2d., being 2.8 per cent higher than in April 1964 and 8.1 per cent higher than in October 1963.

	Month	Index: On original base		Index: 1958=100	Percentage change from: Previous month	Three months ago	Twelve months ago
Retail Prices			Jan. 16 1962=100				
All items	Dec.	109·2		117·7	+0 4	+1·3	+4·8
Food	"	109·9	"	113·6	+0·5	+1·7	+5·1
Drink and tobacco	"	109 8	"	119·6	Nil	Nil	+8·3
Housing	"	115·9	"	133·9	+0 1	+0 8	+5·2
Durable household goods	"	103·0	"	104·6	+0·1	+0·4	+2·6
Clothing and footwear	"	105 9	"	109·6	+0·1	+0·7	+1·9
Transport and vehicles	"	104·1	"	116·8	+0·1	+1·6	+3·2
Wholesale Prices			1954=100				
Basic materials	Dec.	103 9		107·0	–0·5	+0·8	+1·8
Fuel	"	138·9	"	107·6	+0·2	+0·4	+0·1
Manufactured goods	"	126·5	"	113·9	+0·1	+0·8	+4·1
Wage Rates			Jan. 31 1956 100				
All workers weekly	Dec.	142·7		125·2	+0 4	+0 8	+3·6
hourly	"	151·9		132·9	+0·8	+1·5	+4·7
Hours: (manufacturing)							
Normal weekly	Dec.	93·9	Jan. 31 1956=100	94·1	–0·5	–0·7	–1·1
Actual hours per head	Nov.	100·7	1962=100	98·2	Nil	–0·4	+0·1
Total operative hours	"	103·0	"	102 6	+0·1	+22 6	+1·0

Registered as a Newspaper. Authorised as Second Class Mail, Post Office Dept., Ottawa. Printed in England by St Clements Press Ltd London, E.C.4. Published by The Economist Newspaper Ltd., at 25 St James's Street, London S.W.1. Telephone: Whitehall [illegible]. Postage on this issue: U.K. [illegible] Overseas [illegible]

THAT?

IF YOU WANT TO

Do you know the
your product in Ja
where your market
know how to reach th
tively? Do you know what your competi-
tion is doing here? Are you familiar with
Japanese commercial practices,
financing procedures?

IF YOU WANT TO

Are you thoroughly familiar with every
Japanese manufacturer of the product
you're interested in? Are you confident

mation on
industrial
are selling

3-way trade
to participate
anywhere in
Our experience and long-
reputation for efficiency and
are your assurance that your
be fully protected and pur-
gift vision and imagination at all
details contact our

HEAD OFFICE: 3, 2-chome, Marunouchi, Higashi-ku, Osaka, Japan. Cables: MARUBENI OSAKA. Telex: OSAKA
Ohtemachi Building, 4, 1-chome, Ohtemachi, Chiyoda-ku, Tokyo, Japan. Cables: MARUBENI TOKYO. Telex: TK
OFFICE: Moor House, London Wall, London, E.C.2. Cables: MARUBENI LONDON. Telex: UK25285, 21716. Telephone: MET
MARUBENI

THE ECONOMIST THIS WEEK

THE YEAR THINGS FELL APART?

A new mood is haunting the United States—a desire to pursue the Great Society at home, and put "first things first" abroad. Europe too has its own new mood, an increasingly self-preoccupied one. The two halves of the western alliance seem to be gradually turning their backs on each other. This is the year for a last heave to create an organisation that can hold them together **page 509.**

CURE WORSE THAN THE DISEASE

General de Gaulle has raised his voice in favour of reforming the United Nations and the world's monetary system **page 515.** It is a sad day when *The Economist* feels moved to raise its voice against international monetary reform. But the changes for which the General is now openly pressing, as part of his anti-American diplomacy at large, would dangerously aggravate the strains on world payments, and specifically on the dollar and the American economy. So Britain and America in particular need to think hard and quickly about effective counter-ploys **page 567.**

EAST OF SUEZ, WEST OF SUEZ

Britain's Ministry of Defence believes that the main British defence effort will be "east of Suez" for ten or fifteen years to come. Should it be? Britain must fulfil its obligations around the Indian Ocean. But Europe and the Atlantic community remain Britain's foreign policy priorities—and must therefore be its defence priorities too. In the long term the protection of the Indian Ocean area is not a job for Britain solo, but for a joint western operation **page 512**

COLD COMFORT FOR MR HUMPHREY

Sir Winston Churchill's obsequies have enriched the relationship between Britain and America but revealed that the relationship between President Johnson and Vice-President Humphrey was not as rich as had been thought **page 533.**

CENSURE ON WHAT POLICY?

It looks as if for the rest of this year Labour may follow a pretty conservative economic policy; trying to cut government expenditure, though probably in the least desirable ways: perhaps increasing taxation still further, but without any clearly stated target of what they intend the growth rate for 1965 to be **page 511.**

AIRCRAFT INDUSTRIES IN DECLINE

Long-term economic trends militate against maintaining the world's aircraft industries at their present size. The decline in the United States, as well as Britain, is clearly to be seen **page 572.**

MR BUTLER'S MEMORIAL

Rab Butler, who has this week moved into academic life, leaves behind him an impressive memorial, even though he never reached the prime ministership; in the last twenty years, he has affected the course of domestic politics perhaps more profoundly than any other man, and for the better **page 514.**

THREE MONARCHIES

Queen Elizabeth's state visit is rousing *Ethiopians* to speculate again on the future of their own monarchy and ponder on the *British* constitutional version. While nothing much is expected to happen in Emperor Haile Selassie's lifetime, alliances are already forming to bolster his successor's position: republicanism dare not raise its voice yet **page 522.** In *Afghanistan*, King Mohammed Zahir, himself, is leading the movement in pursuit of constitutional monarchy: this now exists on paper and it has a good chance of existing in practice too **page 523.**

BLINDFOLD INTO AN ARAB BLAZE

West Germans have been dismayed to discover that unwittingly they have been plunged by Bonn into the middle of the Arab-Israeli arms battle. One of the consequences has been to give President Nasser a pretext for inviting the east German leader to Cairo **page 524.**

NEW SOLUTIONS FOR AMERICA'S OLD CITIES

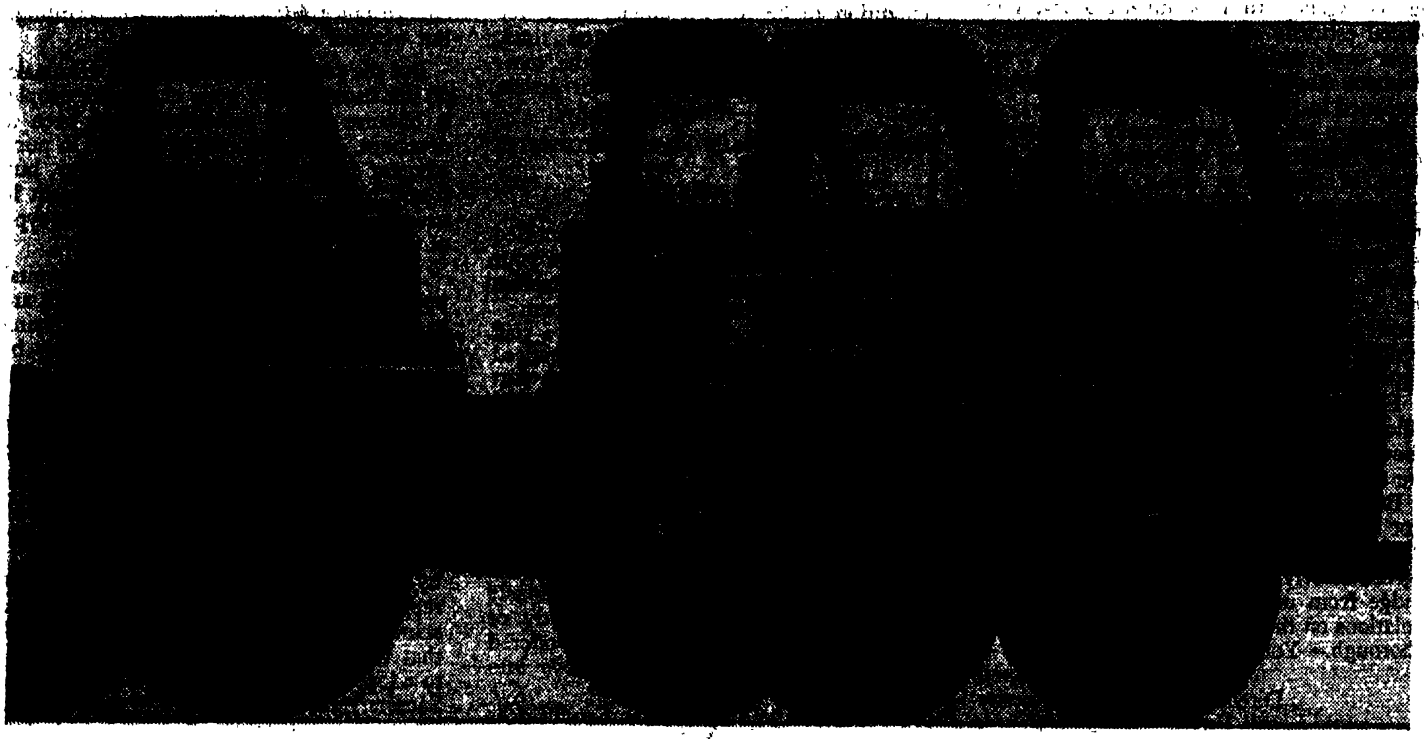
A survey of urban renewal in the United States, and of the lessons which Britain can learn from it, by members of *The Economist's* staff and by its correspondents page 539.

BUSINESS BRIEF: THE ECONOMIES OUT OF STEP

Economic trends in the major European countries and Japan differ widely. While in Italy there are signs that the worst of the recent sharp domestic recession is over, weaknesses in the French economy are daily becoming more glaring **page 570.**

THERE MUST BE A REASON WHY

you see more and more on the road



Have you noticed how many more Dodge Trucks you see on the road? Why this decided, this continuing swing to Dodge? What is it that puts it way out in front in its class? Is it because the Dodge has a greater payload potential, or is it the ability to maintain faster journey times? Is it because a Dodge is built through and through to give a longer working life of sustained operating efficiency? Maybe it's the less off-the-road maintenance time that's the appeal. We think a combination of all these attributes plus, of course, the fact that Dodge bring quality into a lower price bracket.

One thing is certain—those ever increasing numbers of operators who are changing up to Dodge see in their decision the means of putting their transport on a more efficient, more profitable basis.

Is there any reason why Dodge can't do more work in less time at lower cost for you? It's worth investigation.

The Dodge line-up covers gross laden weights from 6.25 tons to 24 tons and includes two and three-axle rigids, also tractor models. Six different capacity diesels from 236 to 470 cu. in . . . six different gearboxes — four, five and six-speed . . . sixteen different single and two-speed axles.

Two-axle models

Three-axle models

Tractor models

Dodge

DODGE BROTHERS (BRITAIN) LTD. CHRYSLER GREAT BRITAIN

Dodge Brothers (Britain) Ltd., Kew, Surrey

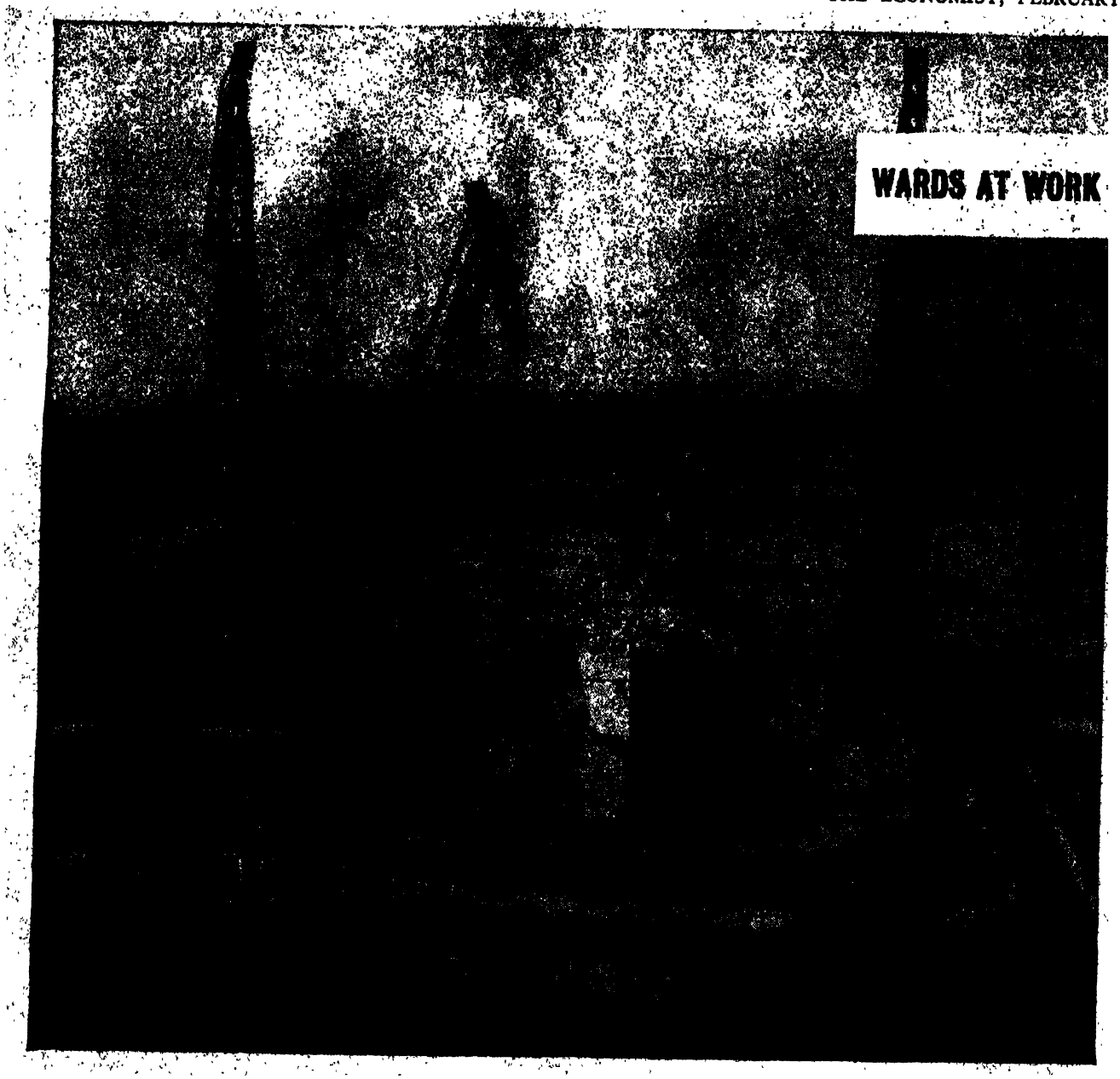
Why are more and more air-travelling businessmen going all Gallic?

UTA. Not that they pick this airline just for the French of it. The fact that UTA offers the only really full air coverage of Africa* is the first, practical reason. And then the Frenchness starts to get them. Flying UTA to Africa, one tycoon has it, is like enjoying a boulevard *apéritif* before the main meat of his business trip. And behind the *chic* of the Nina Ricci-suited stewardesses, behind the whole delicious *ambiance* of this French-est of all airlines, is another engaging Gallic characteristic. So punctilious is UTA's efficiency at such details as keeping strictly to schedule, it quite belies the charming manner in which it is exercised. And exercised, now, not just for the benefit of the off-to-Africa brigade. UTA's DC-8 jets cover a world network of busy business routes today, with destinations as distant as Paris and Papeete, Lagos and Los Angeles. As many an increasingly francophile executive will tell you, *Quel Savoir-Faire!*

Ask your Travel Agent about the services of UTA, the world's French-est airline

UTA ★ FRENCH AIRLINES COVERING 35 COUNTRIES AND 83 CITIES IN EUROPE · WEST, CENTRAL AND SOUTHERN AFRICA* MIDDLE AND FAR EAST · PACIFIC · AUSTRALIA AND NORTH AMERICA

177 Piccadilly, London W1. HYDe Park 1831. Manchester Office: Room 141 Royal Exchange, Manchester 2. Black[illegible] *[illegible] most air coverage of Africa in association with Air Afrique



Cranes along the Clyde

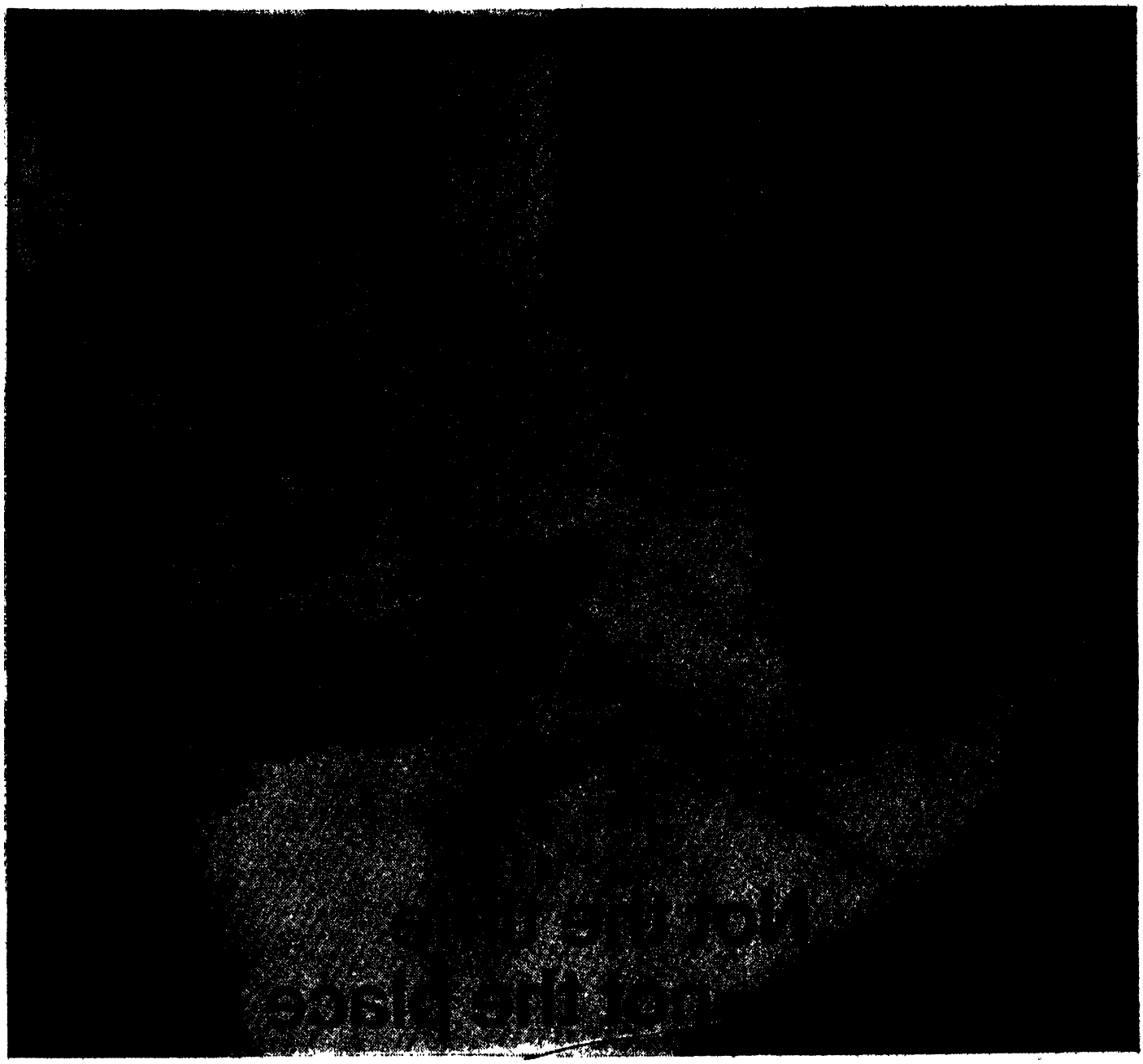
Many of the shipbuilding cranes that line the banks of the Clyde like fishing herons (or should it be cranes?) have been built by Butters of Glasgow. The photograph shows the installation of three of the four Butters Monotower cranes at the new Firth of Clyde Dry Dock.

Butters Bros. & Co. Ltd. build all types of large crane — derrick, overhead, tower, jib. Winches, too. Butters is one of three famous crane-building companies in the Ward Group, whose members are active in almost every branch of industry.

TWW THE WARD GROUP

Serving Industry Around the World **THE WARD GROUP**

Group Head Office: ALBION WORKS, SHEFFIELD *London Office:* CHESTERGATE HOUSE, VAUXHALL BRIDGE ROAD, S.W.1



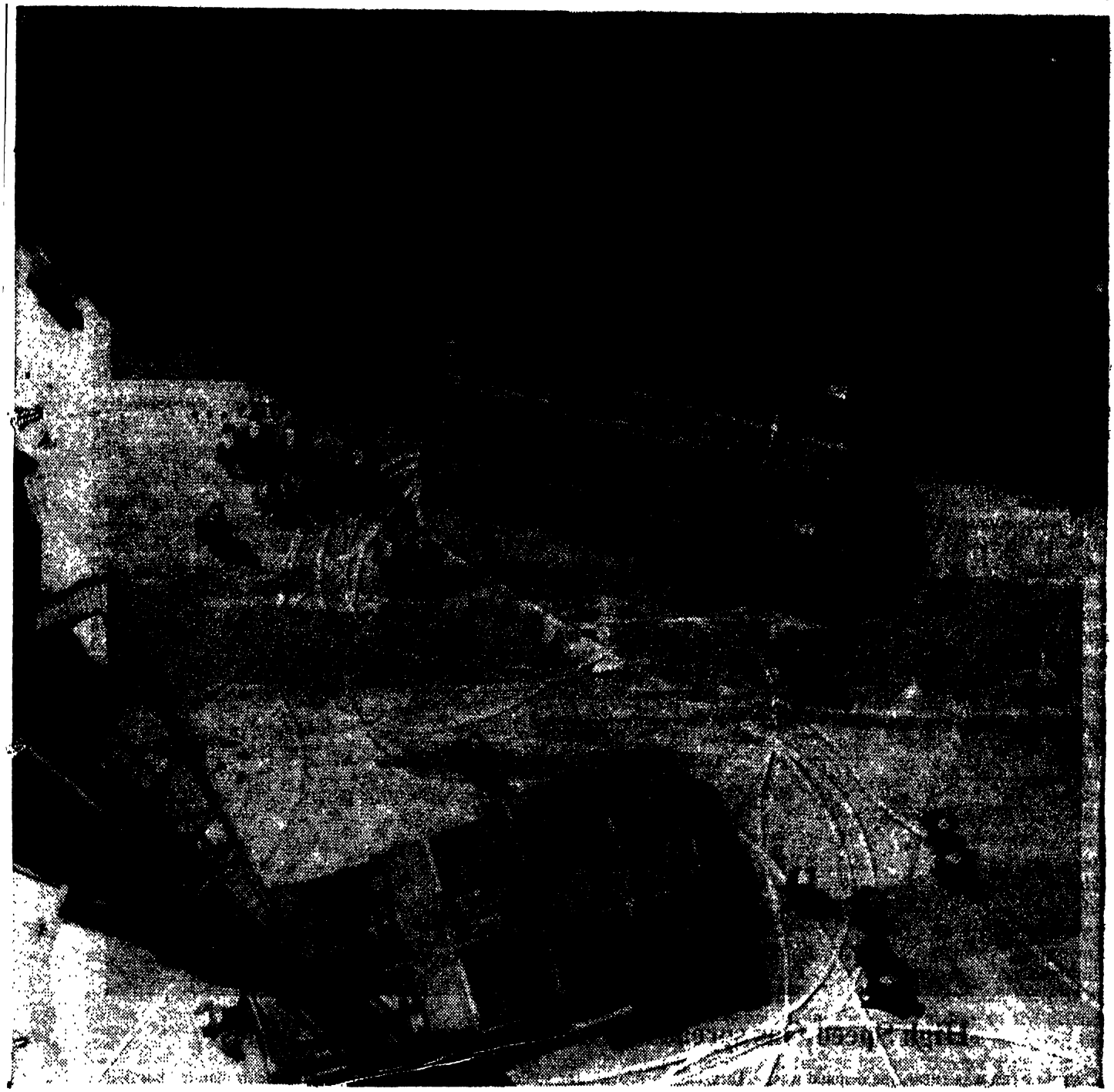
It eliminates vacuum tubes, transistors, diodes, resistors, capacitors, and a host of related components.
It is an integrated circuit.
It makes all things electronic smaller. Lighter.
But, more important, it does the same job far better. Makes things more reliable.
For the integrated circuit is the natural foe of failure.
North American Aviation/Autonetics Division was first to use integrated circuits in volume production.
In inertial navigation. Computers. Missile systems. Radar.
In doing this, NAA/Autonetics is setting a whole new standard of reliability in the electronics industry.
North American Aviation is also a leader in nuclear energy, rocketry, aviation, life sciences, and space flight.

North American Aviation

European Headquarters: North American Aviation S.A., 29 Rue de la Coulouvreniere, Geneva, Switzerland

Fighting fire from a turntable ladder is no job for top executives. It can be done far more efficiently from a desk—long before fire breaks out. The far-sighted management looks ahead and prepares a plan to prevent fire if possible, and to reduce it to a minimum if ever it should occur. Nothing in this plan is more important than the maintenance of effective fire-fighting equipment. In 1964, fire cost the nation over £70,000,000 and many lives—a tragically high price to pay for failure to look ahead.

No. 9 of a series issued by: Fire Protection Association, Queen Street, London EC4. Copies of the first seven advertisements in this series, arranged as a folder, are obtainable free on request to the F.P.A.



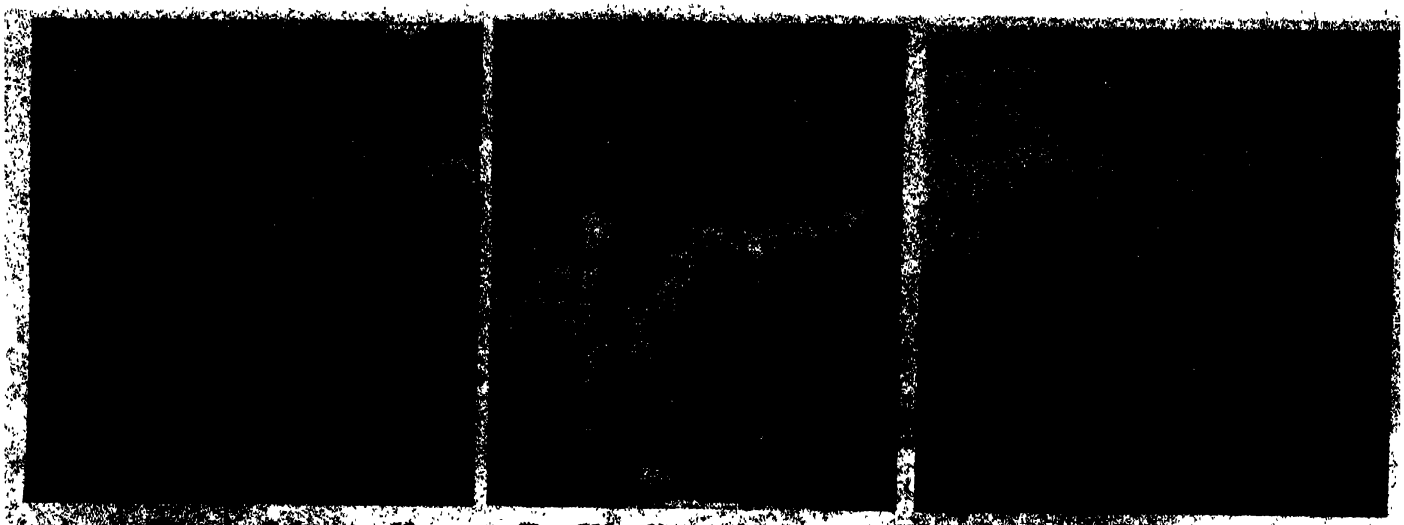
FIGHT FIRE BY PLANNING The main considerations of any fire-fighting plan should be: **provision of the right equipment, its correct siting and maintenance, and training of a competent staff to handle it.**

For **general protection** water is most effective. This may be directed by portable extinguishers, hose reels connected to hydrants or by automatic sprinkler systems which not only detect and fight fire automatically but also sound the alarm and may summon the fire brigade.

For **special risks**—e.g. flammable liquids such as paints, oils and solvents—foam, carbon dioxide, dry powder or water sprays should be used, according to the nature of the risk, from fixed installations or portable equipment. For electrical risks the power should be turned off first and the fire treated according to its nature.

All portable fire-fighting appliances should conform to British Standards and be approved by the Fire Offices' Committee, and every member of the staff should be trained to use the equipment.

Advice on choosing the correct equipment and on its use, can be obtained from the Chief Officer of your fire authority, your insurer or in publications obtainable from the Fire Protection Association.



From Llangollen to Pwllheli and across the Menai Straits . . .

High Speed Gas spreads its warmth around North Wales

THE NEED WAS THERE, the demand was there. The difficulty lay in the terrain. Rugged and romantic to the tourist, it presented a tough, practical challenge to the architects of the N. Wales grid. To supply the growing demand for High Speed Gas, the Wales Gas Board had to plan a complex and ambitious pipe-laying operation. They had to reckon with three major rivers, one hundred and twenty-seven streams and seven miles of solid rock and boulder in the Snowdon range. They had to provide for sufficient pressure to pass the gas over exceptional distances, and altitudes of up to 1,750 ft. above sea level. Despite these conditions, the first 180 miles of the North Wales grid, from Llangollen across the Menai Straits to Anglesey, were laid within a year. Now a further 52 miles links Llanrwst to Pwllheli, and St. Asaph to Ruthin; and spreads still farther the simplifying benefits of High Speed Gas to new industry and the people who live there.

The setting may be romantic, but the North Wales grid is a highly advanced and sophisticated technological achievement. Built to operate over long distances and at high pressures, it was the first major gas grid in Britain to use radio telemetering to control supply (you see above the new Telemetery Control Room at Rhyl). It is all part of the new pattern of Britain's gas industry, designed to meet a growing domestic and industrial demand fast, efficiently and fully.

In today's high speed world . . . the gas industry thinks of tomorrow.

The Economist

FEBRUARY 6, 1965

The Year Things Fell Apart? 509
Censure on What Policy? 511
East of Suez, West of Suez 512
Mr Butler's Memorial 514

COMMENTARY 515
General de Gaulle; Conferences; Parliament; By-Elections; Russia; Poland; Trade Unions; South-East England; Tanzania; Damages at Law; Churchill Trust.

THE WORLD

INTERNATIONAL REPORT
After the Lion 522
Afghanistan; Germany and the Middle East; Italy; Congo—I; Congo—II; India; Gibraltar; Syria; Kuwait.

AMERICAN SURVEY
Cold Comfort for Mr Humphrey 533
High Cost of Politics; Congress Bares Its Teeth; *Coup de Grace* in Vietnam?; Through 900; Men of Steel; States' State.

AMERICA'S CITIES Pages 539-557

BOOKS
Innocents at Home 560

LETTERS 501

BUSINESS
A Cure Worse than the Disease 567
Aircraft Industries in Decline 572

BUSINESS BRIEF 570
The Economies Out of Step.

INTERNATIONAL 573
Sterling; Canada's Car Deal; French Textiles; German Banks; Middle East Trade; Uranium; Montecatini; German Inflation; Soviet Economy; Nordic Banking; Brazil.

BRITAIN 582
Industrial Organisation; Steel Nationalisation; Insurance Commissions; Men's Magazines; Drugs; Iron Castings Prices; Two Irelands; Rayon Rides Again; House Building; Cancer Hazards; Decimalisation.

INVESTMENT 589
What a City Neddy Could Do; Gilt-Edged Market; Italy; Leyland Motors; Brokers' Circulars; Unit Trusts; Sea Diamond Corporation.

Annual Postal Subscription by ordinary mail UK £6; overseas £6 10s.; by air see page 606
VOLUME CCXIV - NUMBER 6337

The Year Things Fell Apart?

THIS article had better start by admitting that it is going to be blurred at the edges. It is not about something that has actually happened, or is definitely going to happen, but about a mood—or rather two moods, one in the United States and the other in western Europe. Moods are unpredictable things, capable like clouds of either gathering into thunder or vanishing into blue sky. The only thing that can safely be predicted about these apparent changes in the temper of America and Europe is that, if they do not vanish, the result for the western alliance in 1965 is liable to be bad weather. Separately, neither of the new moods might be much to worry about; together, they are.

No word coined to fit one set of circumstances ever fits another, and it is wrong to call the ideas that have been circulating in the United States in the last few months "isolationism." What seems to have happened is something much more subtle. For the first time since the war a large number of Americans who would certainly call themselves internationalists have suddenly been seized by doubt about the extent to which their country is able to shape the world in the way it would like, and have therefore decided it should limit its attempt to do so. To adapt a phrase of Senator Goldwater's, an embarrassed hesitation to exercise leadership has entered the American consciousness.

How much this is a result of the change from President Kennedy's cast of mind to President Johnson's, and how much it is due to all the unpleasant tangles American policy has got itself into lately in Vietnam, in the Congo and with General de Gaulle, is irrelevant. What matters are the consequences. These include the sharp drop since November in American pressure for a mixed-manned nuclear fleet in Nato; a growing desire to end what Mr Walter Lippmann calls "globalism and scatteration" in foreign policy in favour of a concentration on America's "primary vital interests"; and, above all, a slight but unmistakable tendency for Americans to turn inward, away from the monstrously intractable problems of the outside world, to the more straightforward task of building a Great Society at home. It is dangerous to read too much into a single year's budget, but the estimates Mr Johnson sent to Congress last month provide a symbol of sorts for this shift in emphasis. On the one hand, there is an extra $6,000 million for social services; on the other, a drop in the defence budget, and a foreign aid request that is not only the lowest on record but is almost certainly going to be cut still further because Senator Fulbright, for good but rather esoteric reasons of his own, has refused to shepherd it through Congress.

If all this were happening in a vacuum, it would make good enough sense and no more need be said. The present relaxation in the contest with the Soviet Union ought to make it possible for the United States to experiment with a quieter period of foreign policy—"low-pressure diplomacy" is the phrase our Washington correspondent quotes on page 533—and maybe even to reconsider some of its remoter entanglements. At bottom, the Americans have realised that the outcome of the contest with the Russians depends less on what happens in distant corners of the outside world than on which of their two economies first breaks through into real abundance for everybody. In this sense, Mr Johnson is entitled to claim that a diversion of resources from the foreign front to the home front is a perfectly sensible way of carrying on American foreign policy. He might add that, to judge by the difficulties the communists have got

themselves into lately in organising consumer-goods production, he has an excellent chance, with a more than head start, of beating them to the Great Society.

Unhappily, this has not been happening by itself. While this small but quite definite contraction of interest in the outside world has been taking place in the United States, something that looks ominously like the other side of the same coin has been happening in western Europe. To say that there has been a growth of "anti-Americanism" in Europe would be as inaccurate as to say that the Americans had gone isolationist. Once again, what has really happened is something subtler. The old anti-Americanism of the postwar years was a sort of class distinction; it was the resentment felt by poor Europeans towards rich Americans whom the Europeans nevertheless accepted as their absolutely essential defenders against the Russians. The new phenomenon is different—a growing habit among Europeans of defining both their problems and the solutions to them in narrowly European terms, without reference to the Americans. In its own way this, too, is a form of turning inward, a contraction of interest in the outside world.

This may sound dramatic; but the new mood shows itself in several different ways. It is visible, for instance, in the sharp growth of resentment in most of western Europe about the surge of American investment in the area. The reaction of people who feel resentful is not to reason sensibly that this American investment is one of the ways by which Europe can make itself rich enough to return the compliment with some big investment in American industry; it is to call for measures to restrain American investment. The same spirit shows itself in the number of people, not counting General de Gaulle himself, who can be heard arguing that the best solution of the present crisis in the western alliance is a new arrangement among the European members; in particular, the battered old idea is being revived of a bilateral nuclear arrangement between Britain and France—as if this would either create a credible nuclear force or solve the really basic problem of Germany's demand for equal status. Beneath both attitudes lies the same half-spoken feeling, that the Americans are outsiders in Europe. Now General de Gaulle has turned his fire on the dollar itself, with consequences that are discussed on page 567.

It is always a tricky business to tell whether a feeling of this sort is here to stay or whether it will fade like the morning mist. One can only report that there seem to be more people in Europe today who feel this way than there were a year ago. The trouble is that this apparently hardening mood is the context in which Europe will probably take its first steps towards political unification this year. There begins in the spring a series of talks among ministers of the six members of the European common market designed to set up machinery for political co-operation, and thus carry the common market, for the first time, beyond the bounds of economics.

Pretty certainly this machinery is going to reflect General de Gaulle's distaste for supranational organs, and will simply provide for regular consultation between separate, sovereign nation-states. Mr Spaak of Belgium, a supranational man himself, says in the current issue of the quarterly *Foreign Affairs* that "there is little chance of departing from the basic concept" of General de Gaulle's formula, and pins his hopes of eventually getting something more on a plea for a supranational Committee of Three that would advise—no more—the various national ministers. It therefore looks as if Europe's first steps to unity will be taken to gaullist marching music and, worse, to the accompaniment of a drum-beat of gaullist animus about Europe's relations with America.

This is a dangerous conjunction of events. If western Europe grows increasingly preoccupied with its internal business, and increasingly defensive of its interests, just when the United States also gives the impression of to some extent turning inwards on itself, the hope of Atlantic solidarity is in danger of dropping down the crack between them. And there is a serious danger that the two moods may work on each other in such a way that the gap between the two sides will get broader. Unless the Americans can explain quite clearly what they are about, a good many Europeans may only half-understand the talk about "vital American interests" and wonder whether Europe is vital to America. Unless the Europeans explain what they are about, a good many Americans may only half-understand the talk about "European self-sufficiency" and conclude they are no longer wanted in Europe. The result would be a mutual huff, and a hurt drawing apart. This is how friendships often end, not in a row but a welter of misunderstanding.

All this, needless to say, is spinning a tale of gloom that may never come true. As it happens, however, there is a test by which it ought to be possible to tell by the end of 1965 whether things really are moving in the gloomy direction. By the end of the year it should be apparent whether the common market talks on European union are going to produce a new six-country political organisation. By the end of the year it should also be apparent whether the alliance's long argument about nuclear reform is going to produce a new Atlantic nuclear organisation. If the European talks have succeeded, and the Atlantic ones failed, the unity of the alliance will have suffered a major psychological blow. It will have been demonstrated that the force that pulls nations together is still at work in continental western Europe, but that for wider Atlantic purposes its strength has failed. A symbolic event of that order generates its own chain of consequences: people draw their conclusions, and act on them. If this proves to be the symbolic event of 1965 in the West, the Atlantic will have reverted to being a token of the division between Europe and America, not of their unity.

There is no need to be apocalyptic. Even if this happens, the countries of western Europe and north America may still remember what they have in common, including their common interest in self-defence. But the alliance could never be quite the same again. There are perfectly good historical reasons why at this moment both Europeans and Americans should find themselves paying more attention to their internal affairs than they were a few years ago. The important thing is that, as they do so, they should also take care to strengthen the links that hold them together. This is the real reason why, unless someone can think of a better link, 1965 should be spent in fighting desperately hard for an Atlantic nuclear command.

Censure on What Policy?

Neither Labour nor the Conservatives have given clear indications of where they think British economic policy should go. But it seems quite possible that the government may move to still higher taxation

NOW that this week's censure debate on economic affairs is over, with the Liberals abstaining and Mr Wilson's government accordingly securing a majority of 17, bewildered outsiders will do well to clear their minds on what it ought to have been about. It is still very difficult to work out what economic policy the British government is supposed to be pursuing now, chiefly because ministers seem very unsure themselves.

The essence of the Labour case, as repeated *ad nauseam* since October, is not just that this government inherited from its predecessor a massive, once-for-all balance of payments deficit for 1964; nearly everybody has always agreed that a once-for-all deficit should be remediable by the stopgap measures of import surcharges and temporary crisis-level Bank rates, which are the main weapons that Labour has resorted to so far. Instead the charge against the Tories has been that they handed over an economy in basic imbalance, in which an extensive deficit would be likely to flare up again—after a time, at least—once these very temporary stopgaps have been withdrawn. That is what the battle-cry against "thirteen wasted years of Conservative rule" is all about. As *The Economist* argued at the time, and as nobody seems to have seriously denied since, there are five possible remedies for basic imbalance: devaluation; sizeable export incentives; a permanent check to the outflow of British capital abroad either by capital controls or by permanently higher interest rates; or a check to domestic spending by a short spell of full-scale deflation, on the (unproven but possible) hypothesis that various persistent ills in the British economy would then at last be shaken out. From these five possible remedies, the Labour government initially made a determined choice. This was that it was not going to choose any of them, although it did start to drift in November towards a half-deflation of the old (and in the past ineffective) stop-go type, while loudly proclaiming that it was doing nothing of the sort.

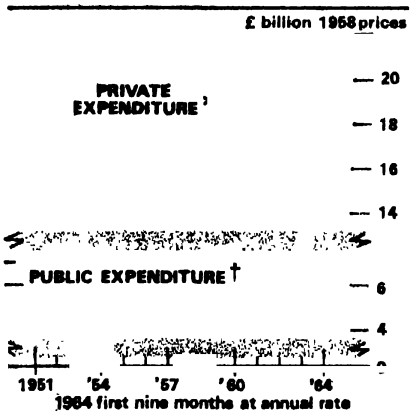
Since November two things have happened, one unexpected and the other generally foreseen. The generally foreseen thing is that some money has begun to come back to London now that British and foreign traders recognise that sterling is not going to be devalued and that interest rates here are so attractively high. There is therefore strong internal pressure that Bank rate should be reduced as soon as it has begun to do its work; there is also very strong external pressure that the import surcharges be reduced, even though they have as yet hardly started to work at all. The unexpected development, however, is that there is now some evidence that the deflationary measures, which the government imposed in November, did after all fall upon an economy in an emerging state of boom, although Mr Callaghan was unaware of this at the time. When he started his squeeze, the latest available indicators of industrial production were those for September, and they showed that production had stood still for nine months. But between September and that November, it is now known, industrial production was leaping by a full four points. The reins were after all put upon an apparently bounding horse, not one that was still languishing. It is therefore fair comment that the domestic economic situation for 1965 at present looks a little less deflationary than pessimists like *The Economist* had feared until a short time ago, or than the government was presumably planning for when it introduced its autumn measures (if it then had any plan at all).

WHAT, then, do the government and opposition now suggest should be done to remove the presumed basic imbalance? Labour mentioned two main policies, but it cannot really expect that either will work in 1965. One is to try gradually to increase industrial productivity by prodding and probing industrialists through the little Neddies; this is a long-term hope at best. The other is to place great reliance on the possibility of Mr Brown achieving an incomes policy. Everybody should hope that he succeeds. It is just possible that the treaties of intent to which he is now working may succeed, over a period of some years ahead, in inducing wage inflation to be 1 or 2 per cent per annum less rampant than it would otherwise have been. But meanwhile, for 1965 itself, the horse has already bolted out of the stable door; wage awards made by public authorities and others have set a pattern of wage inflation this year which is already much more than the economy can afford if costs per unit of output are to be kept stable.

The Conservatives' policy towards the presumed basic imbalance is just to hope that the damned thing will go away, or perhaps prove never to have existed. It is conceivable—such is the maddeningly shaky state of economic science—that they may be right. Nobody has been able to work out for certain how much of last year's deficit was due to an exceptional capital outflow in apprehension of the return of a Labour government, or to once-for-all stockpiling. One result of the recent leads-and-lags crisis is that British importers have already bought nearly all the foreign exchange that they will need for some months ahead, and it could be argued that the December trade figures suggested that we were near to equilibrium on current account payments already. But the government's own advisers certainly think that there is a basic imbalance, and Mr Wilson can hardly rest his policy for this year on the assumption that the things he has been saying about an "inherited Tory mess" have all been flaming lies. Moreover, non-party conservative, as distinct from party Conservative, opinion also thinks that there is a real state of basic imbalance. And one prominent conservative voice has

this week been in very full cry on what the government should do about it.

In possibly the most remarkable extra-departmental speech ever made by a Governor of the Bank of England, Lord Cromer this week told the government what it should do with its defence policies, its aid policies, its social policies, its other spending policies. It should cut them all down. This was because Lord Cromer believed that previous squeezes had fallen mainly on " private industry, finance and commerce—just those activities we wish to see grow " ; but he had " seen no comparable restraint " in expenditure by public authorities. Labour might justly reply that this may be because the Governor has not looked very far ; the actual levels in recent years of private spending and public authorities' spending are shown in the chart below. But this snarky comment is in a sense irrelevant to what may happen now, because, in the present order of things, the influence, prestige and authority of the Bank of England are undoubtedly very high, and necessary now to Mr Wilson.



*Absolute, not proportionate, changes are shown. * Consumer expenditure plus private investment at constant 1958 prices. † Public authorities' current and capital expenditure at constant 1958 prices.*

They are high because the government knows that it faces difficult immediate international negotiations both about how long the import surcharge can be allowed to continue without foreign retaliation, and about the renewal of three-month credits already drawn from last November's $3,000 million loan. And Lord Cromer's views are likely to coincide closely, and understandably, with what foreign bankers and governments believe should be done to the British economy. Some of the pressures of his opinions upon the government could be very sensible. There is a strong case for cutting back wasteful defence procurement expenditure, particularly if this can be done in a way that releases scarce skilled labour for other industries ; unfortunately, while Mr Wilson is being braver than the Conservatives would have been in trimming aircraft manufacture, he is trying to do it in a way that displaces as little skilled labour as possible (and, when one firm has announced that it will be sacking some workers, the government has got very cross). Again, Britain has long needed a recasting of its whole system of social services, in order to cut indiscriminate welfare spending for those not in need ; but Labour is committed to making the social services still more indiscriminate. One has a ghastly apprehension that the sort of cuts in public spending to which this government may resort are cuts in things that might cause the least political fuss, such as slowing down new road building, which is precisely the most productive type of spending that ought now to be increased.

THE prospect for the year ahead now looks like being for conservative economic policies carried out in a Labour way. These may even include further increases in personal taxation in the budget, all tied in to Mr Brown's vague new " plan " for increasing gross domestic product by 25 per cent between 1964 and 1970 (which is itself marginally less than a compound growth rate of 4 per cent per annum), but without anybody being specifically told what the target for growth is in any particular year. This is a long way away from the policy on which Mr Wilson and the Labour party fought the election last October.

East of Suez, West of Suez

Britain's future lies in Europe. It must carry its share of the burden of guarding the Indian Ocean—but only its share

"EAST OF SUEZ" is a phrase loved by most British politicians. At one time the symbol of British imperialism, it has now made an unexpected return to favour in the debate on Britain's future defence structure. Not only is Britain's main defence effort concentrated east of Suez right now ; it is the view of the Minister of Defence and his advisers that it will go on being concentrated there for the next ten or fifteen years. Should it be ? Or would this amount to a violation of Britain's foreign policy priorities ? The defence white paper that Mr Healey is to publish on February 16th will be judged more than anything else by the light it casts on this central issue of British defence policy.

Already some 50,000 British servicemen are engaged in confronting President Sukarno, and there are another 15,000 or 20,000 in Aden, the Persian Gulf and Hongkong. Between them the Middle East and south-east Asia absorb more army battalions than the Rhine Army does. In the absence of any breakdown of the defence budget by bases or theatres of operation, it is difficult to say how much Britain's eastern commitments cost, but the fact that something like 50 per cent of defence expenditure goes on men and movements indicates the price that has to be paid for the maintenance of a logistics system stretching half-way round the world. In face of these figures it might seem that to regard the main British defence commitment as lying east of Suez is only the rationalisation, realistic or not, of an existing situation. Indeed, is a situation that is likely to require more rather than less British forces in the area ; the British government apparently intends to ask its allies for permission to regard the Rhine Army as part of a reserve that can be switched to the Indian Ocean if need be.

The question that has to be asked is whether the present position can, or should, continue for the ten or fifteen years envisaged by the planners. For if the Ministry of Defence

were to plan on the basis of commitments that disappear before its projects are realised, it would merely be continuing the hopeless post-1945 chase in which military deployment has never quite caught up with political realities. Above all, decisions about the degree of British political commitment in the Indian Ocean should not be made just for the sake of using a defence structure that happens to be weighted in that direction. The operations that put down the east African mutinies a year ago gave great consumer satisfaction, and therefore provided a tempting precedent for a unified Ministry of Defence to show off its paces and for politicians to assert Britain's place in the world. But such feelings, natural though they are, are not a sufficient guide to future British policy.

What are Britain's commitments east of Suez likely to be even five years hence? By then the Malaysian confrontation will almost certainly have either reached a full-scale crisis or else been settled. If things were no different from now, it could be said with certainty that the objectives of British and Malaysian policy would have to be scrutinised very carefully indeed. If Indonesian policies do not change after President Sukarno leaves the scene, Britain's course of action will depend on American policy. Indeed, at any time, an American decision to retreat from south-east Asia would make the British position in Malaysia untenable. While Britain must carry out its commitment to support Malaysia against Indonesian attacks, the indefinite prolongation of the necessity for such support will defeat its original political objectives. It is hard to imagine that, in ten or fifteen years' time, there will still be British troops in Malaysia.

In Aden and the Persian Gulf the British presence is likely to be still shorter lived, though Aden may last as a staging post for some time. In the long run, the best chance of safeguarding Britain's oil supplies lies in the fact that there is a buyer's market in oil, and the connected fact that no single Arab country is likely to establish itself in a dominant position in the area. The presence of British forces can never be a substitute for a workable long-term political settlement of the problems of the sheikhdoms fringing the Arabian peninsula.

THERE remains one other kind of military operation that British forces might reasonably be asked to take part in. Unless things change quite remarkably, there are pretty certainly going to be occasions in the next few years when countries in Africa and Asia will ask for military help against aggression of one form or another, and it will sometimes be in the interest of the West as a whole—not just Britain—to be in a position to give this help. There is little point in trying to specify which countries might ask for help, or what sort of help they might ask for, or how long this situation might go on. The answers to all these questions depend more on how China's policy develops than on anything the rest of us do. Most people would agree on the need to preserve an independent and democratic India, and in some circumstances this could also involve helping countries on the line of approach to India. In these circumstances, the phrase "to be in a position to give help" acquires a very specific meaning indeed. It means that forces must be available—and in a position to launch operations—to cover a remarkably wide range of possible emergencies.

Simply to define the problem in this way does a lot to define what Britain's part in solving it ought to be. None of this is an exclusively British concern, and the responsibility for dealing with it ought not to be exclusively British. It is, or ought to be, a common western enterprise. There is certainly a case for arguing that Britain, given its local knowledge and the present disposition of its forces, should play a major part in the first stages of this joint enterprise; an abrupt British withdrawal would leave an impossible vacuum of power in the Indian Ocean. But in the longer run a British presence east of Suez will make sense only as part of a combined operation that also involves, first, the United States and then, if possible, other European countries that recognise their interests in what happens around the Indian Ocean. Any attempt to keep the area as still a specifically British preserve will end by dislocating Britain's defence effort, and that in turn will mean a broken-backed foreign policy.

GIVEN all this, it seems very unlikely that a British defence effort of the present size east of Suez will be prolonged far into the nineteen-seventies. Nor should it be. What Britain is doing east of Suez is not taking on a new national function as a world power (which is what Mr Wilson made it sound like on television on Monday) but properly clearing up some pieces of unfinished business, of both obligation and interest, left over from an earlier era. These pieces of business must be cleared up, but it is not in this direction that Britain's real future in the world lies. Ultimately, Britain's future will be bound up with a united Europe and with the United States, and any military operations it is asked to conduct east of Suez must be conducted in that context. Britain cannot drop its commitments east of Suez before making sure either that they have been satisfactorily completed, or that there is someone else ready to take them on. But there is all the difference in the world between believing this and believing that the major British effort will be made in eastern waters for the best part of the next generation.

Obliged though Britain surely is to support Malaysia, the fact remains that, in any real sense, Britain's frontier lies in Europe and not in the jungles of north Borneo. The extent to which British foreign policy has been relegated to limbo by the failure to enter the European common market should be some indication of where its interests lie. At bottom, the endeavour to invoke events east of Suez as a compensation for this failure is an attempt to confute the facts of geography and economics by the memory of past history. Perhaps there is little that can be done right now to pursue Britain's national future in Europe, but it is at least possible to avoid a defence structure that is likely to prove irrelevant to the country's long-term needs and that may even give the impression of neglecting them altogether.

Defence policy must be the result and accompaniment of foreign policy. At present there is a danger that the two will split different ways, which will be both frustrating and impracticable. The western alliance has nothing to gain if Britain wears itself out by taking on a role that provides no firm basis for its national future and no answer for its fundamental problems. Britain has still its large and useful part to play in the world, but only if, according to its resources and ability, it puts first things first—which means putting its main effort into Europe and the Atlantic community, and operating effectively and responsibly elsewhere as a member of that community.

Mr Butler's Memorial

As he goes from active party politics, to become Master of Trinity College, Cambridge, and a life peer, Mr Butler's contribution to British political life deserves to be rated at its high worth

In the past twenty years Rab Butler has affected the course of domestic British politics perhaps more profoundly than any other man, and for the better. There can be argument how far Conservative rethinking in 1945-51 would have gone without him, but he undoubtedly provided the main intellectual drive. More important, if any other Tory had been made Chancellor of the Exchequer in 1951 (the alternative was then supposed to be Oliver Lyttelton), the Conservative come-back of that time would have been as short-lived as the Labour come-back of 1964 may now threaten to be. The years between 1951-55—which saw a switch from the siege and austerity and ration-book economy to the market economy—were the one period when anything was really achieved in postwar British economic government. Critics will say that he failed to lay sufficiently careful foundations to enable the impetus of that first successful Conservative dash for freedom and expansion to be maintained; but—as this is a week for looking back to might-have-beens—much of the blame might well be laid by future historians on the two lines of policy that his colleagues rejected. First, in 1952-54 Mr Butler had wanted to set the exchange rate of sterling freer to float, because he foresaw that otherwise, as the world moved inevitably into a regime of greater convertibility, intermittent capital movements out of a banking currency might be met inappositely by domestic deflation. Secondly, in 1956 he bitterly opposed the withdrawal of investment allowances by his successor, Mr Macmillan, because he feared that this would impose an illogical and dangerous fixed investment cycle on top of an economy which might otherwise be fairly easy to control. These two misfortunes have been great bugbears of the British economy since 1955; many of us, who did not agree with him at the time, would now give judgment that Mr Butler was right.

It is fashionable to say that Mr Butler did not stand up firmly enough for his corner. Clearly, he made a mistake (perhaps, for his own future, a decisive one) in leaving the Exchequer in 1955. Understandably, he infuriated both left and right (and both Winston Churchill and Lord Salisbury, as well as Anthony Eden) by his attitude to the Suez adventure, from which he would himself probably have abstained, not on grounds of principle but on the practical truth that it would not work. Very likely, he should have refused to serve under Sir Alec Douglas-Home in 1963, in which case he might well himself have managed to form a government and might then have won last year's election for the Tories. Yet on each occasion, if one believes in the safe and strife-free evolutionary growth of a progressive Conservatism, one can see the arguments for the line he took: this was the tragedy of a man with considerable personal ambition, but who was too rational a weigher of possible pros and conceivably gigantic cons to have the ruthlessness which short-term tacticians say should attend it. As Home Secretary, he rather waddled towards progress, and the equivocation of some of his utterances maddened his most liberal admirers; yet here too his period of office did wed Conservatism to modern policies in the end, as he had earlier done in the fields of economics and education (and was later to do in Central Africa). Generally, those Tories who blocked his final step to the top were either small-minded or emotional men. An exception among his antagonists, and the one who slammed the door in the end, was Harold Macmillan, who was in most respects a very big man, but who had for long cultivated a bogus image of non-intellectuality within his own party by throwing Mr Butler to the Tories' least attractive wolves. It was the last infirmity of the old *poseur* that by 1963 Mr Macmillan had acted himself into believing that in this case the wolves were justified.

Mr Butler thus retires to Trinity, as perhaps the only man in history who is generally blamed for not quite becoming Britain's Prime Minister. Some contemporaries will say that it is the final condemnation of the present-day Tory party that they could not quite accept this man as their leader. But historians will pronounce that without him, during these last extraordinary two decades, it would not have become natural for so large a part of the decisive middle section of intelligent opinion to associate the concept of progress with a party which calls itself Conservative. And this, for any servant of party and state, is a pretty immense memorial.

The Economist

FEBRUARY 4, 1865

PEACE IN AMERICA?

¶ During the past week the public mind has been a good deal disturbed by vague rumours of the probability of an early, if not almost immediate, termination of the American conflict. The dread, rather than the wish, has in this instance, we think, been the fosterer, if not the father, to that thought. Fear is often more sanguine than Hope in the anticipations it is prone to form. . . . Large owners of cotton at half-a-crown a pound may be nervous at the bare possibility of a catastrophe which would reduce the value of the stocks one-half, and might entail something like ruin upon the weaker among them. . . . We believe that there is little real warrant for this *extreme* alarm, or for the expectation of any sudden or speedy change in the position of affairs. . . . In the first place, there are few symptoms of actual *discouragement* among the Confederates. They are under a cloud; and the fortune of war has of late gone heavily against them. But they have still large armies in the field; they have still the ablest generals of the Republic in their ranks. . . . Then, too we must remember that all the leaders in the Southern Confederacy are men too deeply compromised to have any future at all, except what ultimate success may yield them. . . . Lastly, though numbers on both sides may be sick of the conflict,—though thousands in the North as well as in the South would be willing enough to end it, if terms of accommodation could be devised,—and though hundreds of thousands everywhere bitterly regret that it was ever entered upon;—yet, so far as we can learn, no Southerner is one whit inclined to ask for a peace on conditions which bring him or his State again under Northern rule, and no leading Federal is prepared to offer peace on the condition of accepting a dissolution of the Union. The original object of the war has not lost its original dearness to either of the combatants. Peace at the price of submission has no charms for the Confederates. Peace at the price of disruption has no charms for the Northerners.

COMMENTARY

GENERAL DE GAULLE

Golden Cross of Lorraine

PRESIDENT DE GAULLE changed targets in his press conference on Thursday afternoon. The Nato mixed-manned nuclear force, or its Atlantic version, is on the shelf at any rate for the time being. He could therefore afford to be serene and generous on the European front. There was even a kind word for Mr Wilson. Only a channel, not a mountain, he said, separated Britain from France. Nor had he any need to be tough to the Germans on this occasion. But the absence of any immediate threat or veto does not mean that the general has, in any way, altered his policies. In a long review of the German problem, he insisted time and again that it is a European problem which can be solved only by Europeans within the framework of a Europe from the Atlantic to the Urals. It seems clear that the general is sticking, *suaviter in modo*, to his established European programme. It follows equally that he will remain *fortiter in re*.

Nor does the present truce mean that France cannot take initiatives. Indeed, General de Gaulle launched two projects in his conference. In an historical survey of international organisations, he claimed that the United Nations must return to its first principles and to the San Francisco charter. He suggested that this could be done through a conference in Geneva grouping the original Big Five (but with China this time meaning communist China), a conference which could naturally tackle other questions as well. Secondly, since there seems to be a pause in military controversies, the general has now turned his attention to the economic front. In a long lecture on the virtues of gold he made it plain that Mr Giscard d'Estaing's proposals for reforming the international monetary system are merely transitional. The final aim is, quite simply, a return to the gold standard—and to a world in which neither the dollar nor the United States plays a central part. This major issue is discussed on page 567.

CONFERENCES

How to Nonfer

ON Monday the United Nations Assembly once more postponed its date with fate. On Wednesday Mr Harold Wilson cancelled his plan to go to New York next week to address it. The Assembly has been in a state of suspended animation since its session began on December 1st, and the prospect of this session being completely abandoned already looms large. However, there is one consoling thought for the disheartened delegates at Turtle Bay. They are not alone. It seems that this is a year in which all efforts to convene major international gatherings are doomed to encounter delay and difficulty.

Funny things are happening to people on their way to all kinds of international forum. The Russians are still having to wrestle with objections to their project of a meeting of communist parties on March 1st. Neither the overthrow of Mr Khrushchev, nor the postponing of the projected meeting from the original date in December, has enabled Moscow to obtain the wholehearted support of even those communist parties that are clearly on its side in its fight with Peking. Not that China is doing any better. For four years it had been trying to induce the Afro-Asian governments to hold a "second Bandung" summit conference. This was finally—it seemed—fixed to open at Algiers on March 10th. But now the Afro-Asian summit cannot be expected to take shape before late May. Not only has the construction of the necessary buildings in Algiers been delayed by strikes; the long wrangle about who should be invited is not ended, and late May may yet be too soon.

The Organisation of African Unity has recently had to abandon scheduled meetings for lack of a quorum. And the "eighteen-nation" disarmament talks at Geneva (which have always been one short) have lingered in limbo since September. By custom, they are resumed after the UN Assembly has completed its annual disarmament debate—which may not now be held at all. To be indefinitely suspended in a state of datelessness is a disorientating experience, and one must sympathise with the frustrated would-be conferers. But perhaps the new tendency to delay or abandon conferences is really a subtle way of carrying out the promise given by all the governments to make 1965 an International Co-operation Year.

PARLIAMENT

No Confidence?

TUESDAY'S debate on the motion of censure was decidedly noisy, as though both parties were trying to convince themselves and each other that this was a very important parliamentary occasion. Sir Alec Douglas-Home's opening speech looked better in Hansard than it sounded on the occasion. In delivery it was tepid, reminding one of a newspaper article forecasting the general outlines of Sir Alec's forthcoming speech on the motion of censure—read live by the appropriate actor with the appropriate finger-wagging. The Labour back benches, led from just below the gangway by Mr Shinwell, interrupted fairly frequently; they rarely rose to their feet to do this, preferring to keep up a constant stream of barracking from a sitting posture.

When the Prime Minister replied, however, the Conservatives adopted the tactic of leaping to their feet with a succession of bogus points of order. Mr Wilson's strategy was plain. Throughout his speech he wisely concentrated on Sir Alec as the Conservatives' weakest electoral link, repeatedly saying that he would give way to him but to nobody else, referring to the presence of all the Conservative heirs apparent and presumptive on the Opposition front bench as making the debate a sort of "Conservative selection committee without the wives" and generally making his theme, when he could, politics rather than policy. The House rapidly emptied as Mr Grimond began to speak; the debate then dropped from a level of high excitement, and remained there until the closing speeches—Mr Maudling and Mr Brown saying that if it were not out of order they would be calling each other liars. By then the noise had started again.

It was difficult to judge whether the Conservatives really are intent yet on a policy of harrying this weakened government into its grave. Mr Grimond said they are not; that what the Tories want—until they have rebuilt their policies—"is a Labour government in office and the Liberals to blame." But the Tories' attitude in future will probably depend on how the latest batch of by-elections (see below) has gone. On Tuesday, one felt that the Conservatives still feared that the recent swings at Leyton and Nuneaton were simply too good to be true.

BY-ELECTIONS

Second Test

BY-ELECTIONS were taking place in three Conservative-held seats as *The Economist* went to press. Their importance is that, if they should show another net swing from Labour (and Liberal ?) to Conservative, the Tories may indeed go flat out in Parliament to try to force Labour into an early general election. The Conservatives should normally be at a disadvantage in these seats. Although they have been widely advertised as safely Conservative, the accompanying table shows that two of the three (Salisbury and Altrincham-Sale) were in fact held by the Tories last October with less than 50 per cent of the total vote; moreover, in each of these two the Conservatives might be expected to be hit this time by the appearance of what might in ordinary circumstances be a weightier-than-usual independent candidate. Indeed, before Leyton, the Conservatives were seriously afraid that they would lose Salisbury. Now, in their present euphoria, they (and the Liberals) are hoping that East Grinstead might become the fifth constituency in the country (after North Cornwall, North Devon, Bodmin and Orpington) where Labour might lose its deposit.

PERCENTAGE OF POLL LAST OCTOBER

	Con.	Labour	Liberal	Con majority
Salisbury.....	48·3	34 4	17 3	+13·9
Altrincham-Sale	46·8	28 0	25 2	+18 8
East Grinstead.	53·2	19 8	27 0	+26·2

The results will be watched the more closely because the other two ex-Conservative seats which are now empty are by no means safe havens. At Roxburgh last October the Conservatives had a majority of only 3.9 per cent over the Liberals; at Saffron Walden, Mr Butler (aided by some personal vote) had a majority of just 11.9 per cent over Labour.

RUSSIA

Khrushchevism That Pays?

TWO items in *Pravda* on January 31st throw some light on the way in which the new Russian leaders intend to apply the doctrine of coexistence. One was the announcement of the visit to North Vietnam of a big Soviet delegation headed by Mr Kosygin, the prime minister; he was due to set off on Thursday and may possibly have some contacts with the Chinese leaders during his stop-over in Peking. The other was an article welcoming the idea of closer contacts between Russia and the United States. The simultaneous publication of these two items, which will not have been accidental, demonstrates how the new men in the Kremlin are trying to implement a policy that their Chinese critics describe as "Khrushchevism without Khrushchev."

When President Johnson invited the Russian leaders to Washington in his State of the Union message last month, the iciness of the Soviet response suggested that the new Russian leaders wanted to show that they did not share their predecessor's passion for foreign travel. Yet what most communist critics held against Mr Khrushchev was not so much his desire for closer contacts with Washington as the price he was alleged to be willing to pay for agreement. The war in Vietnam, where the Americans are now very hard pressed, provides his successors with an opportunity to show that coexistence does not necessarily rule out an occasional victory for communism. The Americans look like losing the last trump card they thought they still held, namely, the threat to bomb North Vietnam without a major danger of Vietnamese or Chinese retaliation. Mr Kosygin is virtually certain to proclaim in Hanoi that such attacks would involve the risk of nuclear escalation. In exchange, the Russians may well urge the North Vietnamese not to push their present military advantage in the south too far. They may also hope to convince the United States that the only way to break the Vietnamese deadlock is through an international conference.

The Russian leaders are now obviously trying to whip up support for the preparatory meeting for a world communist conference which is to be held in Moscow on March 1st. Mr Brezhnev stayed behind in Poland after last month's Warsaw Pact meeting for talks with Mr Gomulka. On January 29th he went, with Mr Podgorny, to Budapest. The new leaders are trying not to make March 1st seem such a fateful date of schism as December 15th—the date of Mr Khrushchev's proposed meeting—seemed to be. It would strengthen their position if they could argue that theirs is a Khrushchevism that pays—even in Asia.

POLAND

The Cardinal Sounds Off

IN several east European countries, notably Hungary and Jugoslavia, there is an encouraging if cautious trend towards improving relations with the Roman Catholic church. The same cannot be said about Poland—the most important Roman Catholic country under communist rule. The understanding that Mr Gomulka reached with the church when he came to power nearly nine years ago has not proved hard-wearing. In recent years church-state relations have grown more and more uneasy, and the Polish primate, Cardinal Wyszynski, seems to be increasingly moved to sound off against the state from his pulpit. His latest blast, made in a sermon preached on Sunday, January 31st, was particularly outspoken.

The cardinal chose not to confine his fire to specific grievances, like the restrictions that the authorities are allegedly placing on religious education; he attacked on a much wider front:

> How long do we have to work until a citizen in his own country becomes really a citizen, not a slave, a prisoner all the time suspected . . . ?

In the same way, he demanded in his Christmas Day sermon that the state should respect the United Nations Declaration on Human Rights, which Poland has signed.

By using his pulpit to champion not only the rights of his church, as he sees them, but also those of the individual against the totalitarian state, Cardinal Wyszynski is drawing heavily on the uniquely strong position of the Roman Catholic church in communist Poland. He will almost certainly go on getting away with it, if only because the church is so strong and he himself such a commanding national figure. But for precisely the same reasons, it will be exceptionally hard to reach any lasting settlement of church-state relations that is satisfactory to both sides.

TRADE UNIONS

Chairman's Choice

THIS week the Government introduced its short bill to restore to trade union officials protection against the ordinary rules of law, which they thought they had enjoyed before the House of Lords decision a year ago in the celebrated case of Rookes v. Barnard. As Labour had promised this bill to its trade union supporters, there need be no surprise about it; but there should still be opposition. For the bill will remove from individual union members some opportunities of legal recourse against occasionally oppressive actions by union officials, which the Rookes judgment gave to them. At the same time Mr Wilson has announced the terms of reference for the wide-ranging Royal Commission which is to examine the role of trade unions and employers' organisations in "promoting the interests of their members and in accelerating the social and economic advance of the nation." He has also announced that the chairman of the Royal Commission is to be Lord Donovan, a Lord of Appeal.

As a former Labour MP, first raised to the Bench under Mr Attlee's government in 1950, Lord Donovan is something of a rarity among the senior judiciary. He was also a member of the three-man Court of Appeal which, in 1962, found in favour of the trade union official, Mr Barnard, at one stage in that *cause célèbre*; it was this court which unanimously reversed the decision of a judge and jury in the court of first instance which had found in favour of the complainant Mr Rookes. This decision by the then Lord Justice Donovan and his colleagues was subsequently reversed in its turn by the House of Lords: which is where everyone came in. To recall this is not to imply that Lord Donovan is a bad choice; he is immensely respected by all

ROUND THE WORLD

48 or 54 days from £850*

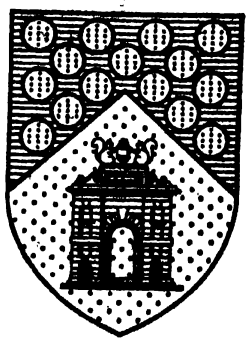
First see India, Siam and Hong Kong—then three routes to choose from; visit Japan, Honolulu, California, Mexico and New York; or take in Australia, New Zealand, Tahiti and Los Angeles; or see Australia, Tahiti, the American West, Chicago and the Great Lakes, Eastern Canada and New York. Take your pick—each trip is personally planned for you as an exclusive yet inclusive tour with air travel by Air France Boeing Jet Intercontinental or other scheduled flights (economy jet or tourist class), private cars for land travel, and first class hotels everywhere. Ask your travel agent for Welcome Tours brochure giving details of eight different tours, or write to Welcome Tours Dept. EC

*Under certain conditions and subject to Government approval this price may be substantially reduced for groups of five or more travelling together.

à la carte Service

AIR FRANCE, 158 NEW BOND STREET W1
London GRO 9030 Birmingham CEN 0291/4 Manchester DEA 7831/5
Glasgow CEN 8064/5/6 Dublin DUBLIN 79073

AIR FRANCE
THE WORLD'S LARGEST AIR NETWORK



National Provincial Bank Limited

Chairman:
David John Robarts, Esq.

Deputy Chairmen:
Sir Frederick William Leith-Ross, G.C.M.G., K.C.B.
Sir Ivan Arthur Rice Stedeford, G.B.E.

Chief General Manager:
W. Lynn

Joint General Managers:
F. A. Vaughan, R. F. Smith, W. B. Davidson,
G. V. Jones, C. W. M. Young, K. J. Cruickshank

Head Office: 15 Bishopsgate, London, E.C.2

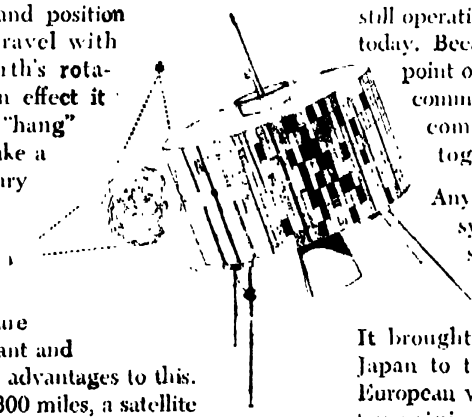
Overseas Branch: 1 Princes Street, London, E.C.2

Trustee Department: 35 Basinghall Street, London E.C.2

The Astounding Story of the "Stand Still" Satellites

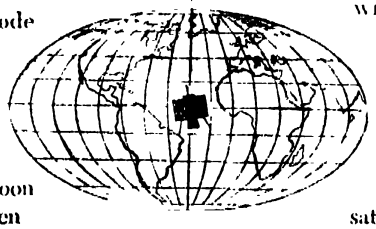
Early Bird — the world's first "public satellite" — is scheduled to be positioned over the Atlantic for Comsat and the International Consortium. It can be a major step toward a true worldwide television and telephone system — useful 24 hours of every day to any nation on earth.

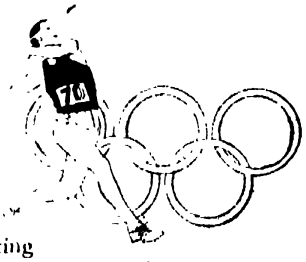
There was more than a little skepticism in 1959 when Hughes Aircraft Company engineers began work on a synchronous or "stand still" communications satellite. The problem was to boost a satellite to a precise altitude of 22,300 miles and position it to travel with the earth's rotation. In effect it would "hang" there like a stationary "star."



There are important and unique advantages to this. At 22,300 miles, a satellite can look down and see over a third of the earth's surface. Because it is "parked" it can be used at any time, for as long as desired. And just three satellites could cover the world, instead of upwards of thirty which are required with types that orbit the globe.

Thus a great deal rode with the first synchronous satellite (Syncom) when it was launched on July 26, 1963. But any skepticism soon evaporated. It has been an unprecedented success and is



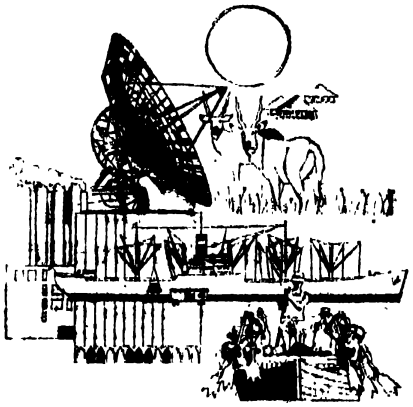


still operating today. Because it "stands still" over a point on earth, it has amassed more communications time than all other communications satellites put together.

Any lingering questions about the synchronous satellite were resolved on September 11, 1964 when another Syncom was "parked" over the Pacific. It brought the Olympics "live" from Japan to the United States. In turn, European viewers saw high-fidelity TV transmissions of the Games many hours earlier than ever before possible.

The Early Bird satellite will be history's first "Public Satellite" — available for you to use. Using the Syncom concept, it will be able to bring you important events on television as they happen, and without interruption at any time. It will also virtually double trans-Atlantic telephone capacity.

But most important, it represents the type of satellite which will enable the nations of four continents — Europe, Africa, North and South America — to enjoy uninterrupted communications with each other. Specifically, smaller and emerging nations could join the communications network with comparatively simple and inexpensive ground facilities. The benefits which this factor can bring stretch the imagination. Vastly increased levels of trade activity must follow. As, too, the creation of greater mutual understanding between peoples.



The Hughes Aircraft Company is proud of the success of the Syncom and the trust placed in the coming Early Bird satellite. They represent achievements which reflect the company's role in applying science to the service of man.

HUGHES

HUGHES AIRCRAFT COMPANY

members of his generally conservative profession. But it is important—if this inquiry is to be accepted as a searching and balanced one—that he should be flanked on the commission by other members with a different background of past political and reformist opinions.

SOUTH-EAST ENGLAND

One More Statement

EVERYONE knows that more houses are going to have to be built quickly in south-east England, and the present Government's supposed re-appraisal of the "South East Study" made for the last government cannot diminish the amount of building needed. Mr Crossman has now understood this. He has agreed in principle to three of the proposed expansion schemes—at Ipswich, Peterborough and Northampton—and to the building of a new town in North Buckinghamshire. The study had proposed the expansion of Bletchley; but Buckinghamshire County Council has its own more dashing scheme for a new city of 250,000 with its new suburbanites commuting into it on a monorail system. If, as Mr Crossman suggested, the New Towns Act were used for these schemes, under present rules the land for them would be acquired at market value less any increase inspired by the development scheme itself. This is just what Sir Keith Joseph suggested last year. Much more controversial would be the introduction of development corporations into county boroughs like Ipswich and Northampton. But this does not mean that controversy should be burked; it is clear that the usual machinery for town expansions could not do the job fast enough.

These and other plans for the south east are simply a matter of providing houses for people who will be shifted from London itself by redevelopment or natural increase. The big unanswered question is whether the scale of public investment demanded to relieve the prosperous regions can be sustained at the same time as the investment desired to make prosperous the poor regions. Regional planning implies comparative investment decisions. Those have not yet come.

TANZANIA

Who, Us?

WHATEVER in the world, Tanzanians are asking, have they done to make so many westerners think that Dar-es-Salaam is becoming a Chinese communist capital? Well, for one thing, Tanzania has allowed shipments of Chinese communist arms to go through its territory for use by the rebel armies in the Congo. Even if this is true, the Tanzanian reply goes, the question to ask about guns is not who supplies them, but whose fingers are on the triggers. Then it becomes a familiar-sounding question of whether the rebels are fighting "for Africa," or "for the Chinese communists." But how can the West complain about a possible advantage for the Chinese in the Congo fighting, Africans might ask, when its own first reaction to the union of Tanganyika and Zanzibar a year ago was to claim this as a move to the West's advantage? Non-alignment, runs the argument, means fair whacks for both sides.

The list of grievances covers many pages. Tanzania has become excessively prone to expel, or otherwise harass, British and American citizens; two American diplomats were forced to leave on January 17th. But, the Tanzanians reply, there are still many thousands of Europeans, most of them British, living happily in the united republic. There may be Chinese communist diplomats, but their numbers are strictly limited—while much of Tanzania's commerce and industry is owned and operated, Tanzania is happy to acknowledge, by British firms.

Perhaps some of the difficulty lies in the special relationship the West once foolishly told itself it could expect from Dr Nyerere. Like most of his fellow-presidents, Dr Nyerere cannot afford to be anything other than a straightforward African nationalist, and one seen by the radicals behind him to be practising the creed to the full. This, perhaps, is why the west Germans, who also seek a special relationship with a country that was once a German colony, are so disappointed that Tanzania is not throwing the east German envoy in Zanzibar out. The Tanzanians say they cannot understand why what they have promised, which is to continue recognising west Germany and to shift the easterner in Zanzibar to the status of an unofficial consul-general in Dar-es-Salaam—does not satisfy Bonn. Non-alignment is not an easy lot.

DAMAGES AT LAW

Judge or Jury?

A REALLY rather silly motion has been put down in the Commons by a strong group of Labour MPs, apparently with government support. The motion deplores a judgment of the Court of Appeal which would, in effect, take the duty of assessing damages for personal injuries out of the hands of juries and impose it upon the judges. The silliness of the motion lies in its implication that the judges are in some way seeking to arrogate to themselves a power that Parliament has not charged them with. This is not the point at all. Indeed—setting aside the fact that only a small proportion of injury cases are in fact heard before juries—there is nothing that the judges would like better than to be relieved of the delicate and onerous task of assessing the value of a crushed foot, or the monetary compensation called for by loss of memory.

The law in England consists partly of parliamentary statutes, and partly of previous decisions of the courts. The courts of appeal are from time to time asked to sort out decisions in injury cases by juries in lower courts that are clearly incompatible with other decisions—which makes the task of the judges of appeal quite exceptionally difficult. Juries will sometimes give greater compensation than judges: but they will sometimes give less. Jurymen are not the best qualified people to estimate, even on actuarial advice, the true worth of a particular injury, or to assess the monetary value of personal distress. What is needed, in this branch of the law as in every other, is an arrangement that combines fairness with certainty—one of the greatest advantages of certainty being that it may keep the parties to a dispute about injury compensation free of all the expensive and time-consuming rigmarole of the court (to everyone's benefit save the lawyers'). The right remedy for inadequacy (if inadequacy there be) in compensation for industrial injuries should be to provide the judges with better actuarial advice about the money value of injuries, so that they can apply their rules and precedents in the light of all the circumstances. The unpredictability of jury decisions can only make life more difficult, for the injured as much as for the courts.

CHURCHILL TRUST

Less Than Kind

OF all contemporary British statesmen it can be said with some assurance that it was Winston Churchill whose sympathies were the widest. He was an architect of Anglo-American friendship, a supporter of the Commonwealth, but also a believer in the future of Europe, the first British statesman to propose a union with France—and the first, as Dr Adenauer said at the time of his death, to stretch out a hand to welcome Germany back into the comity of nations. If he was an honorary citizen of the United States, he was also a recipient of the German Charlemagne prize and, in France, a Companion of Liberation. His honours, like his activities, were international, restricted by no considerations of national frontier or language barrier. It is therefore a pity that the Winston Churchill Memorial Trust, whose establishment was announced on Monday by Earl Alexander, should have its scope restricted to America and the Commonwealth.

Travelling fellowships are badly needed, not merely as between English-speaking countries, but as between different countries in general. A foundation to promote international understanding should not be confined to peoples whom historical accident has caused to speak English. The Churchill Trust is, in fact, in danger of making the same mistake as the Rhodes foundation has made, by refusing since the war to reopen its scholarships to Germans. And it is an unfortunate start for a fund we should all like to support that Earl Alexander, when questioned about its extent, should have replied that, if it were opened to other countries, "it would become a thing run by the United Nations, an appalling thought." A little Churchillian generosity would seem in order here.

Earning currency improving service

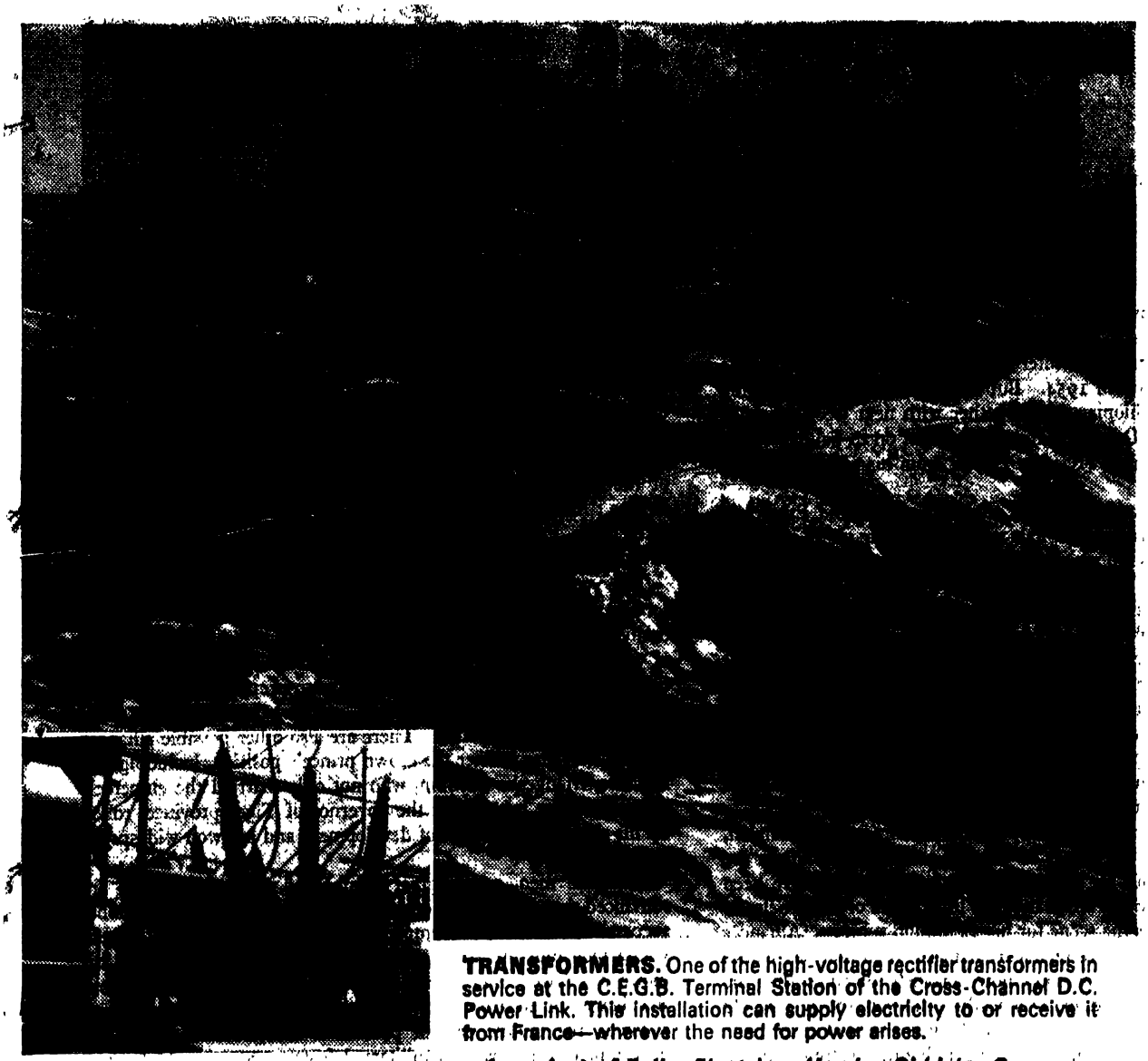
TRIDENT. Maintaining BEA in the forefront of international air carriers, this aircraft daily links London and Paris.

A product of Hawker Siddeley Aviation.

Links with

abroad: at home

CONCEIVED BY BRITISH SCIENCE
DESIGNED AND DEVELOPED
BY BRITISH ENGINEERS,
BUILT BY BRITISH CRAFTSMEN



TRANSFORMERS. One of the high-voltage rectifier transformers in service at the C.E.G.B. Terminal Station of the Cross-Channel D.C. Power Link. This installation can supply electricity to or receive it from France—wherever the need for power arises.

A product of Fuller Electric, a Hawker Siddeley Company.

Europe

HAWKER SIDDELEY

THE WORLD INTERNATIONAL REPORT

After the Lion

Emperor and Crown Prince

FROM OUR EAST AFRICAN CORRESPONDENT

Addis Ababa

WITH byzantine craft and tortuousness, people are finding ulterior motives to gild this week's visit of the Queen and the Duke of Edinburgh to Ethiopia. On the surface it is a pleasant escape from the English winter and a return for the Emperor's state visit to London in 1954. But the suspicious minds of some analysts see the Ethiopian trip, together with next week's visit to the Sudan and the Duke of Edinburgh's flight on to Saudi Arabia, as an attempt to isolate President Nasser from his southern neighbours.

Probably more pertinent to the royal progress round Ethiopia's cotton estates and ancient capitals are the opposing views in Addis Ababa about the use to which the visit should be put. Those close to the 72-year-old emperor hope that the lesson will be that, since the monarchy in Britain has long been a stabilising influence, Ethiopia should likewise jealously guard its hereditary system. Others maintain, with a generous dash of wishful thinking, that the royal visit will be followed by the liberalisation of the emperor's regime. They argue that the emperor is giving his appreciation to the workings of constitutional monarchy in Britain as a prelude to devolving more power on his own cabinet and parliament. The protestation of such hopes illustrates the intense concern in Addis Ababa about the future of the monarchy.

The queen has made the emperor an honorary field marshal, and probably there are plenty of years of active service left in the old warrior yet. But for some time now, manœuvrings have been going on against the day when the neat little figure of Haile Selassie no longer dominates the scene for his 22 million subjects. Alliances between men who hope to take a front place when that day comes are becoming visible. Nobody now seriously disputes that the throne will pass, on the emperor's death, to his son, the 49-year-old crown prince, Asfa Wossen, who, since he was anointed many years ago, has had the solid support of the influential Coptic church. There was a period when the prince was thought too ineffectual to rule and the emperor was said to favour instead one or other of his grandsons. These rumours reached a critical stage in December, 1960, when, during the emperor's absence abroad, officers of his bodyguard staged a short-lived coup d'état, during which they proclaimed the crown prince the head of the new government and forced him to broadcast on their behalf. It was feared for a time that all trust was lost between father and son.

But the emperor has now made plain his intention that his son should follow him. For many years the crown prince has been the governor of Wollo province, but without being allowed much elbow room to confirm his vague reputation as a reformist; the change is that recently he has been deputising for his father in hearing court appeals and in all the ribbon-cutting kind of ceremonies. Perhaps more important, powerful figures are now discernible who are likely to buttress the prince through the awkward days of transition. These include the emperor's son-in-law, Abiye Abebe, now president of the senate after years spent running the difficult province of Eritrea; Asrate Kassa, a member of the royal family who has now taken over Eritrea; and the defence minister, General Merid Mengesha.

Two years ago, these modern aristocrats signed a petition calling for vague constitutional reforms; they recently renewed the petition orally. The true reformers, a set of younger educated men, many of whom moved into the government after the 1960 revolt brought unfulfilled hope of early change, now seem prepared to watch their elders lay the next few stepping-stones towards a modern state. Their time will come later. There are also other possible alliances of men who may bolster the crown prince's position, including, for instance, Mengesha Seyoum, who not only married the emperor's grand-daughter but has, as the governor of Tigre province, rolled up his sleeves in the cause of development and has won widespread popularity.

All these men, and a great number of ordinary citizens, are convinced that chaos might ensue if there were any less conventional succession. Because the emperor channelled so many intelligent young men into the army, there was a belief at one time that his motto was *"Après moi les soldats."* This belief has now gone, but the danger of an army coup has remained. Ethiopia could have followed the middle eastern pattern of soldiers taking over the government in the wake of military defeats: a year ago the frustrations over the inglorious campaign against the Somalis in Ogaden brought that danger closer. But recently there has been an urgent reorganisation of the army, including the retirement of 2,000 men, many of them septuagenarians who were reluctant to exchange military prestige for a mere pension.

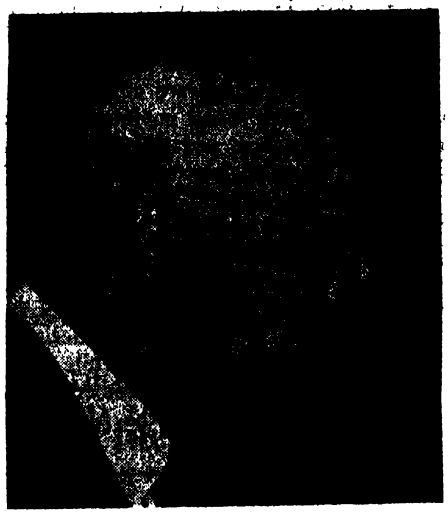
There is also the threat of Ethiopia's financial collapse as the new demands of the social services press hard. The country is beginning to provide a school system and a health service that it may

eventually be proud of in African circles, but the economy needs stimulating if the extra revenue this calls for is to be found. Perhaps one motive behind the invitation to the Queen is the hope of drawing more British investment into Ethiopian agriculture and stock breeding: so far the amount of British money available has been unimpressive. Little is heard of outright republicans in Ethiopia. With the procession of fraternal presidents arriving at Addis Ababa's Africa Hall during the past year, seeds of republicanism have doubtless been sown. But if these grow, they will grow under the scrutiny of many eyes alert for hereries. Since his rule began, 48 years ago, Emperor Haile Selassie has learnt many ways of keeping heretical heads respectfully low.

AFGHANISTAN

Kabul's New Men

BY OUR SPECIAL CORRESPONDENT LATELY IN AFGHANISTAN



King Mohammed Zahir

IN January, 1842, a British army set out in retreat from Kabul. A week later, a solitary survivor of Afghan bullets and Afghan cold stumbled into Jellalabad and into every Victorian schoolboy's history book. In January, 1965, your correspondent made the reverse journey, all 150 miles from the Khyber pass to Kabul, in less than five hours along a superbly engineered road begun by Americans and now being completed by Afghans.

That is Afghanistan. The country that still sticks in British minds—if it sticks there at all—as a land of rifle-toting tribesmen somewhere beyond the North-West Frontier is in fact a developing modern state. The development is not exclusively economic. On a middle-class base that is still desperately thin, Afghan leaders, led by King Mohammed Zahir, have been trying since early 1963 to construct a working democracy.

They are brave men. After all, most Afghans are indeed still tribesmen, and at least nine-tenths of them cannot read. The country has seen two abortive attempts at modernisation. In the 1920s religious conservatism defeated King Amanullah, an Ataturk without the means or the iron will. A brief growth of liberalism from 1949 to 1952 was sharply cut down when it began to threaten the authority of the royal family, among whom at that time the king was little more than a figurehead.

For ten years thereafter, the king's cousin, Sardar Daud, held Afghanistan in an autocratic grip. It wasn't tyranny; and, though he is out of favour now, history will see Daud as a moderniser who prepared his own downfall (and retired peacefully when it came). But it was too much for the rising intelligentsia. Their pressure, and the disastrous economic effect of Daud's sharpening of the "Pushtunistan" quarrel with Pakistan—the borders were closed and Afghan trade plummeted—gave the king his chance. Daud was pushed out, and a commoner, Dr Mohammed Yusuf, became prime minister.

Last autumn the new men presented their new constitution. It provides for a constitutional monarchy; an elected lower house and partly elected upper house; a government whose ministers will be outside parliament but can be questioned there, and which can be overthrown by parliamentary vote. It guarantees basic human rights; the right to form political parties; a free press; an independent judiciary. It also bars any member of the royal family but the king himself from political power.

None of these things exists today, and just putting them on paper will not bring them about. The startling thing about Afghanistan is that the new men really seem to mean it. King Mohammed Zahir is a man apparently actively and genuinely interested in becoming no more than a constitutional monarch. If the new prime minister is criticised it is for not being tough enough.

The intellectuals are now waiting to see whether the laws being prepared to spell out the constitution's promises will live up to them. Will the number of political parties be restricted? Possibly; all must in any case conform to the values embodied in the constitution, which include Islam—so there will be no communist party, presumably. Will the right to own and publish newspapers be restricted? Probably not, though there are likely to be more limits on what may actually be published than might be acceptable in Fleet Street. Above all, will the spirit of the laws and the constitution be respected in their implementation?

The new men mean it. Yet everywhere one detects a consciousness of the risks. What is being offered is a peaceful revolution. What is a free press in a city whose 300,000 people now have a choice of four daily papers (one in English mainly for foreigners, one a Pushtunistan propaganda sheet) with a total circulation well under 40,000, all partly or wholly owned or financed by the government? An independent daily could hope today to cover just a third of its costs. The (government) news agency has just set up a (government) advertising agency to help; most of the potential advertisers will be government-owned too.

Perhaps the press must be subsidised. But is the government to subsidise every one of the tiny-circulation rags of personal opinion that it gloomily foresees? And this is in Kabul. The country's remaining 12 to 14 million people support a total daily paper circulation of 40,000. The new graduates in journalism who have just emerged from Kabul university should clearly not be short of jobs. But who will supply the means?

There is equal doubt about political parties, which in any case will not operate in the elections due this summer. What is political freedom in a society where politics has largely meant tribal consensus, administrative decision and police power? Six men talking round a stove? The obvious growth point is the university. But the government does not want Kabul's 3,000 or so students to develop into the over-political animals that students are elsewhere. The country would be better off, its leaders feel, if each student stuck to his (government-chosen) course of study before graduating to his (government-allocated) job in this or that government ministry.

This pervasive "government" is no fault of the new men. It is the way Afghanistan has been run. But it is a poor breeding ground for democracy. Potential centres of countervailing power barely exist. Private industrial capitalism is effectively represented by one immigrant American. A tiny class of entrepreneurs is just starting to grow up within the semi-public corporations that run most import and export trade. Until now, virtually all graduates have automatically entered government service.

These are western concepts. The pluralism that does exist in Afghan society is of a sort that has not helped western-style democracy work elsewhere: the power of religious leaders, curbed but not broken by Daud; a dozen ethnic divisions; two major and several minor languages; massive physical barriers between regions.

It is in this context, more than the familiar cold war one, that Russian-American competition to develop Afghanistan has been significant. For a country so small, Afghanistan has received an extraordinary amount of foreign aid: currently around £22 million a year from Russia, £14 million from the Americans, while the west Germans are committed to some £15 million for the current five-year plan. Much of the money has gone on roads: nearly half in the first plan (1957-62) and an estimated third in the current plan. Within the next two years, however, the roadbuilding programme (basically, American southwards and eastwards, Russian northwards) will be complete. The Afghan planners, turning towards more obviously productive projects, are now in the familiar argument over priorities as between agriculture and industry.

At present, industry seems to be winning. This looks as if it might have ideological implications; in fact, it owes more to the sheer difficulty of planning agriculture in a country whose basic statistics are as uncertain as its small farmers are unplannable. Though Americans still show the predictable fear that Russian economic penetration may mean political satellitism, Afghanistan at present is an example of the political failure of economic infiltration, as the Russians themselves may be realising. Within the Afghan cabinet, those who feel that perhaps they are getting a little too much in hock to the Russians are now supposedly in the ascendant. Certainly, though Russia is a natural market and source of supply, the Afghans are attempting to expand non-communist trade.

So far, British participation in all this is negligible. The giant embassy compound built by Curzon to overawe Kabul is no longer virtually forbidden to Afghans as it was by Daud. But even well informed Afghans (who summarise their country's relations with Britain before independence came in 1919 as "you locked us up in a box and threw the key away") still imagine they detect [illegible] towards their coun[illegible] in Britain. Many of their university faculties are affiliated [illegible] foreign universities; but, they say, they found no interest in [illegible]tain. The British do supply some teachers and are expanding [illegible]ir cultural activities in Kabul. When Afghanistan joined the [illegible]lombo plan in 1963, it automatically raised its claim to [illegible] aid and two projects totalling £[illegible]70,000 have been agr[illegible] In London there [illegible] a feeling tha[illegible] further projects would be easier if t[illegible] Afghans could decide more firmly just what they want. But p[illegible]haps Afghanistan, one of the few countries in the world voluntarily moving towards ideals that the West values, is a case that it would be worth while leaning over backwards to help. And Britons might remember that, though they have long forgotten the Afghan [illegible]r, the Afghans have not.

GERMANY AND THE MIDDLE EAST

Secret Steps to a Squabble

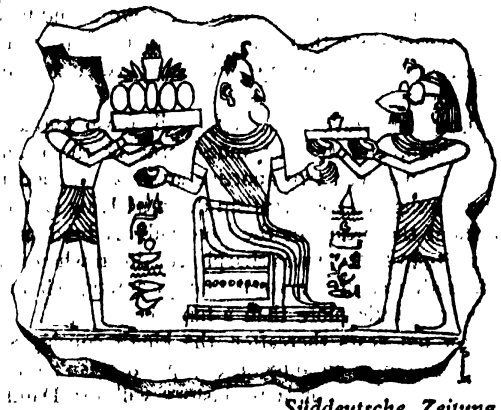
FROM OUR BONN CORRESPONDENT

NOBODY has yet recalled the contemptuous interjection that startled applauding deputies at question time in the Bundestag on November 4th. It came from Herr Herbert Wehner, voicing the uneasy conscience of the Social Democrats: "A self-castrated parliament," he scoffed, "is clapping because it is not being told anything." Herr Carstens, state secretary at the foreign ministry, who had been put up to answer the Berliner who wanted to know why west Germany had not yet entered into normal diplomatic relations with Israel, went on suavely elaborating that the subject was too delicate to ventilate in plenary session.

Regardless of Herr Wehner's scorn, the Christian Democrats applauded again when the uncommunicative state secretary sat down. Yet had parliament and press been able to penetrate earlier the secrecy that has long obscured much of Bonn's dealings with Israel, it is unlikely they would have let the government give President Nasser so easy a pretext as he has been given for inviting Herr Ulbricht, the east German leader, to Cairo on February 26th. With genuine disquiet, the German public have these days been hearing for the first time—solely from the press, and mainly through the *New York Times*—of their government's secret arrangements, in agreement with other western powers, to supply Israel with arms and military equipment worth some 320 million marks, of which some 200 million marks had been accounted for by the end of 1964.

The German commitment was made at a meeting between Dr Adenauer and Mr Ben-Gurion in New York in March, 1960, when Herr Strauss was still defence minister. Since then, west German agencies have been shipping to Tel Aviv German-built aircraft, naval vessels, armoured vehicles, signalling equipment, and, with Washington's express permission, eleven of the M-48 tanks which Germany bought from the United States a few years ago. Technical instruction has been offered with the goods. A detachment of 45 Israeli officers and NCOs, for instance, attended a course at the Bundeswehr weapons training school at Munster in November and December. Too late to placate Cairo in its search for an excuse for keeping questionable company, German public opinion is disturbed that payment of restitution to the Jews should in part be taking this dubious form. There is a growing demand that the government should proscribe the export of arms to the Middle East. There is also evidence of awakening public curiosity concerning the scale and possible anomalies of German military aid to Ethiopia, Somalia, Tanzania, Nigeria, Guinea, and Malagasy.

The west German ambassador to Cairo confirmed in Bonn on Tuesday that President Nasser is not going to be persuaded to ask Herr Ulbricht to cancel his visit. This will be the east German



Süddeutsche Zeitung

Bearers of gifts (middle Nasser era)

Good morning British Industry. Read here about the straight facts of the combined fuels supply and service offered by Shell-Mex and B.P.

Headline news for forward-looking executives. Here are two kinds of vital fuels combined into one energetic fuelling service. Big plus factor: unbiased advice on the right fuel for the right job.

TURN TO THE BUSINESS PAGES. Read of the successful companies. They took advantage of Shell-Mex and B.P.'s unbiased advice. Today can be your day for stepping towards success. This morning you should telephone or write to Shell-Mex and B.P. Ltd and find out how they can change your operations for the better. You'll never look back.

A service for industry. We are right at hand with the right fuelling advice for firing whatever plans you have in mind. Because we have integrated two kinds of fuels into a single *fuelling service*, we have widened the scope for pin-pointing the right fuel for you whether you require conversion to oil-firing for furnace firing, steam raising and central heating, or if you wish to investigate the interesting present and exciting future of LPG (liquefied petroleum gases).

It's a wide range: fuels for a multitude of purposes . . . all highly efficient and forward looking; fuels operating independently of mains allowing you to operate in remote areas. And the offer of the attendant services of our Industrial Fuels Superintendents.

Skilled engineers. Call us and enlist the expertise of an Industrial Fuels Superintendent. Let this skilled fuels engineer prove how economically oil fuel and LPG can get your business moving and your ideas into production.

LPG (Liquefied Petroleum Gases)

LPG demand new thinking. Progressive companies have already met with tremendous success using either or both of Shell-Mex and B.P.'s vital twins: Propagas propane and Bottogas butane. Precise and energetic fuels. Ask the Industrial Fuels Superintendent about them. He will tell you how useful the Ceramic, Metal, Farming and Building industries find them. Propagas and Bottogas can be delivered in tanker loads for site storage or in portable 10 to 100 lb containers from a nationwide dealer network. You'll find a use for LPG in your company.

His first job (in the case of conversion from other types of fuel) is to conduct a survey and efficiency test on your existing plant. This will enable him to present you with a comparative fuel cost statement. Then he has detailed information to make recommendations on new installations and the latest oil-firing equipment.

After installation he can see that your staff are comprehensively briefed in operation and maintenance.

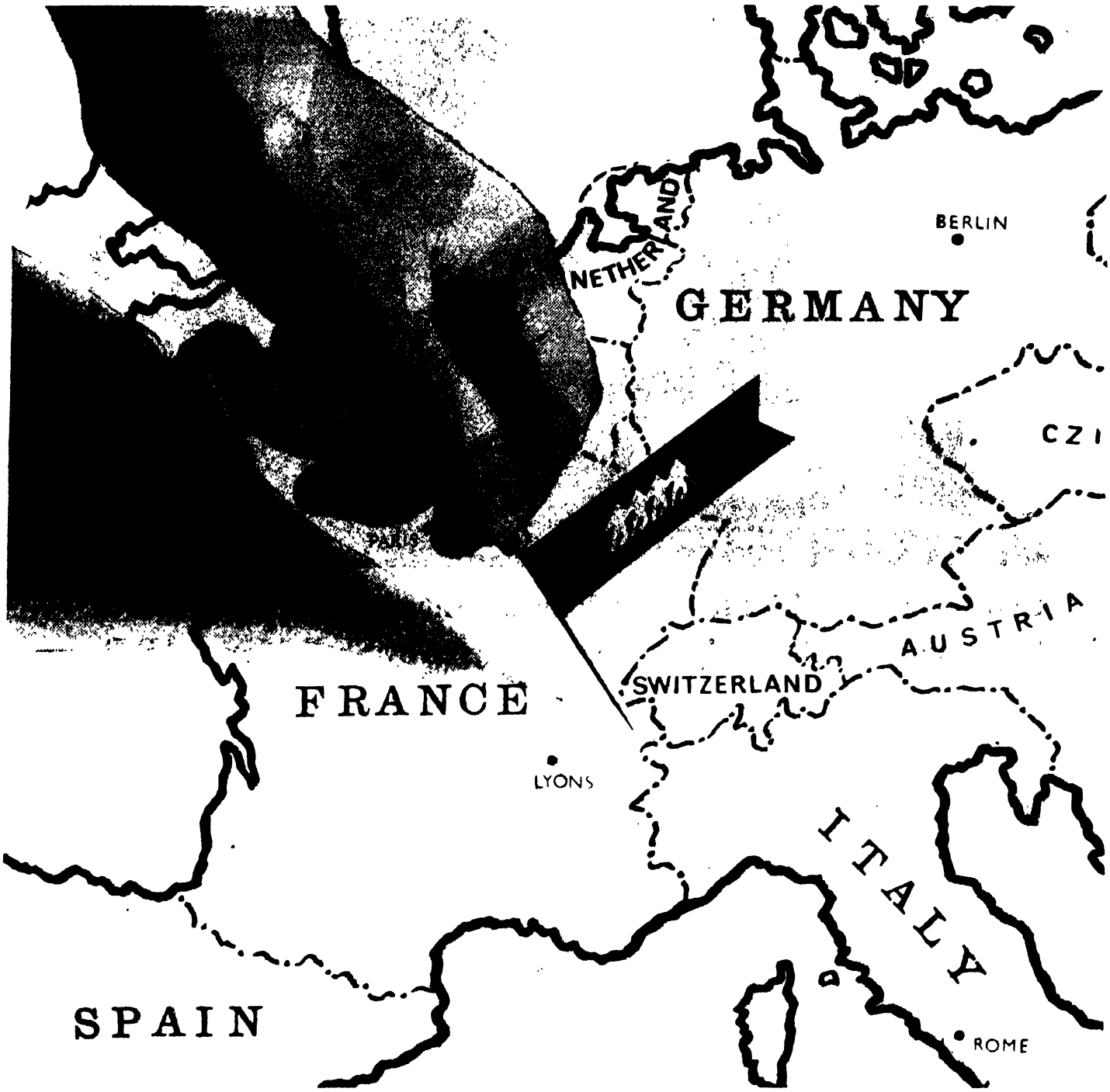
Anywhere. You will get all the details of fuel storage and handling, and the Industrial Fuels Superintendent will point out that we will deliver our supplies without fail anywhere in the United Kingdom. Should you need high-level technical assistance, then the advice of our Fuels Efficiency Engineers is readily available.

For the asking. The comprehensive service offered is yours for the asking. Your company needs our range of fuels to keep ahead, to keep operating productively and profitably. A letter or telephone call will get an Industrial Fuels Superintendent around to see you and show you how these vital fuels get industry fired with success.

Write or telephone:
Industrial Services Manager
Shell-Mex and B.P. Ltd
Shell-Mex House Strand London WC2
Temple Bar 1234

Industrial Fuels

SHELL BP



Wherever you want to build in EUROPE The construction of your new factory or office block in Europe can be planned and followed up from your own office—without language difficulties or constant trips across the Channel. The Taylor Woodrow service includes finance, site information and location, soils investigation, the design and construction of building, structural and civil engineering works and, working from client's flow sheets, the design, procurement and installation of mechanical and electrical engineering services including instrumentation or co-ordination at all levels with your own design staff and Management. Every aspect of the project is streamlined into a single, comprehensive plan, ensuring maximum speed and economy consistent with quality construction. We welcome an opportunity of discussing with you how you can save time and cost. Please write or telephone MAX NOIR, ACIS, AMIStructE, M(Soc)CF (France)., AMIProdE., European Manager, at the address below.

TAYLOR WOODROW

WESTERN HOUSE, WESTERN AVENUE, EALING W.5 · PERIvale 6641

THE WORLD-WIDE TEAM OF BUILDING, CIVIL & MECHANICAL ENGINEERING COMPANIES

leader's first journey since the nineteen-thirties beyond the frontiers of the communist world. Herr Ulbricht, who has been showing much more self-confidence since his country received, on June 12th last year, the Soviet pledge of twenty years' support, seems to have been further encouraged by what he has learned of Mr Kosygin's and Mr Brezhnev's conception of the future of Germany. East Germany is notably intensifying its political and economic hostilities against west Germany, not only from its home bases but also from all the footholds it has secured abroad since 1950. These include branches in London and Paris of the east German chamber of foreign trade (virtually trade missions); consulates-general in Ceylon, the United Arab Republic, Iraq, Yemen, Indonesia, Burma, and Cambodia; and consulates in Syria and Zanzibar.

Herr Ulbricht in Cairo, dangling aid to the tune of 336 million marks, is another thrust in the unrelenting campaign for recognition. Patriotic sentiment apart, President Nasser's readiness to receive "the arch-enemy of German unity" has sorely pained the west German taxpayers, who have already contributed 795 million marks towards Egypt's development in expectation of support for the cause of reunification under the aegis of the Federal Republic.

Bonn, angry but still extremely reticent, would like to play it cool. So long as the United Arab Republic does not formally recognise the east German regime it is unlikely that west Germany will break off relations with Cairo. But heavy sanctions are being contemplated, primarily the suspension of all further aid. The minister for development aid, Herr Scheel, has cancelled the trip to Cairo that he had planned to make at the end of the month. And, behind the scenes, Bonn is trying to enlist the support of Washington, London and Paris in persuading President Nasser to treat Herr Ulbricht with due reserve. The arch-enemy himself must be viewing with satisfaction the pother he has created.

ITALY

Plan without Muscle

FROM OUR ROME CORRESPONDENT

ITALY'S long promised five-year development programme was approved by the government on January 29th after a series of cabinet meetings lasting altogether fifty hours. The programme has been submitted to an advisory body called CNEL (the National Council of Economy and Labour) and will be presented to parliament next month. The cabinet failed to decide whether parliament should be asked to pass a general law making the programme binding on future governments and on every one else concerned, or whether parliament should limit its approval to a series of ad hoc measures to implement the plan. On this issue depends the real authority of the programme. Unfortunately, Signor Moro's government, shaken by the year-end storm over the presidential election, did not feel strong enough to resolve the fundamental dispute about whether the plan should be coercive or persuasive in character.

This controversy has raged throughout the three years that the plan has been on the stocks. The idea of a development plan goes back to the beginning of the centre-left alignment in February, 1962, when Signor Fanfani formed a government of Christian Democrats, Social Democrats and Republicans, with parliamentary support from the Socialists. The four parties then agreed (with reservations from right-wing Christian Democrats) that Italy needed a plan to divert part of its resources from the uncontrolled production of consumer goods to the satisfaction of long neglected social needs. The television aerials rising above the shanty towns were symbols of the disorderly growth during the boom years that it would be the object of the plan to correct.

But during the three years the experts have been preparing the draft plan, the coalition's zeal has progressively weakened. In the final draft the word "plan" has been changed to the less challenging "programme." This, an official speaker told a television audience, would be binding upon state enterprises but only "orientative" for private enterprise.

Although the plan's aim is to correct the distortions created or aggravated by Italy's rapid economic progress in the nineteen-fifties, it nevertheless reflects the excessive optimism generated by the boom. Based upon studies begun in 1962, it assumes, on the pattern of the previous decade, a growth rate for the economy of five per cent a year during the period 1965 to 1969. This is far greater than the actual figure for last year, which was less than three per cent.

On the basis of this five per cent hypothesis, the programme assumes that total resources available for the five-year period will be 168,800 billion lire (£97 billion). Of this, 21,000 billion lire will go to productive investments, 46,000 billion to social needs and the rest to private consumption. The social services include 16,500 billion lire to be spent on housing and public works. The quota for social services will rise from its present level of 24 per cent to 27.3 per cent of total resources. The programme sets a growth rate for agriculture of three per cent a year and estimates that about 1,500,000 new jobs will become available outside agriculture, of which not less than 40 per cent will be in the South.

The programme assumes that savings from the private sector available for investment over the five years will reach the sum of 31,350 billion lire. The public sector should also produce savings estimated at 6,150 billion lire. In order to create a permanent sliding five-year development programme, the plan will each year be revised and extended for another year.

Another premise that begins to look optimistic in the light of the latest unemployment figures is the assumption that the proportion of wage incomes will increase progressively as a result of the increase in the total number of employed. In point of fact, last year unemployment rose by 250,000, and many firms are putting their workers on short time. It seems unlikely that the total volume of wages can have increased appreciably. Signor La Malfa, who originally promoted the plan, still claims that it can operate only if the government has the strength to apply an incomes policy. Recent declarations from the communist-dominated trade union federation make the chances for this look slight.

The trade unions claim that employers should have introduced technological improvements during the boom instead of complaining now because wages have outstripped productivity. They also argue that the best way to stimulate the now flagging home demand is to push up wages and so increase the amount of money available for consumer goods. The short answer to this is that, as things are today in Italy, any further increase of labour costs will lead to a more rapid reduction of employment. The unions reject this argument. In theory they want the plan, but they are worried by their progressive loss of bargaining power and seem unable to negotiate on the terms of their co-operation with the government.

In fact the five-year programme has been tossed into the middle of a three-cornered argument between the unions, the employers and the financial experts on what to do about the country's economic difficulties. The unions say put up wages. The employers say: increase our profits so that we can reinvest them. The governor of the Bank of Italy blames the industrialists for their past conduct but substantially backs their request for incentives to build up profits. Signor La Malfa exhorts the government to apply the classic remedy of large investments in public building, on the grounds that this is the only therapy that can prevent a serious recession.

Even more tempestuous than the economic argument is the political tussle which forms the background to the plan. In the Socialist camp, Signor Lombardi and the party secretary, Signor de Martino, are arguing that no amount of planning on paper can take the place of a real will to get things done. Only a substantial change in the composition of the government, including the return of Signor Fanfani to a position of strength, would satisfy the Socialist party's left wing that true vigour can be infused into the plan.

CONGO I

Guns that Talk

THE Congo war lurches on, and the risk of escalation is not diminishing but increasing. Fresh reinforcements of South African and Rhodesian recruits are moving hastily to the relief of Mr Tshombe's scattered garrisons in the north and east. His forces claim to have repulsed the small-scale attack 200 miles north of Leopoldville that was launched on January 23rd by rebels who had crossed the river from Congo-Brazzaville territory. His spokesmen say that Kenyan and Ugandan volunteers have joined the rebels in fighting near the eastern frontier. In Tanzania, Egypt, Algeria, and Sudan (whose government has now promised the rebels its full support), Mr Gbenye, Mr Soumialot and Mr Kanza have been preaching their cause to sympathetic hearers and arranging for more supplies and training facilities. Mr Tshombe's embassy staff in Cairo has been asked to leave; the rebel government may soon obtain recognition by several African states.

Reliable news from the fighting areas is not easily come by. Reporters who contrive to reach Stanleyville are expelled as soon as they are detected. According to a *New York Times* correspondent, the only journalists recently permitted to fly there on the American transport planes which bring in the mercenaries and their arms, were a magazine team who promised the American ambassador that they would not report the killing of civilians by Mr Tshombe's troops but would confine themselves to a story about the rebels' foreign supplies.

But deadlock on the diplomatic front is bleakly visible. Mr Gbenye and Mr Kanza have followed Mr Tshombe in rejecting the plan for Congolese reconciliation that Mr Cyrille Adoula advanced on January 11th. At Algiers on January 29th, Mr Gbenye outlined a policy that left no room for reconciliation. At Brussels on January 31st, Mr Tshombe (who had been in London for Sir Winston Churchill's funeral) restated his refusal to talk to the rebels until they laid down their arms. A few hours earlier, President Kenyatta, as chairman of the Organisation of African Unity's commission on the Congo, had announced that it was inviting both Mr Tshombe and the rebel leaders to come to Nairobi for talks on February 12th. But Mr Soumialot has now replied that the rebels will not talk to Mr Tshombe, and will talk to other Leopoldville representatives only after the withdrawal of the mercenaries and the American and Belgian military aid. Mr Tshombe, meanwhile, wants the OAU commission to come to him, but it is sending only a team of three to demand terms that he is unlikely to accept. Meanwhile, it is the guns that talk.

CONGO II

Katanga Now

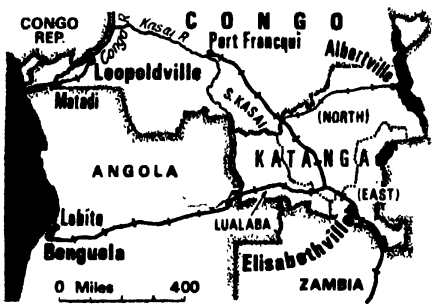
FROM A SPECIAL CORRESPONDENT

Elisabethville

BY some freak of fate, it was thanks largely to a British mercenary of the 19th century, a former officer in the Royal Engineers called Major Stairs, that Katanga was incorporated into the Belgian Congo. An emissary of King Leopold, he managed to baulk the agents sent by Cecil Rhodes to win treaty rights from M'siri, the then ruler of Katanga. One of his men killed M'siri, whose son then yielded to Leopold's company. M'siri's grandson is Mr Godefroid Munongo, Mr Tshombe's right-hand man and now minister of the interior of the central government.

M'siri was chief of the Bayeke, even now the most warlike tribe in Katanga. Before the Bayeke conquest, the Lunda tribe, to which Mr Tshombe belongs, dominated nearly all Katanga; and before the Lunda, the Baluba empire had lasted from the 16th century to the 18th. Even under the Belgians, Katanga was, at least until 1914, recognised as a semi-independent province.

Mr Munongo still wears a "Katanga button"—the badge with the colours and emblem of the former independent state.



Emotionally Katangese separatism is by no means dead. The Katangese battalions that now form nearly half of the Congolese army still march to a rousing song entitled *Katanga est notre pays*.

Geologically Katanga forms part of the Zambian copperbelt and of the highlands that stretch south; its everyday life is slanted southwards. The goods that stock the shops of Elisabethville are brought in by the road system that leads straight down to Johannesburg. The local newspapers give almost as much space to news about Zambia as to the rest of the Congo. Leopoldville is almost a thousand miles away; the only direct connection is by air.

There is, however, one important link with the north: the route, by rail to Port Francqui, by river to Leopoldville, and then by rail again to the port of Matadi, along which the Union Minière company sends most of its copper and mineral exports. Although there is a less complicated and shorter journey directly along the Benguela railway to the port of Lobito in Angola, the longer "national route," as it is called, has always been the main channel for Union Minière supplies and exports, except during the secession years when the frontier was closed.

In January, 1963, United Nations troops finally forced Mr Tshombe to declare the secession ended; within a few months the river bridges leading north were repaired, and once again not only the copper went north, but the money too. During most of the secession Union Minière had paid its taxes to the independent state of Katanga; now once again its taxes form the principal revenue of the central government at Leopoldville and the mineral exports earn the country almost all its hard currency. The Congo now depends more than ever on Katanga. The gold mines in the north are in rebel-held territory; the plantations from which the agricultural wealth of the country came are largely out of action; and of the diamond mining companies of Kasai, one is not functioning and the other baffled by illicit diamond traders.

Politically, too, Katanga is now under the control of the central government in a way it has never really been since Belgian colonial rule ended. In the summer of 1963 the Congo was divided into over twenty units derisively known as "provincettes." Each has its own governor, cabinet and administration. Katanga was split into North Katanga, roughly corresponding to the Baluba area, Lualaba in the west, dominated by the Landa tribe, and East Katanga, centred on Elisabethville.

The governors of other provinces are often semi-independent potentates; but since Mr Tshombe's return to power the two governors and the special commissioner for North Katanga (where military law is still in force) are firmly controlled by Mr Tshombe and Mr Munongo.

Militarily the situation is under control even in North Katanga, which was the scene in 1960-61 of the ferocious war between the Baluba and Mr Tshombe's gendarmerie. Admittedly the special commissioner has not yet dared to visit the provincial capital of Albertville. But in fact Belgian "technical assistants" have taken over the administration of towns such as this where the rebels have massacred the local élite and another attack is always a possibility.

Katanga, then, is more firmly under the control of the central government than any other part of the Congo but only because the central government of the moment is led by the former rulers of Katanga. Emotionally, a great many Katangese look back with nostalgia to the good old days of secession. It would be rash to forecast that the status quo would continue if Mr Tshombe fell from power in Leopoldville.

INDIA

Martyrs for English

FROM OUR INDIA CORRESPONDENT

WHEN the British left India it was hard to imagine that anyone would want to retain English as the language of all-India communication. Had not Gandhi declared that Hindi should do the job? Yet thousands of students took to the streets last week in Madras state to demonstrate against Hindi, which displaced English as India's effective official language on January 26th. Two demonstrators burned themselves to death with paraffin in imitation of South Vietnam's Buddhist monks. The cabinet in New Delhi decided to send Mr Nanda, the home minister, to Madras, but cancelled his visit when the Congress party president, Mr Kamaraj, advised against it, presumably because Mr Nanda is too closely identified with the pro-Hindi lobby.

The demonstrations subsided after two or three days because local governments in the Hindi-speaking states of south India took heed of the danger signals and quickly aligned themselves against New Delhi. Mr Kamaraj, who himself has little Hindi or English, also decided to take a hand. While India should indeed have a common language, he said, the change could wait. Several state chief ministers immediately endorsed his stand, while non-Hindi-speaking members of parliament decided to get together before parliament's next session to have it out with the central government. To some, these developments confirmed their fears that New Delhi's hold over the states was weakening.

The date of the language change was prescribed in India's constitution, adopted in 1950, which allowed a fifteen-year period to prepare the transition from English. In 1950 the non-Hindi-speakers had seemed fairly reconciled to the decision. But linguistic separatism grew by the mid-fifties into a mass clamour for continuing with English. Recognising the strength of this feeling, Nehru agreed that English might be retained as an "associate" official language for an indefinite period, but he dared not extend the official fifteen-year period for fear of Hindi-speaking fanatics. The formula might have worked given good will on all sides, but Tamil-speaking fanatics in Madras (president of the four south Indian states that hold a quarter of the country's population) are showing none. Opposition parties, notably the Dravida Munnetra Kazaghem, which once advocated an independent south India, are eagerly making political capital. But the fears they express so violently, that south Indians may be put at a permanent disadvantage, are not confined to fanatics and cross all party lines.

Mr Shastri, never keen on forcing issues, would like to temporise. He has appealed to Hindi enthusiasts not to annoy the non-Hindi-speakers, and has assured the latter that their interests in matters of government employment will be safeguarded. But none of these gestures is likely to carry weight with the disaffected. Unless new initiatives are taken, the dissensions may well become dangerous.

GIBRALTAR

Squeezing a Rock

ON February 1st Spain tightened its squeeze on Gibraltar once again. Several hundred Gibraltarians, Britons and other non-Spaniards who had been living on the Spanish side of the border and going daily to work in Gibraltar found that this commuting was henceforth impossible without special passes, which the Spanish authorities are unlikely to grant. Many families had to abandon their homes and, taking with them their movable belongings (over which the Spanish customs officials lingered lovingly), seek shelter on the Rock's crowded three square miles.

Since November, despite repeated British protests, General Franco's government has tried to make life hard for Gibraltar by arbitrary obstruction at the frontier. It has reduced the number of Spaniards who are allowed to work on the Rock. Claiming to be solely concerned to stop smuggling, it has imposed absurd delays in customs clearance, clogging the flow of traffic across the border and in some cases letting officiousness shade into undisguised nastiness; at Christmas, Spanish workers found that toys could not be brought home from Gibraltar's shops at all, while Christmas trees intended for Gibraltar hospitals were likewise stopped at the border.

Britain's foreign secretary informed the House of Commons on Monday, in a written reply, that the latest British Note to Madrid, delivered on January 22nd, had reaffirmed that no conversations about Gibraltar were possible while the frontier restrictions continued and that, in any case, the question of sovereignty was not a matter for negotiation.

A correspondent in Gibraltar writes:
Sir Joshua Hassan, the chief minister, told the legislative council in January that his government will seek to transform Gibraltar rapidly from a place that tourists pass through on their way to holidays in Spain to a holiday resort in its own right. Admittedly, there is thought to be much scope for expanding transit traffic through Gibraltar to Morocco. But the Gibraltar government aims to attract thousands of visitors to a place where they can enjoy a holiday in a Mediterranean climate combined with familiar language, currency and food, efficient banking, postal, shopping and other services, and good plumbing.

Not only British visitors are sought. The minister for tourism, Mr A. W. Serfaty, has made contact with German organisations. A voucher scheme, in which hotels, restaurants, places of entertainment and shops will participate, will offer tourists special reductions in prices. The construction of holiday camps, complete with swimming pools and other facilities, is projected on a scale adequate to accommodate at least 3,000 visitors during the holiday season. The improvement of Gibraltar's beaches is being studied, and the Admiralty is being urged to come to terms with a British firm that wants to establish a "marineland" and aquarium on a site now occupied by a naval bathing pavilion.

Steps are being taken to encourage more passenger liners to make Gibraltar a port of call; already 25, of which six are on cruises, call here in an average month. At present only a third of Gibraltar's oil-bunkering capacity is being used, and an increase in the use of this service, which is seen as of great importance for the economy, is being actively sought. Two other possibilities now being studied are the introducing of a sweepstake on Irish lines and the attracting of international companies that might be induced to register in Gibraltar.

Gibraltar under an earlier seige

SYRIA

Hotly to the Left

SOCIALISM'S latest Arab recruit, the Syrian leader General Hafez, is pursuing his socialist ends with a determination that makes President Nasser look a sloppy hit-or-miss liberal. When some hundred Syrian companies were nationalised last month, a special military court, under a lieutenant-colonel, was empowered to pronounce sentences of death or life imprisonment on anybody found guilty of standing in socialism's way. It did not have long to wait. Those makers and breakers of governments, the Damascus merchants, pulled down their shutters last week in a mass protest that lasted three days before it was smashed by the police on January 27th. In the middle of the strike, the court sentenced eight "reactionary conspirators" to death. General Hafez's record for harshness makes it more probable than it would otherwise be in an Arab country that the five men actually in custody will, in fact, be executed.

Since religious organisations supported and encouraged the strikers, General Hafez has slashed their powers: a decree on January 28th transferred authority from the Moslem councils to the general's presidency council. The formidable alliance of mosque and souk has been challenged, and battered. But the Damascus strike went beyond the bazaars: professional groups, too, had made a bid at civil disobedience, not so much in protest against the socialist ends as in dismay at the totalitarian means of the Baathist leaders. Who remembers the days when the Baath party preached a political philosophy in which democracy and freedom were rated at least as high as socialism?

The communists, old enemies of the Baath, have cheered General Hafez's methods. Some kind of deal between the two parties seems on the cards. With the Syrian Baath itself divided, communist support would be useful to General Hafez; it might also be a counter in the general's manœuvrings for economic and military aid from the communist world.

The United Arab Republic, for its part, has semi-officially pronounced Egyptian communists to be harmless. In his weekly policy article in *Al Ahram,* Mr Husanayn Haykal has argued that since the communists can have no impact on the Arab world, they should be allowed to canvass their ideas freely. In fact, over the last year or so the Egyptians have been steadily releasing the detained communists and putting them in jobs where their special expertise is useful. Not least of these is organising the country's single-party

One of Arab alism's saving graces has been its pragmatism. While the Egyptians support the nationalisation measures in Syria, they, and other Arabs, are alarmed by the ruthlessness with which General Hafez is pursuing his ideals.

KUWAIT

Bootleggers' Boom

FROM A CORRESPONDENT IN KUWAIT

Drink has had an odd history in Kuwait and its latest episode, resulting in total prohibition, has been characteristically idiosyncratic. In 1961, when the British political agency was demoted into an embassy, one of its traditional functions—the dispensing of alcohol to non-Moslems—was handed over to the British firm of Gray Mackenzie. With it went the job of issuing drink-permits, allotted according to socio-economic status on the presentation of the right religious credentials.

This neat division of the population, into Kuwaitis who did not drink and foreigners who did, was obviously too pastoral to last. Kuwaitis grew rich, travelled abroad, and learnt forbidden tastes. Since alcohol, like water, finds its own level, it tended to leak across the religious barrier to the richer Kuwaitis. Poorly paid Indian and Lebanese clerks could easily be induced to hand over their ration to Kuwaitis with money. Smuggling from neighbouring countries (Iraq produces both beer and araq) was not difficult and made up for any short-fall in the supply. With good whiskey at £1 a bottle, Kuwait was a drinker's paradise; the fall was sudden and uncomfortable.

In November the Mejlis passed an amendment to the penal code under which sentences of up to 10 years' imprisonment can be imposed for the import, manufacture or sale of alcohol. Existing stocks may be discreetly consumed (an earlier proposal would have banned this too) but there will be no more. Two conflicting passions converged to bring this amendment about: moral indignation and commercial jealousy. People now find it hard to remember which came first.

The moral indignation was understandable though, as is often the case, naive about the value of prohibition as a solution. Drink had become a social problem. Alcoholism among Kuwaitis was growing; accidents from drunken driving were increasing and, worst of all, drink was reaching the young. A decision-making scandal (suppressed at the time) was a case of drunkenness in a secondary school.

Meanwhile the fact that drink had grown into a business worth £500,000—rumour put it even higher—had not escaped the attention of Kuwait merchants who began to agitate against Gray Mackenzie's monopoly. Their resentment was rational in a free economy, but they overlooked the fact that Gray Mackenzie drink precisely because Moslems were not supposed to.

the thought of drink being sold openly at every street corner, the

moralists acted. A Moslem revivalist group called the League of Social Reform organised a monster petition. Sermons were preached in all the mosques. Pressure was brought upon the members of the Mejlis. Caught in the coils of its own morality, Kuwait's establishment was helpless. Known drinkers were the most zealous to pay their tribute to virtue, and the crowning irony was when, in final open session, the only deputy to vote against the amendment was a teetotaller.

Prohibition could certainly never have happened without parliament. But Kuwait is now a mercantile democracy and the voice of both souk and mosque is stronger in the two-year-old Mejlis than they would have been in the ruler's antechamber, where the urbane tones of oil company representatives carry more weight. The government is now committed to carry out prohibition but no one feels that its heart is in it.

It will take some time before stocks are exhausted, though whiskey has already gone up to about £15 a bottle—and is still rising. But the effect on clubs and social life is lethal, and Kuwaitis who employ foreigners are afraid that they will now have to dangle even juicier carrots. The economic consequences of boredom are impossible to assess, but one of Kuwait's main problems is to keep its population at home and grow roots. Prohibition will probably do nothing to help.

A weightier argument against prohibition is that its social problems are likely to prove worse than those of drink. Already 30 people have died from methyl alcohol poisoning and another 55 are in hospital. Eau de cologne, cough syrups and surgical spirit have gained a new, sinister importance. The weekend traffic on the Basrah road has quadrupled. Smuggling, racketeering, corruption, substitute addictions are other unpleasant consequences which a paternalistic and progressive government cannot ignore.

The Girl Watch on the Rhine

The ideal German woman has been many things in the past, but almost never beautiful or feminine. There was the Valkyrie with her *embonpoint* and steel brassiere, the pigtailed Mädchen with rosy cheeks and the fragrance of Bratwurst. And in the thirties, the scrubbed, hard-muscled gymnast.

But now in the prosperous sixties, the German girl has become an internationally celebrated, luscious, leggy beauty. Even the raw statistics are impressive. The average Fräulein between 14 and 25 measures 5 feet, 6 inches in height, and 35-24-35 in the other crucial areas. This is precisely the ideal for photographic models, if not for Italian starlets.

It's evident that German girls have had the physical assets all along. What they have acquired is the determination to be beautiful. "Schönheitswunder in Germany," an article in Vol. 37, No. 5, of LIFE International devotedly delves into the reaches of this amiable phenomenon.

What has made it possible? Prosperity mostly. It has given German women jobs and the money to travel, see fashions, buy clothes and cosmetics. Now, the average German woman under forty spends about $100 a year on cosmetics.

There is also the change in attitude. Foreign connoisseurs speak of the siren smile and spontaneous laughter of today's German girl. Back of the smile is a candid approach to the enjoyment of life. The German girl now has a mind of her own and a job to match. She is fierce only in her independence.

For the sceptical girl-watchers, LIFE International illustrated "Schönheitswunder" with some 27 striking photographs which ably proved the case for the Fräulein.

While pursuing sterner subjects such as Politics, Religion or Business, LIFE International never neglects such a primary concern of Man as woman.

LIFE International is a unique magazine because it has a unique perspective. Its world is the world's life. It has no boundaries of nation, time or space. Although it deals with current affairs, LIFE International is equally concerned with historic background and the future consequences of events.

It is the *international* magazine edited for the eye and mind of the *international* man. In this setting of physical beauty, *international* stimulation and editorial imagination, quality products are see at their best.

Your advertising in LIFE International reaches the most interested people in the world. In the *only* magazine edited for a world audience.

LIFE

INTERNATIONAL

LIFE INTERNATIONAL—EDITED FOR A WORLD AUDIENCE

CARDIFF

Here and throughout the world

The Welsh dragon surmounts the dome of Cardiff's impressive City Hall, amid the trees and gardens of Cathays Park. In all Britain there is surely no finer group of civic buildings than these in the capital of Wales. The Principality's largest city, Cardiff is not only a busy manufacturing centre but also a great port, handling vast tonnages of iron, steel and oil.

Closely woven in the affairs of industrial cities, and widespread in rural areas too, the up-to-date insurance service of the Norwich Union Group helps companies and individuals alike to overcome the hazards of daily life. Expert advice and assistance on insurance matters are available from the Group's branch at 14-15 Park Place, Cardiff, as well as other Norwich Union offices throughout Britain and in many lands overseas.

NORWICH UNION
INSURANCE GROUP

HEAD OFFICE: NORWICH

Branches and agencies throughout the world

For address of your nearest branch office see telephone directory

Norwich Union Insurance Societies, Scottish Union and National Insurance Company, and associated offices

THE WORLD AMERICAN SURVEY

Cold Comfort for Mr Humphrey

WASHINGTON, DC

SIR WINSTON CHURCHILL'S death and obsequies were, by a long way, the dominant event in a week that, otherwise, was packed with indigestible but momentous domestic news: the Budget and Economic Report with their sudden, if late, Keynesian insights; other reports, almost unnoticed, on the activities of the agencies that mess about in outer space; and Mr Johnson's proposals for regulating the presidential election, disability and succession. Perceptibly, in the United States as in some other countries, people felt the end of Churchill's life as an event in their own lives—though precisely what they felt, and exactly why the event was dominant, was not altogether clear, even to themselves, beyond the perception that an epoch which had already ended in fact was now ended formally. Among their other aspects, the obsequies of Churchill furnished the television event of the year, one to which the networks devoted all the resources that they could muster and all the time that it could take. An event that marks in some way a period in the Anglo-American relationship has done something to enrich the stream of Anglo-American communication. It is not far-fetched to suppose that Churchill, when he planned his funeral, had such an effect in mind in addition to the obvious one of seeing that he got a good show.

Nowadays the facts of power and wealth seem to run contrary to the impulse, which still exists in the American public, to regard the British as a singular nation with a special contribution to make in the world. From American writers with memories come half-defiant declarations of faith in Britain in spite of present appearances, or reminders of past moments of decision, like the time just before and just after Franklin Roosevelt's death, when British pleas and warnings went unheeded to the general detriment. In sum this cannot amount to a real turn in the political climate between the two countries so long as the material British performance, not to mention the British political will, continues to look feeble or faltering. Yet, as Mr James Reston commented in the *New York Times* last Sunday, "there was something about this noble ceremony in London that troubled Washington." Accurately describing the pragmatic mood of the Johnson Administration newly inaugurated in office and addressing itself with executive zeal to political tactics and to problems of economic growth and military power, Mr Reston took the Churchill obsequies as a reminder that sentiment, history and ideas were also powerful and that the so-called special relationship between London and Washington was "not merely a source of contention with Paris, but by itself something highly important."

Hard though the general mood may be to capture precisely, President Johnson was for some days manifestly out of tune with it. For this he can in part blame the common cold. Mr Johnson's exertions in inauguration week were the wonder of Washington and the penalty was exacted in the early hours of January 23rd, when he was taken to hospital with a high temperature. Instead of staying there five days, as the doctors wished, Mr Johnson returned to the White House after three, sniffling and looking ill. Next day he announced that he would not be able to go to the state funeral of Sir Winston but was asking the Chief Justice of the Supreme Court, the Secretary of State and the American Ambassador in London to represent him. That he did not send the obvious representative, Vice President Humphrey, has been commented on in Washington as much as in London and just as unfavourably. Words like "strange," "regrettable" and "disturbing" have been used freely, but none of the explanations that have been thought up has been completely satisfying.

One hypothesis is that when the President is not well, to send the heir-apparent abroad would cause public alarm. But this explanation seems disproportionate to Mr Johnson's cold. Another hypothesis, perhaps more solid, is that Mr Johnson did not want the gathering of world statesmen in London to turn into a political event in his absence. Perhaps he felt that with Mr Humphrey there such a thing would be more likely to happen, or perhaps that, if it did happen, he would rather it happened without Mr Humphrey. No politician has shown a more determined will, against nature, to submerge his political personality in that of another than Mr Humphrey has shown since his nomination last August. Still, there is no more political being than Mr Humphrey and none who has shown more desire in the past to devote his energies and his gifts to the solution of world problems and of East-West problems in particular.

That this aspect of Mr Humphrey caused him to be kept away from London (when, it is tempting to suppose, he would without hesitation have been sent to Quito or Manila had that been required) is pure guesswork. But it is not guesswork that Mr Johnson is approaching the big problems of policy in a certain order and at a measured pace, putting first the launching of his domestic programme and employing what has been aptly called "low-pressure diplomacy" towards the crucial relationship with the Soviet Union. Last weekend Moscow gave, through a commentary in *Pravda*, its first encouraging reaction to the rather general suggestion of American-Soviet meetings which Mr Johnson made in his message on the State of the Union. No doubt Mr Johnson intends to make his way towards such meetings at his own pace. For Mr Humphrey he has in mind useful domestic tasks connected with Negro rights and the "war" on poverty. East-West exploration will be for himself and most likely he will prefer it to be done between Washington and Moscow direct without looking for intermediaries in London, much less in any other European capital.

Unfortunately Mr Johnson prefers to be his own press officer (though he has a potentially excellent one, who is allowed to say nothing) and does the job in his own personal way. There is

Impromptu press conference

grumbling among the journalists that he has discarded the regularly announced press conference, which all accredited correspondents could get to, in favour of impromptu gatherings which, in the nature of things, only the small band of reporters who spend their lives in the White House lobby can usually attend. The President sees other journalists himself and talks to them freely "off the record," but this is no substitute for the set-piece press conference to which Mr Kennedy gave an almost constitutional importance. Now it turns out that when the President has a cold, communication between the White House and the press tends to be confined to the three or four regulars who can be let into the bedroom. On Thursday however, he was able to give nearly an hour's notice of a larger gathering of journalists. Thus Mr Johnson's brief illness, coinciding as it did with Sir Winston Churchill's death, has brought the discontent of the press to the surface very quickly after the Inauguration and at a time when over a wide field of political and economic affairs Mr Johnson would appear to have everything going his way. It has also administered something of a shock about his general health. That his doctors took him off to hospital in the middle of the night for an ailment for which most people would be told to stay in bed and take an aspirin is attributable to a long history of bronchial weakness which few people knew about until now.

Uncomfortable as it must have been for Mr Humphrey to have to watch (and, moreover, watch in silence) an argument about his proper place flaring up in the first week of his first term, he may yet find himself more clearly established in the constitutional mechanism than any of his predecessors was. President Johnson, in a message on January 28th, asked Congress to adopt two constitutional amendments. Besides enabling Americans to vote directly for President and Vice President (thus eliminating the Electoral College and the risk that it might be used to frustrate the popular will) these amendments would make provision for various other contingencies, which are now neglected: the death of a President-elect or Vice President-elect between election and inauguration, the death of a Vice President in office and the disablement of a President. Mr Johnson's message reflects the conviction that, if nothing else, the burden of decision for peace or war resting on the President in these days rules out the private gentlemanly arrangements for the discharge of the President's duties which seemed sufficient in the past. Mr Johnson also accepted the implication that through these changes the office of Vice President "once only an appendage" changes character. It becomes, he said, "an integral part of the chain of command." This is true and not true. The chain of command still does not, for most purposes, pass through the Vice President so long as the President is in charge. The Vice President may be kept busy and he may make himself useful; Mr Humphrey certainly will. But it is as a spare commander that he is indispensable.

High Cost of Politics

CAN a poor man run for office? The costs of the 1964 election campaign seem discouraging. The reports filed with the Clerk of the House of Representatives show that the expenses of running for office, particularly from the television screen, left many candidates or the organisations behind them with heavy debts. The new Senator from Maryland, Mr Tydings, faced $142,000 in unpaid campaign bills after his victory in November. His colleague, Senator Brewster, who was enlisted to fight the segregationist Governor of Alabama in the Maryland presidential primary, incurred a $25,000 debt for his pains. And Senator Robert Kennedy has reported spending $1.2 million to capture the Senate seat held by Mr Keating in New York. The total costs of that bitter campaign are thought to have been near $4 million.

Of course, not even Mr Kennedy faces these expenses alone. Both Republicans and Democrats undertake vast fund-raising efforts before and after the election. Strangely enough, both have reported surpluses for 1964 even though they spent millions more than in 1960. The Democrats took in $10,588,000 and found about $76,000 left after the bills had been paid. The Republicans were in a distinctly higher bracket: $18,673,842 in receipts and $17,288,965 in expenditures. But the Democratic accounts do not show spending by organised labour which laid out millions to support candidates, most of them Democrats, friendly to its views.

In truth, these statistics are something of a joke. The Corrupt Practices Act of 1925 requires that they be filed—but not audited. The law sets ludicrously low limits on campaign finances—national committees are not supposed to raise or spend more than $3 million—but then places no restriction on what groups working on a candidate's behalf may spend. Hence the proliferation of curious committees; Rural Americans for Johnson-Humphrey raised $79,404 and Women Voters for Goldwater-Miller, $213,256. This device has backfired on the Republicans, however. Much of their public
in party funds seems to be in the hands of com
dedicated to Mr Goldwater. It may not be avail
the party on its journey back to the middle of the road.

Congress Bares Its Teeth

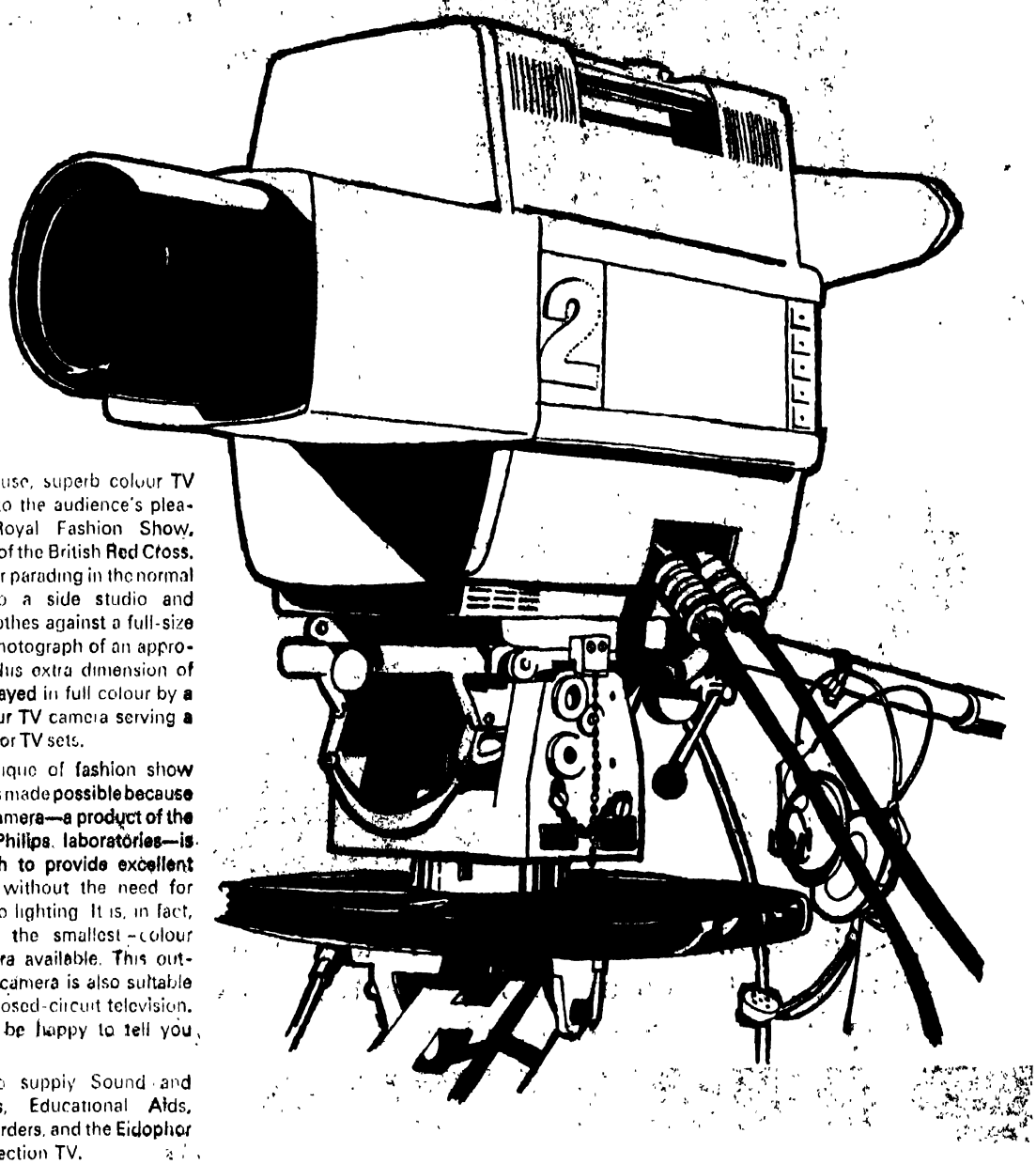
IN its first three weeks the new session of Congress has shown that, liberal or not, it is not going to rubber-stamp the way to the Great Society. Last week the House of Representatives shocked the Administration by tacking onto an agricultural appropriation Bill a ban against sales of American surplus food to the United Arab Republic. (Under a three-year contract which expires at the end of June, $37 million worth of foodstuffs remain to be shipped.) The rebuff to President Johnson was explicit. The Speaker of the House, Mr John McCormack, pleaded with his colleagues not to tie the President's hands in making foreign policy, whereupon 76 Democrats joined with all 128 Republicans to do just that. Since then, a Senate committee has sewn a neat loophole—"unless the President finds it in the national interest"—into the prohibition against making the planned shipments. What prompted the House's action? It was most likely resentment—over the burning of an American library in Egypt, over President Nasser's ingratitude and perhaps over Mr Johnson's complacency with his heavily Democratic Congress. Assuming that Mr Johnson will be given the discretionary power to assist the UAR, he will nonetheless have to take into account the disapproval expressed by the House.

A harsher blow against the Administration's foreign policy has come from Senator Fulbright of Alabama, the chairman of the Senate Foreign Relations Committee. The enlightened champion of foreign aid for fifteen years, he has refused to shepherd this year's Bill through the Senate. He feels that the time has come for a new look in the programme—particularly for splitting apart the military and economic sections so that Congress might have a chance to assess each type of aid separately. What is needed, Mr Fulbright is convinced, is that development loans be given to other countries through international agencies and that military aid be given directly and frankly for purposes of defence, with no overtones of political persuasion. Senator Sparkman has agreed reluctantly to take over Mr Fulbright's old task, but there is concern as to what the new Bill, already the least generous in the programme's history, may now expect from its traditional enemies.

Obstinacy is by no means the sum of Congress's opening efforts, however. Already the Senate has taken two strides into the Great Society. The Bill providing $1.1 billion in federal funds for eleven states in the distressed Appalachian region (stretching from Alabama to Pennsylvania) was given an easy passage, after the President had

PETO SCOTT

COLOUR TV ADDED AN EXTRA DIMENSION OF GLAMOUR TO THE ROYAL FASHION SHOW



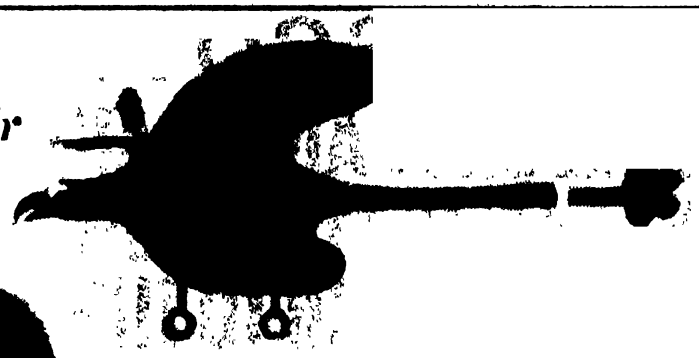
At Gelanese House, superb colour TV pictures added to the audience's pleasure in the Royal Fashion Show, organised in aid of the British Red Cross. Each model, after parading in the normal way, went into a side studio and modelled the clothes against a full-size natural colour photograph of an appropriate setting. This extra dimension of glamour was relayed in full colour by a Peto Scott colour TV camera serving a number of monitor TV sets.

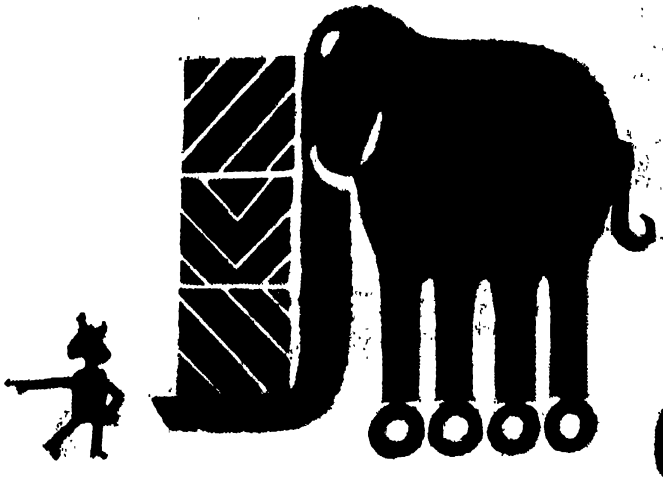
This new technique of fashion show presentation was made possible because the Peto Scott camera—a product of the world-famous Philips laboratories—is sensitive enough to provide excellent colour pictures without the need for full-power studio lighting. It is, in fact, the finest—and the smallest—colour TV studio camera available. This outstanding studio camera is also suitable for high grade closed-circuit television. Peto Scott will be happy to tell you more about it.

Peto Scott also supply Sound and Vision Systems, Educational Aids, Video Tape Recorders, and the Eidophor Big-Screen Projection TV.

PETO SCOTT ELECTRICAL INSTRUMENTS LTD.,
WEYBRIDGE, SURREY. Tel: WEYBRIDGE 45511

We're at home in the air





No job's too heavy for us to tackle

Our movements are always precise

We get places quickly

We're big enough to go anywhere

Yes, the products of Mitsubishi Heavy Industries are as diverse as all that. And a century of manufacturing experience is built into everything that comes out of our 15 modern plants and factories.

Ships: Shipbuilding, Naval Vessels, Ship Repairing

Heavy Machinery: Prime Movers, Heavy Industrial Machinery, Steel Structures, etc.

Machinery: Industrial Machinery, Construction Machinery & Equipment, Agricultural Machinery, Machine Tools, Rolling Stock

Motor Vehicles: Passenger Cars, Trucks, Buses

Aircraft

MITSUBISHI HEAVY INDUSTRIES, LTD.
HEAD OFFICE: Marunouchi, Tokyo, Japan

assured the Senators that other depressed regions in the country would not be forgotten. By an even more generous margin, the Senate approved tighter government controls on water pollution, backed up by an $80 million programme of research.

Coup de Grace in Vietnam?

YET one more coup in South Vietnam has intensified the debate in Washington between those who feel that the United States should cut its losses there and those, like Mr Nixon, who also feel that time is running out for the Americans but who conclude that the war must be taken into North Vietnam if all of south-east Asia is not to come under the Chinese communist thumb. An Administration trying to display patience and coolness has had both severely tried by the fall of Premier Huong, whom it supported, and the re-emergence of General Khanh. This time the United States has made no attempt, as it did in December, to require a "duly constituted" government as a condition of further aid. All that was achieved then was to embitter relations between General Khanh and General Taylor. Indeed it is being said openly in Washington that the Ambassador's usefulness is now at an end. The Administration has had to deny twice that it had any plans to replace General Taylor (one rumour has it that he could be withdrawn without further loss of face if he were to be appointed head of the Central Intelligence Agency to succeed Mr McCone). Presumably it was to discourage such speculation that the President sent his assistant on national security affairs, Mr McGeorge Bundy, to Saigon this week instead of calling General Taylor home for consultation.

About a fortnight ago Mr Bundy's brother, who is Assistant Secretary of State for Far Eastern Affairs, declared in a speech that as long as South Vietnam was determined to carry on the fight American withdrawal under fire was "unthinkable"; to do so would mean abandoning any hope of imposing moderation on aggressors in Asia. But with one government succeeding another in dizzying succession, many Americans are beginning to wonder whether sooner or later power will not fall to one prepared to reach a settlement with the communists. The part played in the latest coup by anti-American Buddhists is hardly reassuring.

Even on the military front the decision of Mr Kosygin, the Soviet premier, to visit Hanoi looks ominous. It is assumed that, for reasons of international communist politics, the Soviet Union now feels impelled to demonstrate its sympathy with "wars of liberation" and that this will be done by providing North Vietnam with weapons; whether these are offensive or, as is more likely, defensive, they will not make America's part any easier. Generally speaking it is the Department of Defence which suspects that the communists are preparing for a showdown, both in Vietnam and Laos, and the Department of State which refuses to press the alarm button. The President, who must decide between them, may find it helpful to have his own man report from the spot.

Through 900

IT would have been surprising if the Dow Jones average for industrial stocks had failed to go above 900 last week. It had been hovering in the 890's since the middle of January and last Thursday, after record profits and increased dividends had been reported by leading companies in basic industries—steel, oil, even railways—the president of the General Motors Corporation, the world's biggest manufacturing firm, reported the highest profits that any company had ever made—$1.735 billion for 1964. Then the President of the United States of America, the world's biggest country, reported that it was entering the fifth year of the longest ever economic expansion and one that was never going to end if he had his way. No one doubts that for 1965 at least he will have his way, with reductions in excise taxes coming at mid-year, nicely timed to give new encouragement to what his Council of Economic Advisers calls "the dependable consumer" just as the stimulus of last year's tax cut wears off. So on January 28th, eleven months after the Dow Jones average went over 800 for the first time, it broke through 900; it has gone on climbing all this week, with heavy trading, mainly by professional investors and institutions.

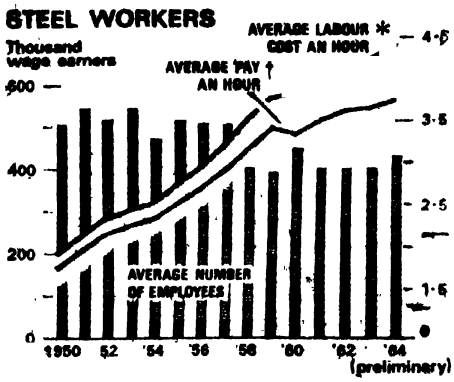
This is one reason why as yet no one is worried about the stock market getting out of hand or about the possibility of a serious break. But some people do have a worry and this is a factor in Wall Street's current boom; they fear inflation and are buying shares as a hedge against it. This fear began with the generous settlement which the automobile workers received last autumn and is growing with the prospect that the steel workers will receive an equally generous settlement this spring—or that they will strike. Less definite is the feeling that devaluation is in the air, not only of the British pound but maybe of the American dollar as well. This feeling may be encouraged by unexpected readiness to repeal the requirement that gold be held in reserve to cover 25 per cent of deposits at Federal Reserve banks, even though this measure is designed to protect the dollar. More drastic measures to deal with the deficit in America's balance of international payments, once more becoming serious, are to be announced when the conflict within the Administration on what they should be has been resolved.

Men of Steel

FROM A SPECIAL CORRESPONDENT

NEXT Tuesday's election in which the 950,000 members of the United Steel Workers of America, the third largest trade union in the country, will choose a president is a struggle between two men who represent basically different philosophies of labour-management relations. The current president is Mr David J. McDonald. His challenger is Mr I. W. Abel, the union's Secretary-Treasurer. Mr McDonald, who is 62 years old, rose to leadership from being secretary to the union's founder, the late Philip Murray. In his younger days Mr McDonald attended drama classes at a local university in Pittsburgh and today he lives comfortably on his salary of $50,000 a year; not known for his frugality, he has two homes—one in Palm Springs, California, and the other in an exclusive Pittsburgh suburb. Critics accuse him of having become aloof from the rank and file of his union and of practising what they call "tuxedo trade unionism." "It isn't my job," Mr McDonald has said, "to attend local union meetings." As a "labour statesman" he associates freely with leading officials in both the government and the steel companies; he believes that continuing co-operation between management and labour is the most desirable method of settling industrial disputes. This led him to give vigorous support to the establishment of the Human Relations Committee in the steel industry after the long and bitter strike in 1959. Originally formed as a joint study group in which problems could be discussed informally, this committee has developed into a full-scale instrument of collective bargaining and has concentrated on negotiating novel agreements to alleviate the effects of automation on the supply of jobs instead of on increases in wages and in the traditional fringe benefits. One such agreement—the sabbatical leave programme—gives old employees a special holiday of thirteen weeks every five years.

The less colourful Mr Abel, 56 years old, rose to leadership within the union from the ranks; he began as a mill hand in Ohio



* Includes employer's contributions to welfare schemes.
† Includes premiums, overtime and holiday pay.
Source: American Iron and Steel Institute

on leaving school. He identifies himself with a more militant and traditional school of union thought, which believes that "there are worse things than a strike." The movement to elect Mr Abel came from the grass roots—or rather from the steel plants—and reflects dissatisfaction among the leaders and members of local branches of the union; they say that they have not had a voice in talks on basic contracts for the industry and have not been allowed by the head office to work out local plant problems on their own. Mr Abel favours more routine solutions, such as the shorter work week, for the job attrition resulting from automation. He criticises the less conventional arrangements worked out by the Human Relations Committee and, under his leadership, it would revert strictly to its original functions. These and other feelings are mirrored in his campaign slogan of "Give the Union Back to the Members!" Mr McDonald answers "All the Way with David J.!" —a slogan which suggests that his critics have some justification.

Mr Abel's challenge is also affecting the bargaining over a new labour contract for the steel industry, which could end in a strike any time after May 1st. Negotiations with the eleven large companies have been suspended until after next Tuesday's election is over, but already Mr McDonald, bowing to the pressure from the rank and file, has announced that local issues will be a major topic of discussion. And whichever man wins, he will undoubtedly be anxious to impress the steelworkers with his ability to achieve a favourable agreement—one at least as satisfactory as last year's generous settlement in the motor industry—especially when the steel companies are showing record profits.

Mr McDonald has had his presidency of the steelworkers' union challenged before in 1957, by a relatively unknown local union leader who polled one-third of the votes in an election in which 50 per cent of the members participated. A bigger turnout is expected this time and Mr Abel is a far more formidable opponent; his position in the union means that he is well known and he has the support of more than half of the union's regional directors; the head of the Chicago district, with 114,000 members, is his campaign manager. The first round has already gone to Mr Abel, for his supporters defeated a move by Mr McDonald to have the election supervised at the 3,200 local branches, where the votes are cast and where there is plenty of opportunity for fraud, by the independent American Arbitration Association. Now the only outside supervision will be that of the Honest Ballot Association at the Pittsburgh headquarters where the final tally is made.

This fight for leadership of the steel union has ominous overtones for all the chieftains of the American trade union movement. It is only one of a growing number of attempts to unseat incumbent heads of unions and in every case the pressures come from an alienated rank and file who are increasingly dissatisfied with their leaders. Just recently Mr James Carey, the temperamental president of the International Union of Electrical Workers, with 250,000 members, was challenged almost successfully, and many other contests have brought victory to the challenger. The myth that to be president of a major trade union is a lifetime job is being rudely shattered and as a result the whole American labour movement, and not least the elderly leaders of the national trade union federation, will be watching steel closely.

States' State

THIS is a year when all but three of the fifty State Legislatures meet. If the budgets just proposed for New York, California, Michigan and Massachusetts are any guide, 1965 is certain to be expensive. With the growth of population this is nothing new; spending by the states has long been rising faster than that of the federal government. What will really make 1965 memorable is that about half the states are already under court orders to redraw the districts from which members of their Legislatures are elected. The lower courts, which have the job of applying the Supreme Court's rule that one man's vote must be worth as much as another's, are being given considerable discretion. Just this week the Supreme Court upheld a controversial order in New York which required redistricting to be followed by a special election next autumn.

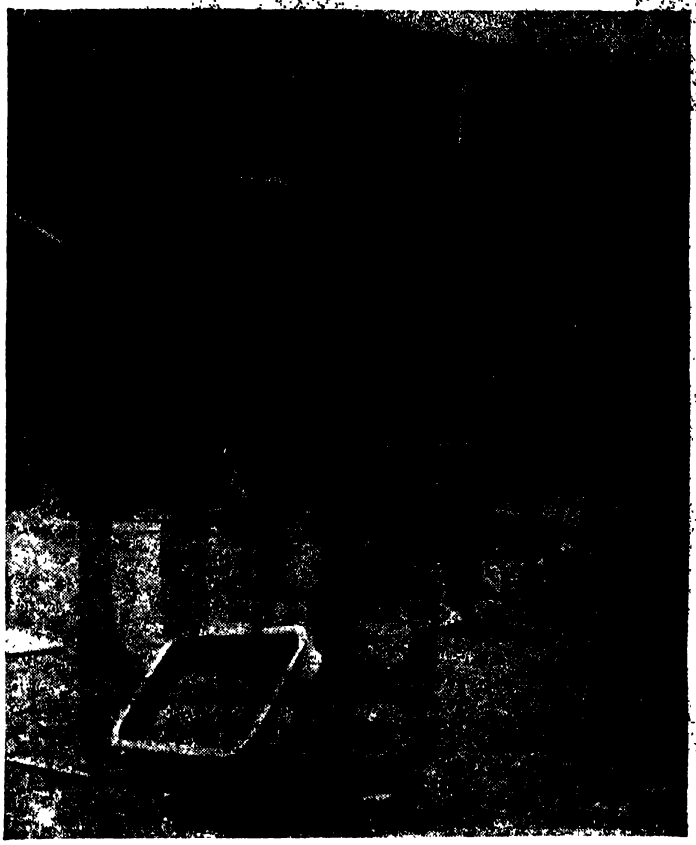
The Democrats, who are now in the majority in the New York Legislature, hope devoutly that the lower court may change its mind. They have not yet settled their own internal squabbles and have no desire to face the voters so soon again—particularly under a redistricting scheme adopted by the departing Republicans last year and just found satisfactory by the lower courts. To add to the Democrats' troubles Mr Rockefeller, the Republican Governor, has stolen their clothes; his new $3.5 billion budget—a record for New York—proposes precisely the increases in spending on education, public assistance, roads and so on which the Democrats have been demanding for years. Like Mr Romney of Michigan, another Republican Governor, Mr Rockefeller may find it easier to achieve a good record with a Legislature controlled by the Democrats. The Governor of New York is no longer under the necessity of courting the conservatives in his party, as he was when he was seeking the presidential nomination. Instead of boasting of not increasing taxes and of not financing expansion by borrowing, he is challenging the Democrats to help him to do both.

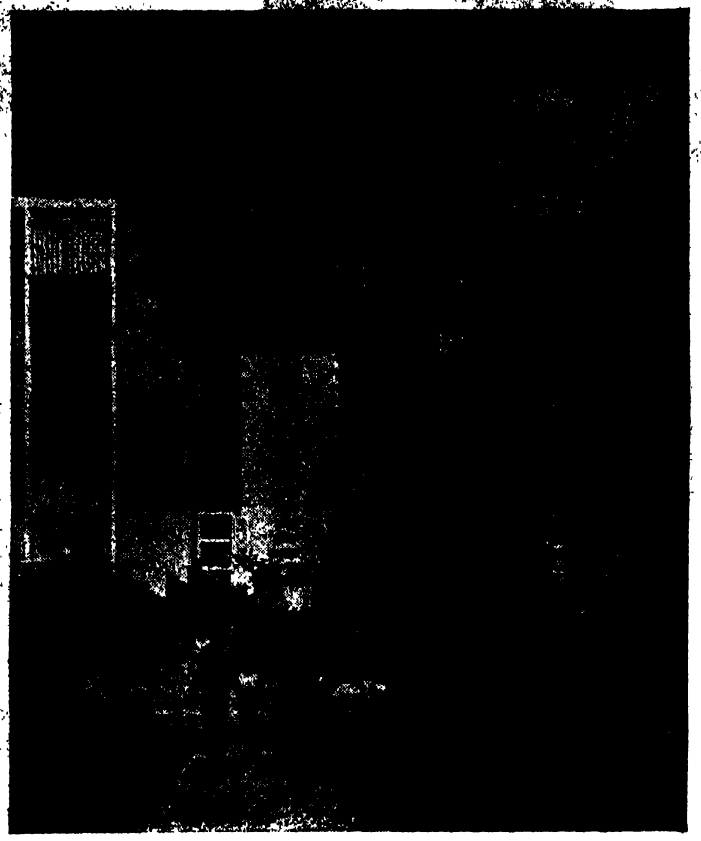
Three thousand miles away on the Pacific coast Governor Brown of California, a Democrat, may have more trouble although the Legislature is controlled by his own party. He has unveiled an even larger budget than Mr Rockefeller's—just over the $4 billion mark, the biggest ever proposed for a state. To balance it Mr Brown is also having to ask for increases in taxes: $75 million more in 1965-66 and nearly $250 million in the following year. Yet he calls this a "bare-bones" budget. California, like other states, still clings to the hope that Congress will clip the wings of the courts and make redistricting unnecessary. The thought of giving southern California the overwhelming power in the State Senate to which its population entitles it is so disagreeable that some northerners are reviving talk of splitting the state into two.

SHORTER NOTE

Twenty years after the end of the war in Europe the United States government will at last have disposed of its holding of 93.5 per cent of the shares of the General Aniline and Film Corporation, seized in 1942 under the trading-with-the-enemy Act. The 11 million shares, valued tentatively at $200 million, will soon be registered with the Securities and Exchange Commission and investment bankers will then bid competitively for the right to underwrite the sale of the shares to the public. To ensure that the ownership will be distributed widely, not more than 50,000 may go to any institution and 1,000 to any individual; sales to foreigners are limited to 15 per cent of the total. The proceeds will be divided between the government and Interhandel, the Swiss holding company whose claims to own General Aniline have held up the settlement until now. The government's share of the proceeds will go into the fund for compensating Americans who suffered losses at the hands of the enemy during the war.

NEW SOLUTIONS FOR OLD CITIES





A survey of urban renewal in the United States by The Economist's staff and correspondents

contents

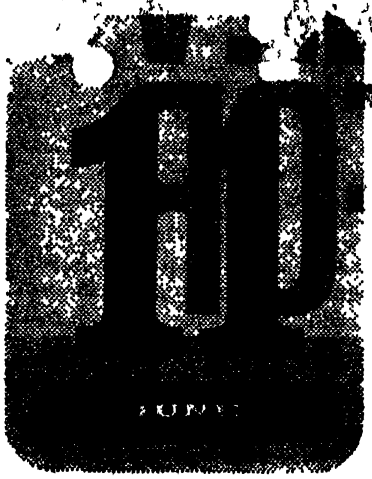
Rebirth for cities? *541* Planning with Private Enterprise *543* The Dispossessed *547* Rehabilitation —No Cure-all *549* Renewal Coming of Age *550* The Quantifiers *555* Lessons for Britain *556*

Features: Boston Revisited *544* How Urban Renewal Works *547* Progress of a Community *548* Indianapolis Goes It Alone *550* Hail Columbia I *553* New Heart for Los Angeles *554* What Fiscal Zoning Looks Like *555* A Future for the Past *557*

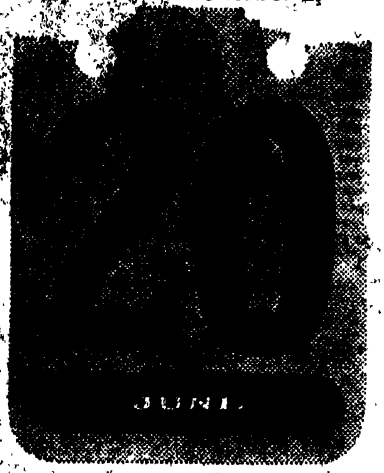
IF THIS WERE A COLOUR ADVERTISEMENT WE'D RING THESE DATES IN RED

Wm. Cory & Son Limited of London call Costain.
Tubesales (their client) require a warehouse by September 30 for stainless steel tube deliveries due October 2.

(Next day)
Costain and Wm. Cory meet to discuss Tubesales' requirements.



(Six days later)
Costain submit drawings and cost estimate based on Wm. Cory's outline and specification.



(Nine days later)
Contract documents flown to U.S.A., approved and signed by client.

(Four days later)
Costain start work on site.

(After only 17 weeks)
Costain complete warehouse; Tubesales in occupation.

PROJECT MANAGERS ON BEHALF OF TUBESALES (U.K.) LIMITED ARE WM. CORY & SON LIMITED, LONDON.

Fast work? Yes. Costain are one of the most versatile and experienced building and civil engineering contractors in the world. Together with other large international combines Costain are handling huge road, marine, hydro-electric and other projects in many countries.
Costain pioneered Critical Path planning in the construction industry. Their award-winning Critical Path film is now being shown throughout North America and Western Europe.

sense to call in

COSTAIN

Richard Costain Ltd. 111 Westminster Bridge Road, London S.E.1. Telephone: Waterloo 4977
Telex LONDON 23347. Cables: COSDOWN LONDON-SE1

AMERICA'S CITIES

Cities great and small in the United States are victims of centrifugal forces which have drawn life and wealth steadily away from them. But many cities are finding, with the help of an elaborate set of federal incentives, new ways of reviving their commercial centres and renewing the worn-out fabric of slum neighbourhoods. They have had mixed success—but both their successes and their failures have something to teach Britain and other countries also struggling with the problems of old cities, new peripheral growth and the voracious demands of the motor car. Meanwhile anxious voices in America are asking how far their country can go with the rescue of its cities while it still allows the suburbs to sprawl unchecked.

Hartford

Rebirth for cities?

THE first fruits of an "urban renaissance" are beginning to appear in American cities. In too many of them there are still great patches of devastation and piles of rubble; the air is white with the dust of demolition. But New York can point, among other developments, to Lincoln Centre, housing orchestras, ballet, operetta and soon the Metropolitan Opera. In Philadelphia the tall white towers of Society Hill overlook the Delaware River against a background of historic houses interlaced with costly new ones. In Boston, right under the windows and sharp eyes of Mr Edward Logue, the local development administrator, the new Government Centre is rising out of the mud. The fearful slum behind the Capitol in Washington—one of the worst in the country—is no more. In all, nearly eight hundred cities, from coast to coast, the majority of them small ones, are taking advantage of the help offered by the federal government: help to clear slums, to check blight, to bring back the runaway affluent and the shops which have followed them to the suburbs, to create jobs and in general to make cities lively, civilised, prosperous and beautiful.

Whatever its defects in practice, the vision of urban renewal is a noble one and on a continental scale; there is nothing like it anywhere else. Nowhere else, indeed, does the need yet exist on such a scale. The motor car and the opening of the suburbs, combined with post-war affluence, sucked many middle-class and wealthy families out of the town centres; industry, anxious to escape city restrictions and city taxes and seeking cheap land for modern, horizontal lay-outs for its factories, has tended to expand outside city limits. In return came a flood of poor people, many of them Negro, often untrained, to seek better opportunities. Their coming has increased calls on the cities for schools, cheap housing, social services and police protection.

In a country where 70 per cent of the population lives in urban areas and the proportion is rising all the time, government schemes for revitalising and rebuilding the cities should, it is natural to suppose, command universal support. They certainly command that of Mayors of cities and Congress has extended the federal programme regularly. But voters can be fractious; in Chicago, the birth-place of the renewal concept, they refused the city any more money for redevelopment in 1962. The critics are highly vocal and their fire comes from both right and left.

The most recent volley was from the right, the publication, under impressive auspices, of "The Federal Bulldozer"* which calls for the repeal of urban renewal legislation on the grounds that it has been a costly failure and that private enterprise can do the job more effectively, more quickly and more cheaply. There has been a steady bitter drumfire from liberals

* By Martin Anderson. The Joint Centre for Urban Studies. *M.I.T. Press.* Cambridge, Massachusetts. 1964. 272 pages. $5.95.

appalled by the human costs of redevelopment and dissatisfied by some of the monstrosities which have gone up in its name. Private developers have had their fingers burned and those who remain sympathetic to the programme are full of suggestions for its improvement.

That there is room for improvement no one denies. But urban renewal, though in fact fifteen years old, really got underway only in 1954, when the Supreme Court ruled finally that it was constitutional for communities to take over private property for redevelopment by other private interests —a decision which is still deplored by many conservatives, including Mr Anderson. The programme has broadened and changed radically in its short life. It may be changed again soon. Last year Congress, tied up in the great struggle over Negro rights, was too busy to do much more than give the housing laws a lick of paint and a year's extension. But this year there is bound to be a searching review of what has been accomplished as well as consideration of whatever new schemes the Johnson Administration proposes.

For this postponement city planners may well be thankful. Representative Dowdy, one of urban renewal's greatest enemies, has survived the election but the more liberal Congress chosen in the wake of President Johnson's great victory seems sure to be more sympathetic than its predecessor to the aims, if not to all the means, of urban renewal. Whether State Legislatures will become more responsive to city needs as urban representation in them is increased (under the Supreme Court's decision that the present over-representation of rural areas is unconstitutional) is less certain. At present the suburbs are the most under-represented section of all and their sympathy for city problems is slight.

The urban renewal programme requires federal and city governments and private enterprise to work in harness. In 1949, under the bipartisan lead of Senator Taft and Senator Wagner, Congress authorised aid to communities to enable them to assemble tracts of privately-owned land—something beyond the powers and usually beyond the financial resources of private enterprise—in order to clear slums. This being a national aim, the federal government pays two-thirds, sometimes more, of the difference between what it costs to acquire and clear the land and the price paid for it by developers. The local community can contribute its share in cash or in improvements for the area involved—streets, sewers, even schools. Federal assistance is provided for planning the renewal of individual areas and neighbourhoods; more recently grants have been made for planning the development of whole cities for many years ahead.

The initiative is thus local, the execution largely by private enterprise. The programme rests on the conviction that, in spite of all improvements in transport and communication, and in spite of the dispersal into the suburbs, cities can never be replaced as sources of entertainment, art, education and social contacts. Originally the was residential but, as time went on, first 10 per cent, then 20 and finally 30 per cent of the federal contribution could be used for non-residential projects. Hospitals, universities, and other institutions are being helped to salvage their neighbourhoods. Further federal aid is given through insurance and purchase of private mortgages by the Federal Housing Administration and the Federal National Mortgage Association (see box on page 547).

Congress has authorised in all the spending of $4.75 billion for the federal share—$750 million in the present financial year. Almost all of this money has been earmarked for specific projects but only about a quarter—$1.1 billion—had actually been paid out by December, 1964. Under the official theory of urban renewal such grants are to prime the private pump; the Urban Renewal Administration estimates that each federal dollar stimulates $5.11 in private spending. Mr Anderson disagrees; he estimates that it takes a dollar of public spending—local as well as federal—to produce a dollar of private construction. In part the difference arises because he suspects that a great quantity of poor quality mortgages will have to be taken up by FNMA; this would, in effect, mean that the government would be providing 40-year loans to developers.

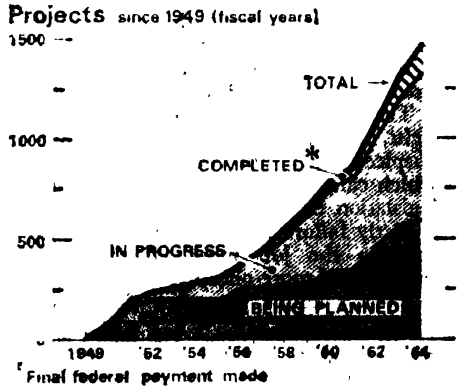
But the course of events since 1962—the last year for which he provides figures—does not bear out Mr Anderson's thesis. In that year 27 per cent of the urban renewal mortgages in FNMA's portfolio were behind in their payments; by September, 1964, the figure was down to 4 per cent. FNMA, far from having to take up a large proportion of FHA-insured renewal mortgages, has had most of its commitments to do so cancelled by developers because private savings seeking opportunities for investment have grown so much.

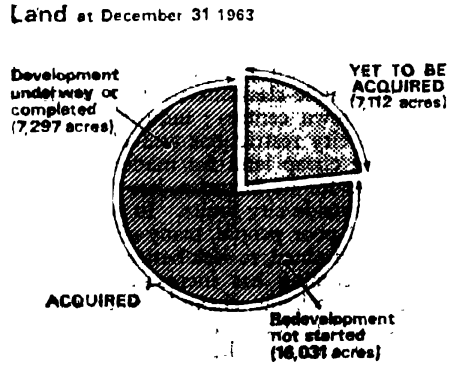
But there is no dispute that urban renewal accounts for only a tiny part—Mr Anderson's figure is 1.5 per cent—of building in cities with populations of over 100,000. It can be argued from this, however, that the government should be spending a great deal more, not less. If America is to have cities worthy of it some experts put the figure at $100 billion a year, for the government and private enterprise combined, for twenty years. Certainly for the federal government to provide much less than $1 billion a year for urban renewal strikes a stingy note when this is compared with $5 billion a year for farmers and nearly $4 billion a year for roads. It is not necessary to believe that houses are deteriorating faster than slums are being cleared, as some experts claim, to feel that cities are being short-changed.

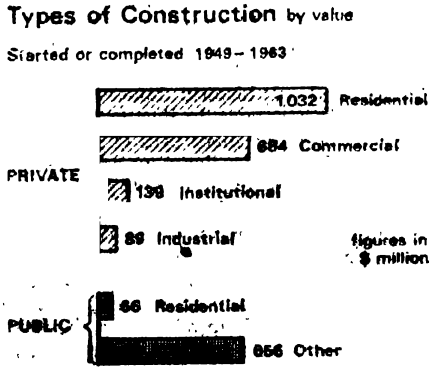
What is also undeniable is that urban renewal is slow. Of the 1,500 or so projects now under way, the redevelopment of only 92 had been completed by the end of 1964, the latest date for which figures are available. Looking at the programme from another angle, by December, 1963, redevelopment was complete or under way on only about one-third of the land which cities had bought. The rest was either vacant, or undergoing demolition, or the buildings on it were deteriorating, as they tend to do when an area is designated for redevelopment. In one big city about a third of its inner business district has been torn down and is being used for car parks.

Such a lagging pace is one reason why

Progress of Urban Renewal







some cities have undertaken urban renewal on their own—though almost all have found in the end that they needed federal help and the pace has quickened since 1960. Compared with other projects—road-building, for example—urban renewal has been untouched by major scandal (though there are sceptics who say that it is the very complexity of renewal which is its real safeguard). Relocating the people who must be moved takes time, as do all the hearings which are required by law, to ensure that anyone affected has his say. Urban renewal is the most complicated job undertaken by cities. But one of the worst of the slowness of the operation is it scares off the private developers. They build for a market and a project which takes ten years to complete may miss it as some did last year with the overbuilding of blocks of flats.

Planning with Private Enterprise

PRIVATE developers have made little or no money out of urban renewal so far. No doubt profits are to be made but they did not go to the pioneers. In effect they subsidised the programme during its teething troubles—quite involuntarily. Originally the "siren's song," as Mr Leon Hickman of the Aluminium Company of America put it in a recent speech, was that the developer could count on profits rolling in without having put up much, or any, money of his own, thanks mainly to federal insurance of mortgages on the buildings. But the tune changed with delays in construction, costs that had not been allowed for and the two years or so which it takes to rent fully even the most desirable property. Built-in depreciation of assets for tax purposes, another bit of gilt, turned out to be insubstantial without other income to set it against. Relatively few of the pioneers have pulled out. It seems to be true, however, that the most successful developers are either those which are building for their own use or, more frequently, large firms, like Alcoa, with diversified interests and financial staying-power.

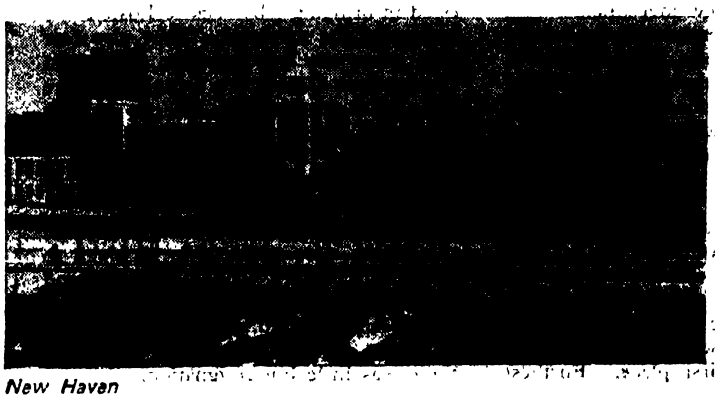
Mr Hickman, who is extremely sympathetic to the idea of urban renewal, is a good guide to the developers' point of view. The participation of the federal government, he says, is essential both for planning and provision of funds. But developers hang back for a number of reasons. Former slums are not always the most attractive sites for new buildings and this is particularly true if the renewal area is too small and lapped by blight; an island of bright new buildings can soon be engulfed again—the precise opposite of what the optimists envisaged. Developers need the assurance that the whole community is behind a programme of improvement, as it has been in Pittsburgh and Philadelphia—for Mayors and development administrators can come and go. Communities must also be more realistic; not every part of a city can be renewed.

The honeycomb of federal bureaucracy is another obstacle. Mr Hickman is particularly critical of the Federal Housing Authority's limitations: the $20 million limit on individual loans that may be insured, which means that a big project is split up into artificially small packages; the length of time needed to secure FHA approval; the rent ceilings imposed. Conventional financing, which is more flexible and interferes less with management's prerogatives, is preferred—though here also limits are imposed by law on the size of loans which can be made to the borrower. (In fact Alcoa is relying on private finance for its Allegheny Centre in Pittsburgh.) Finally Mr Hickman accuses communities, understandably hungry for revenue, of threatening to kill the goose that lays the golden eggs by levying heavy taxes even before new developments are fully rented.

If developers have their justified complaints, city planners and the public have them also. The standard of architecture and urban design in renewal areas is criticised; in many cases it has been unimaginative, mean-spirited or pretentious. But so is the building of purely private entrepreneurs. Indeed, it is probably true that building in urban renewal areas is a cut above that outside them, though too often there is a tendency to follow, with complete unbeservience, theories thrown out by Le Corbusier in the nineteen-twenties. Standards began to rise with the coming of the Kennedy Administration and with the appointment of Mr Slayton as Urban Renewal Commissioner. In a number of cities good architects and designers are being brought in. Awards for meritorious design are a feature of the URA. Certainly nothing could be more attractive than the Capitol Apartments in Southwest Washington designed by Mrs Chloethiel Smith; the Rudolph garage in New Haven is widely acclaimed; in New York the Kipps Bay flats and Lincoln Centre (though not the flats which cut it off from the river) are ornaments to the city.

Not all defects are the developers' fault. If the national capital is going to look as though a knife had sliced across it horizontally, this is the responsibility of zoning laws which prevent the building of anything more than nine stories high. Local tax laws which victimise a builder who does not fill every inch of the permitted space encourage no one to imitate the Seagram building in New York City. Part of the trouble is that cities may if they wish (New York has been a horrible example) accept the highest bid received from developers; indeed some members of Congress at one point tried—but failed—to make this a universal requirement. Much more desirable is the system whereby a development authority negotiates with builders over the design and can turn down a high bid if this falls short of the best use of the site. As more cities resort to this method, the quality of urban renewal is rising.

Even this, outside experts insist, results in too little public involvement in redevelopment. Obviously it varies from city to city. Some local authorities consider



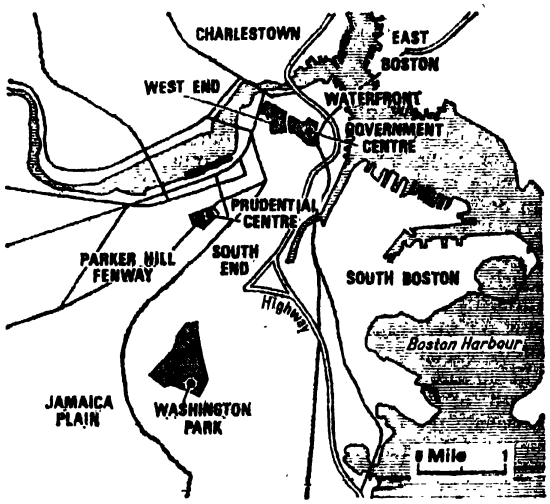
New Haven

that they have adequate powers over developers. But in general cities are reluctant to discourage private interests by requiring too much of them and hesitant to cancel contracts if the developer fails to do his part; to do this may scare off others.

The most fundamental weakness of city planning in America is the multiplication of small jurisdictions in every metropolitan area; Balkanised Boston is one of the worst examples. Another is Washington, DC, whose metropolitan area extends deep into Virginia and Maryland. "Metros" (attempts to set up governments for metropolitan areas) are rare and usually ineffective, while few cities have been as lucky as Pittsburgh or Chicago in having as development administrators or Mayors politicians of enough stature to command co-operation from areas outside the city.

A sphere in which the authority of planners has been notably weak is that of transport. The motor car, which dissolved the old boundaries of the city, choked its streets with traffic and bankrupted much public transport, is the pampered darling of state highway departments. These departments, long accustomed to build their own empires and flush with federal subsidies which run into billions of dollars a

Boston Revisited



The ancient face of Boston has been lifted dramatically since 1960, when your correspondent found the old seaport planning its revival under a new Mayor and a new expert on redevelopment. But the most obvious changes date back to before their comprehensive scheme. The 52-storey tower of the Prudential Insurance Company — the tallest building in the country outside New York and Chicago—now dominates the sky-line, to the sorrow of proper Bostonians who also dislike the big new road leading to it. Boston University has expanded vertically beside the Charles River. Ungainly blocks of flats have gone up in the disputed old West End (an early and much criticised scheme which is still not complete).

For visible evidence of the Mayor's plan of September, 1960, one must look at Washington Park, a rehabilitation project, and at Scollay Square, the once fly-blown area which has been bull-dozed and where a new City Hall and federal government building are rising out of the mud. Though in the Mayor's original time-table Government Centre was to be complete by 1964 (1968 is now the target), this is fast work as urban renewal goes. For its size Boston is the most renewal-minded city in the country. Mr Slayton, the federal Urban Renewal Commissioner, recently called its eleven integrated projects (involving $180 million in local, state and federal funds) "a laboratory demonstration of renewal techniques."

For the surprising amount of federal money which has been set aside for Boston, the city has to thank the expertise with bureaucrats of Mr Logue, the development administrator. He has also been insistent on high levels of design. The well-known architect, Mr I. M. Pei, was brought in to plan Government Centre as a whole. For the new City Hall, the focus of it all, a national competition was held; the rather fussy winning entry will not appeal to everyone. But if the new federal building lives up to its promise it should be remarkably fine. Mr Logue, who won his spurs in New Haven, has also shown great aptitude for the convoluted politics of Boston's renewal and he plunged with zest into the campaign when Mayor Collins was up for re-election.

The Mayor is another remarkable figure. He has brought honesty and efficiency, as well as enthusiasm, to the city's government and was returned to office in 1963 with one of the largest majorities in Boston's history. He has won the co-operation of the business leaders, long disenchanted by Boston's scandals and ineffective government. They are sponsoring the redevelopment of the waterfront (which was given the federal green light in August) and of the central shopping district, the city's clogged heart. (This scheme is still being planned.) What has particularly impressed the shrewd Yankees is the Mayor's success in lowering the notorious property tax which discouraged new investments.

Also deserving of mention is the former Governor, Mr Peabody, who, instead of fighting Boston as many Governors of Massachusetts have done, actually drove through the State Legislature last summer an urgently needed scheme to put all the public transport serving the city—suburban railways, buses and underground lines—under a single authority. It will cover seventy-seven communities outside Boston proper.

The bull-dozer is peculiarly inappropriate to an historic shrine except in sparing doses; preservation rehabilitation take first place. Furthest advanced among such projects is Washington Park, the run-down 500-acre Negro ghetto only fifteen minutes' drive from City Hall. Leaders among the Negroes, who had difficulty finding homes elsewhere, demanded improvements. "Planning with People"—the slogan which Boston practices as well as preaches—has meant two years of weekly meetings between the residents and the staff of the experienced and enthusiastic local executive, Mr Smart, who is himself a Negro.

About 25 per cent of the buildings could not be salvaged; where they stood new low garden flats have gone up, attractive enough and cheap enough (with low-cost federal finance) to attract even some white families. Included in the plans are a new YMCA, new schools, a shopping centre. But the main emphasis is on persuading people to improve their own houses with the aid of bank loans insured by the FHA and, since last year's Housing Act, some direct federal loans.

The project has contributed to racial harmony and has stimulated "do it yourself" renovation. But it is moving more slowly than had been hoped. Processing mortgages through the FHA still takes "forever"; unless this is speeded up Washington Park's hope of being refurbished by 1966 is bound to be frustrated. Most of the poor who lost their homes cannot afford the new flats and have been rehoused elsewhere but, in an interesting experiment, a few big families are being subsidised so that they can remain.

Like his great ally on the Redevelopment Authority, Monsignor Lally, Mr Logue is passionately interested in housing and "social renewal"; he helped to set up the city's scheme to bring welfare services to the under-privileged. His critics say that he is not sufficiently interested in bringing jobs back to Boston and increasing the tax base. They also fear that when the private office blocks in Government Centre are completed there will be a surplus of offices; already Prudential Centre is accused of stealing tenants from the business district. It is probably true that Boston as a whole is still declining. But the centre of the city, instead of losing banks and insurance companies, is re-establishing its claim to be New England's economic capital and the "city of ideas." The tax base has at least been stabilised. Most important of all, there is hope where five years ago there was little but resignation.

24 cars in space of 3

Keypark automatic car park needs minimum ground area and no attendant

Here is a complete answer to the problem of parking in cities and wherever space is at a premium—the Keypark Automatic Car Park.

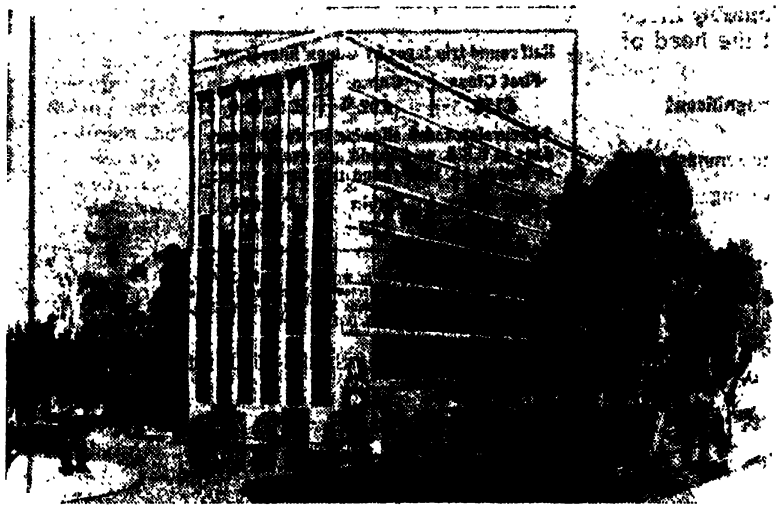
With Keypark, the cars are parked one above the other in a new and ingenious way. It parks 24 cars in the space normally taken by three. It is also completely automatic and needs no attendant. You simply drive your car on to the pallet, go to the control console and insert a coin in the slot. From then on the parking operation proceeds by itself. You take away a key which ensures that no one else can take out your car. When you return you simply insert the key and your car is returned automatically.

Flexible layout

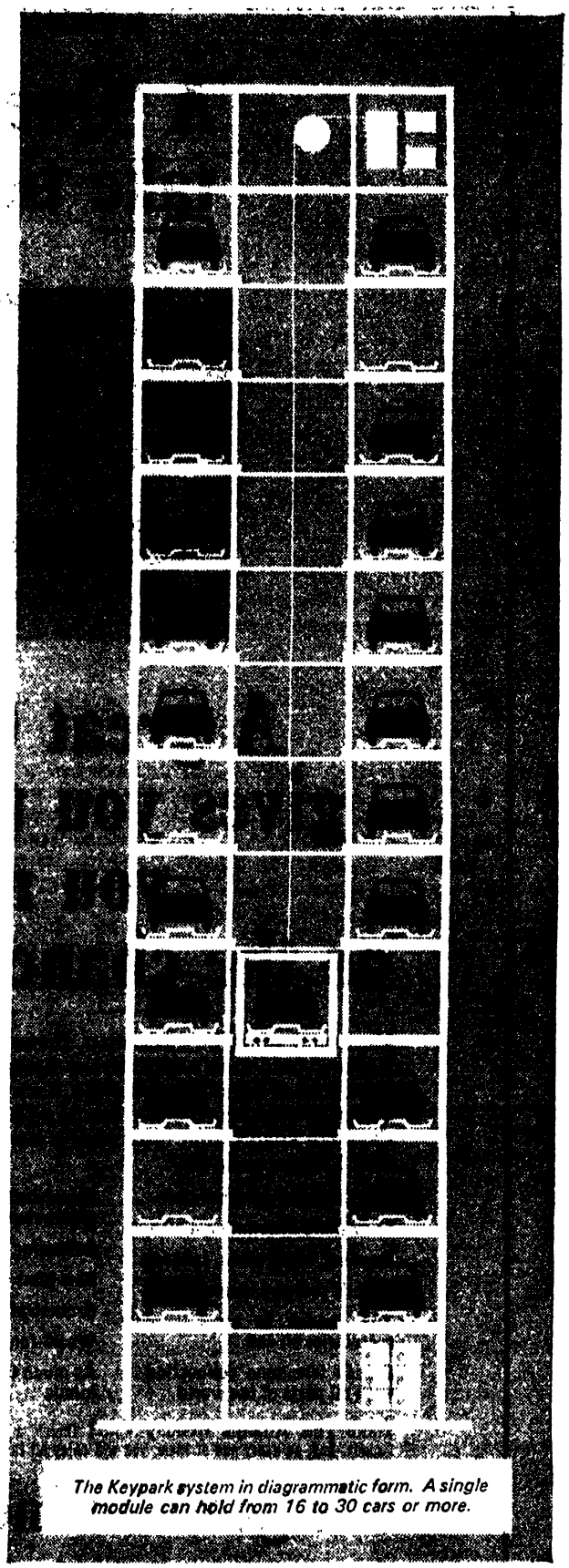
Keypark has prefabricated parts and modular construction. These give it remarkable flexibility in layout. Modules can be built in single units or in groups. Keypark units can be free-standing or built into blocks of flats, offices, hotels, etc.

Send for the illustrated brochure describing this important development to the address below.

Chamberlain Parking Systems have been appointed as U.K. licensees. Applications for licences are invited from companies elsewhere wishing to manufacture and sell Keypark in their own countries.



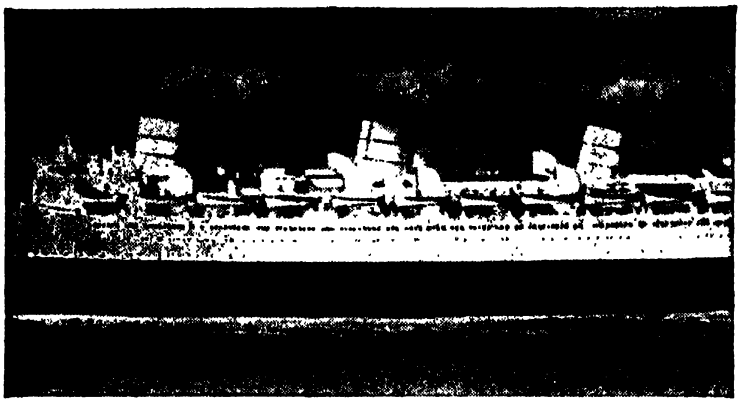
Keypark units may be free-standing or built into other buildings.



The Keypark system in diagrammatic form. A single module can hold from 16 to 30 cars or more.

Keypark Limited City Wall House, Chiswell Street, London, E.C.1. Telephone: MONarch 0157.

A 'Queen' does not take time—it gives it



A great Cunard 'Queen' gives you the 'fitness-break' you need as well as the chance to work in peace

More and more businessmen, these days, are taking a 'Queen' (and their wives) to the States. They reach New York free of tensions, full of go, having spent only 3 days out of the working week at sea. And how profitably these days are spent! Just look what's waiting at the head of that Cunard gangway:

A regiment of personal staff
14 or more international menus
Dancing, night clubs, cabarets
Infinite rest and recreation
The chance to work — with secretaries on call
Speedy telephone connection with all parts of the world
Broad decks and magnificent public rooms
Swimming pools and gymnasiums
New films every evening
Orchestral concerts
World-famous Cunard service
As much tonic sea air as you can inhale

One-way sea—One-way air?

Ever thought of having the best of both ways across the Atlantic? Ask your Travel Agent about one-way Cunard and one-way BOAC-Cunard.

Half round trip fares by 'Queen' liner from:

First Class	Cabin	Tourist
£150	£92	£71.10.0

*** Excursion fares allowing up to 30 clear days in U.S.A. or Canada are available up to March 15. Half round trip fares from:**

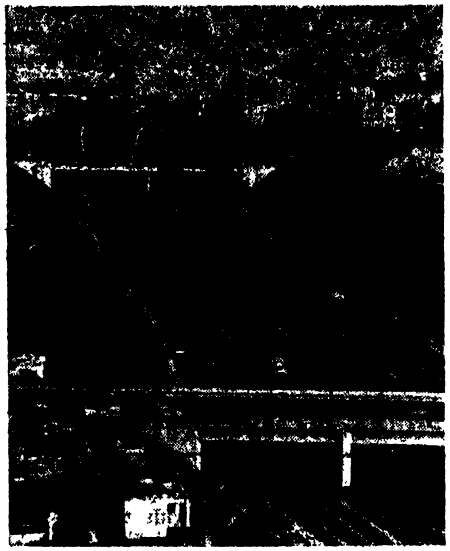
First Class	Cabin	Tourist
£134	£82	£64

See your local Travel Agent or any Cunard or BOAC office. CUNARD LINE, Cunard Building, Liverpool 3, (Liverpool MARitime 3000) 15 Lower Regent Street, London S.W.1. (WHItehall 7000). 88 Leadenhall Street, London E.C.3. (AVEnue 3010).

Make This Atlantic Holiday Year! There's a choice of 19 of these glorious holidays to the most exciting parts of the U.S.A. and Canada. And, on every one of them, you will enjoy all the Cunard features listed above as you sail there and back.

It's good business to go CUNARD

Regular services to New York and Canada from Southampton and Liverpool.



Los Angeles

year, have posed formidable obstacles to the rational replanning of cities. A mile of new motorway, planned to accommodate high speed traffic suitable to country districts, gobbles up forty acres of land. Being costly, such new roads are driven, for preference, through the blighted districts which are most suited for urban renewal areas. A city can find itself cut off from its waterfront, as both Washington and Boston have, though in San Francisco outraged local people kept the Embarcadero Freeway from the famed bay. Elsewhere, neighbourhoods and whole cities are split open; even a sunken motorway divides a community in two.

Co-ordination with other building is not easy to achieve, though the various federal housing agencies are beginning to consult each other. A new office block in a renewal area may stand empty because private enterprise has built others; or it may simply steal tenants from older neighbourhoods. Nearby cities, in some cases, seem to be vying for the same wealthy flat dwellers; not all can win. There are a few signs, however, that urban renewal is beginning to achieve its aims of tempting the prosperous back into the city and stabilising the tax base. In Boston the downtown business district is healthier than it has been since the nineteen-thirties. It may be significant that Macy's, reversing the trend to the suburbs, has decided to build some of its new shops in renewal areas such as New Haven. There is a certain amount of industrial renewal, particularly in Philadelphia and Chicago, which desperately need to provide more jobs. Certainly in most cities there are handsome new flats and houses to tempt the wealthy and childless back to urban living. Where development has been completed, tax revenues have gone up sharply; to take one example, the three blocks of Kipps Bay pay New York City $775,000 in taxes, compared with $205,000 a year from the slums they replaced, and cost the city far less in services.

The Dispossessed

CRITICISM from the far right, which would like to destroy the urban renewal programme in the name of private property, has its dangers. But government officials take more seriously criticism from the left, which has helped to reshape the programme, although in its most extreme form it can become almost as negative as right-wing objections. A critic of the formidable fire-power of Mrs Jane Jacobs, the author of "The Death and Life of Great American Cities."* (who forced the City of New York to abandon plans to redevelop her own community in Greenwich Village), trains her guns on the monotony and inhuman scale of renewal projects. To her they destroy the very essence of city life.

Such vast blocks are not, however, peculiar to urban renewal (Lefrak City, a purely private and successful development in Queens, New York, is cut from the same cloth) nor are they characteristic of all designs for renewal. Nevertheless it is probably true that in a country with, in most places, plenty of land, the building of tall filing boxes of concrete and glass has been overdone. Another target of critics is the pretentious civic centre situated far from any real heart of urban life.

A frequent grievance, both of the housewife and the little shopkeeper, is the banishing of small shops from redeveloped areas. If they could be retained (and there are a few renewal areas where ingenuity has made this possible) they would provide not only convenience and liveliness but also they might help to bring down rents of the flats built above them. But zoning laws often make this impossible. In any case chain stores are replacing the little shops all over America. This has not, of course, been much consolation to small shopkeepers turned out of urban renewal areas with no more than their moving expenses, an allowance for damage to goods and the possibility of a loan from the small Business Administration. The 1964 Housing Act gave them a bit more assistance and they can sometimes return after renewal has been complete, and to fine new premises. But this may mean too long a wait, particularly for "mom and pop" stores, and the rents are often heavy for enterprises which were barely making ends meet before. Many of these, it is only fair to add, were doomed in any case; the death-rate of small businesses is high in America.

To find a new home for a small shop is easier than to find one for a family. The most damaging criticism of urban renewal has been that it uprooted whole neighbourhoods, sometimes quite viable ones, forcing out poor people, mainly Negroes. Where their homes once were often stand elegant flats and houses for the well-to-do. The figures are that on land sold to redevelopers it is planned to build about 8,000 units of low-cost housing and 132,000 private dwellings, most of these too expensive for the 176,000 families which have had to move out. About 60 per cent of these houses and flats have been built or are under way.

This sounds indefensible but planners argue that if "luxury housing" is the most productive and profitable use for a good site, it would be folly to cover it with cheap public housing for the original tenants. Such a requirement would make nonsense of rational planning and deprive municipalities of revenues which would pay for much more low-cost housing on less expensive land. Finally such a policy would perpetuate existing racial ghettos.

Unfortunately, when the urban renewal programme started there was a severe shortage of cheap houses and flats in the cities. The suburbs, where building was booming, would not admit Negroes, even if they could afford to move there. Inside the cities there has never been much public housing—it

* *Jonathan Cape.* 1962 458 pages. 30s.

How Urban Renewal Works

The **local public agency** (which may be the local housing authority, the city government itself or a new separate agency which it sets up) surveys a slum or blighted area and draws up plans for its redevelopment. Before a project is approved by the **Urban Renewal Administration** in Washington (which sets standards and disburses funds) public hearings must be held in the community and the local government must adopt the plan and must certify that the families to be made homeless can be housed satisfactorily elsewhere. After the URA approves the plan, the land is acquired either by negotiation or compulsory purchase. When the necessary demolition has been done and public improvements made, the land is offered for sale to developers. Besides assistance in planning and the capital grant to cover two-thirds or more of the difference between the cost of acquiring the property and what it fetches, the federal government also supplies temporary working capital for local agencies, and relocation grants for rehousing people and businesses. The **Federal Housing Administration** insures private mortgages on projects which include housing; recently it has begun to insure mortgages on rehabilitated houses. The **Federal National Mortgage Association** may buy up FHA-insured mortgages. The URA, FHA and FNMA are all part of the **Housing and Home Finance Agency**, which also shelters the **Public Housing Administration**. The PHA helps local authorities to finance low-cost housing for poor families.

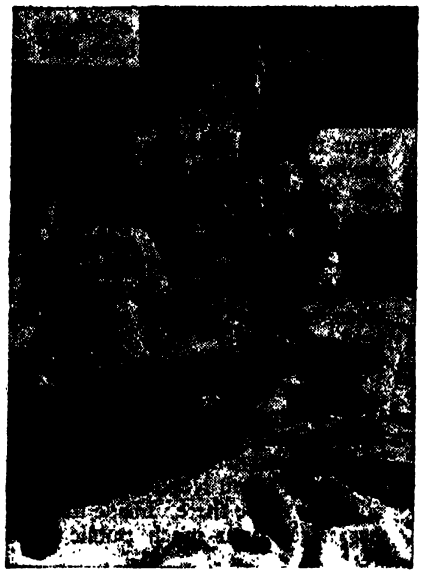
amounts to only 1 per cent of the whole supply—and recently it has fallen into great (and often undeserved) disrepute as a breeding-ground for crime. Today it is popular only when it provides homes for the elderly. Given that the renewal programme was launched at a time of housing scarcity, its record of finding "safe and sanitary" shelter for some 80 per cent of the families which have been dispossessed is creditable. But in the earlier years of the programme uprooted families often had to move into other slums.

Unlike other government agencies—the builders of roads, schools and public buildings—urban renewal authorities have been charged from the first with the responsibility of finding new homes for the displaced at prices which they could afford. Often urban renewal is blamed for the sins of other programmes. Cities have, of course, varied in their zeal in discharging this task and there is little doubt that the first decade of urban renewal caused much anguish to the poor.

Today cities show more foresight in providing homes for the dispossessed; Congress has approved a short-term rent subsidy for them and gives help in building "relocation" housing. Finally, in most metropolitan areas—New York and San Francisco are notable exceptions—there are enough houses and flats left empty by the affluent when they moved out to make it possible to rehouse the poor satisfactorily. It is indeed claimed by the URA that clearing a slum offers a positive opportunity for improving the housing of the people involved and cities are trying to secure a better balance in renewal areas with more housing for people of modest means.

Liberals also complain that "Negro removal" by urban renewal is increasing racial segregation. It is true that Negroes bear the brunt of clearances, but what makes segregation appear to be increasing so rapidly is that it is so much more visible in northern cities than it is in the rural south—and some 1.5 million Negroes have moved

Progress of a Community



The Ford Foundation, with its good nose for fertile ground, picked New Haven, Connecticut, as one of the places in which to back an experimental organisation that tries to better the inhabitants of poor areas at the same time as their surroundings are being rebuilt. Under its able Mayor, Mr Richard Lee, this middle-sized industrial town, home of Yale University and graveyard of an armaments industry, already had a national reputation for its energetic yet socially conscious urban renewal programme. But this alone was not enough to meet the needs of an under-employed, under-privileged and under-educated population. A large influx of southern Negroes at the very period when industries were declining or cutting down their manpower produced an all too familiar crisis of unemployment—made the keener by the fact that the bright new jobs which New Haven needs for prosperity and variety, such as those in the new branch of Macy's in the city centre redevelopment, are not those at all easily filled by the rank-and-file unemployed. With 6,000 jobless in New Haven, there are simultaneously 3,500 vacancies for want of applicants with the right skill.

From early on those in charge of New Haven's redevelopment were aware that their task cut across many human needs that they were not able to meet. By April, 1962, it was further admitted that the existing Community Council (a supposedly all-embracing agency) was ineffective and a new private ginger group, Community Progress Inc., was set up to inspire, goad and experiment. It was endowed with an able and canny executive director, Mr Mitchell Sviridoff, who had made his name as a trade union organiser, and with an initial Ford grant of $2,500,000 over three years. The organisation acts as a kind of wind tunnel into which funds from many sources are sucked and blown out again, to settle on innumerable carefully picked projects either administered directly by CPI or by other agencies. Naturally there is some opposition—for example, among local lawyers to a new legal aid scheme—and Mr Sviridoff admits privately that his hardest job is to create meaningful changes in institutions. Until this can be done, many of the CPI projects—in common with so many social experiments—will remain as pilot schemes only.

The school neighbourhood is the unit for most of these schemes and, with the co-operation of an enlightened board, local school buildings are used as centres for the community and for family welfare and advice. After lessons these become the scene for adult literacy classes, clubs for all ages and subjects, discussion groups, etc. Children are encouraged to use the building at all hours and to bring their families. Other neighbourhood services, based outside the schools, include youth and adult employment offices. There are some very lively pre-school play centres where mothers meet while their small children can enjoy the quite simple means of expression without which they might fail to develop properly. All these things are co-ordinated with redevelopment, the aim being to preserve a neighbourhood even when the greater part is rubble.

Often a delicate balance exists between what is needed and what is acceptable. People naturally resent anything smacking of a "paupers' programme" and indeed for success the communal activities must include people of a variety of circumstances and capabilities. But the problem is not so much to bring in the betas as to make sure that there are at least some gammas; it is all too easy to end up with a roomful of children who are not in the least deprived. But on the whole the CPI workers feel, probably rightly, that it is better to make a start with helping people who will help themselves; it must be admitted, too, that they know that results influence funds.

In a town where the biggest slice of unemployment is among boys and girls under 21, and where in some neighbourhoods about half the school children fail to complete their education, job training—even training in the habit of work itself—is one of the greatest needs. Federal funds are available to employers who contract to train workers; CPI acts locally as the channel for these funds (as well as taking a direct part itself).

Where achievements are assessed in terms of individuals the scale of all these projects is naturally small compared with the total need. More money and extra workers are not all that is required to make more than a brave demonstration. Mr Sviridoff is noted as a skilful pilot through the labyrinths of administrative departments; he spends his time nagging, cajoling and bullying any official who has a CPI application in front of him. Even so, he has sometimes to get as many as twenty federal approvals, a process which can take up to eighteen months, for a single project. It is confidently expected that more money will be available from Washington's Economic Opportunity Programme. But something besides money will be needed, too.

north in recent years. No federal money or insurance of mortgages is available for discriminatory development, as California was reminded when it repealed its fair housing law last year.

In Washington's Southwest renewal area, the first new community open to all races in the capital, there are black-skinned and white-skinned children living happily in the same blocks of flats, though all are the well-dressed, well-behaved children of well educated, successful families. Urban renewal can also point to stable, multi-racial developments in Chicago; in San Francisco whites, Negroes and Orientals live together in St Francis Square, an enterprise sponsored by the dockers' union. Whether it is asking too much for prosperous whites (and Negroes) to be mixed quite so relentlessly and monotonously with the under-privileged as New York is planning to do remains to be seen.

In a notable speech last year at the University of Pittsburgh Mr Slayton, the Urban Renewal Commissioner, argued that the programme is still getting house the families who lose their homes. As important as more public housing—and the incentives provided in 1961 to encourage the building of housing for the middle-classes by limited or non-profit organisations—are measures to eliminate racial discrimination in existing housing. Most of the suburban houses built since the war are still out of bounds for Negroes.

Rehabilitation—No Cure-all

BIG clearance schemes have been running into increasing resistance from the people involved. A good many of those authorised a few years ago would not be undertaken today. Planners now find that when they approach a community to discuss redevelopment the residents meet them, as one expert has said, "armed to the teeth." Indeed, as long ago as 1954 Congress provided for rehabilitation of existing property, not only because clearance was becoming politically explosive, but also because America already has an investment of $500 billion in housing. To replace much of this is beyond the most ambitious urban renewal programme, though some clearance schemes will always be needed.

Rehabilitation, which dispossesses no one, preserves neighbourhoods and interesting buildings and costs less than clearance, sounds like a magic solution. That rehabilitation can do wonders where money is no object can be seen in Georgetown, in Washington, DC, where eighteenth century houses, once Negro slums, have been turned into the charming preserve of the rich. Wooster Square, in New Haven, where the cost had to be counted, shows how a pleasant but declining neighbourhood can be redeemed by paint and plaster and by judicious additions of harmonious new buildings, a school and attractive low houses.

Harlem Park, in Baltimore, a decayed Negro enclave (a so-called grey area) and one of the first big rehabilitation schemes in the country, was a tougher proposition. Yet since 1961 almost all of the 2,000 structures have been brought up to the standards set. Property owners have put $8 million (most of it borrowed) into renovations and repairs and the federal and city governments have invested about the same amount in new schools, street paving and lights and other improvements. But the officials in charge are keeping their fingers crossed; new paint fades unless people have been infused with lasting pride in their community.

One of the difficulties in securing capital for rehabilitation has been the conservatism and unrealistically high standards for repairs set by banks and the FHA. Long-term loans were not available to Harlem Park until late in 1962. The FHA, whose main work in the past had been the insuring of mortgages on new suburban houses, has had difficulty in reorienting itself to what can be done in a run-down old neighbourhood inhabited by people with modest incomes. It was only two years ago that the FHA at last produced a new set of minimum standards for rehabilitation in urban areas.

With FHA insurance existing mortgages can sometimes be refinanced and can include the cost of improvements, without having to increase the monthly payments being made. These may even be lower, though in Harlem Park, where the average cost of rehabilitation was about $4,000, such cases must have been few. If monthly payments are going to be higher, owners, particularly if they are elderly, may be reluctant to accept the extra burden; and there are always hardship cases. Last year Congress established a fund of $50 million from which 20-year loans, at 3 per cent, will be made to owners of houses needing repair. Of 112,000 homes scheduled for rehabilitation, 39,000 had been brought up to standard by last June and a start had been made on 21,000 more. But this is only a drop in the bucket.

Two years ago Mr Slayton admitted that "rehabilitation is the hardest part of a complex problem." It requires a large and skilled staff to deal with individual cases and to secure the co-operation of the public. Local taxation, which penalises improvements (and thus encourages slums), is a great obstacle not only to rehabilitation itself but to the enforcement of housing codes, which is a necessary element in rehabilitation. Landlords may be too poor to afford the repairs or, if they are getting fat incomes out of overcrowded slums, they may simply refuse to make them. If landlords co-operate, they may raise rents above those which tenants can—or should—pay. This is what has happened in some cities which have tried to enforce the housing codes. Only New York retains rent controls. In really bad slums, where the buildings are too rotten to be worth thorough-going rehabilitation, the best that can be done is simply a holding operation, to prevent further deterioration until other remedies are available—including perhaps direct rent subsidies for the genuinely poor to enable them to move elsewhere.

Philadelphia

Renewal Coming of Age

FIFTEEN years of experience has made the urban renewal programme much more efficient. Both officials and private developers are more knowledgeable and more sophisticated. New legislative and financial and managerial tools have been developed. Even Mr Anderson admits that projects are now moving more rapidly to completion (although this is partly because they tend to be smaller). But urban renewal has so many objectives—necessarily, because cities are such complex organisms—that it is hard to know by which it should be judged: splendid new buildings, rehousing for the poor, stabilisation of city tax revenues, attraction for commerce and industry or standards of urban design. The Urban Renewal Administration insists that all are interwoven but in practice there are built-in conflicts; providing more tax revenue for the city may mean postponing housing for the very poor. Moreover, Mr Slayton himself says that in most cities, taken as a whole, the impact of urban renewal has been small, though there are notable exceptions.

One of the virtues of the programme is that most people in it, however dedicated they may be to its ends, are willing to admit its shortcomings and to attempt to find new ways of overcoming them. Congress and the Housing and Home Finance Agency have authorised many demonstration programmes to test new solutions for old problems. Moreover, this experimental approach is aided by the diversity of renewal under 800 different local governments, with participation by

Indianapolis goes it alone

Indianapolis has always prided itself on its sturdy independence of Washington, DC. Of all the cities engaged in large-scale urban renewal, Indianapolis is now the major one which receives no aid from the federal government. In the nineteen-forties Indianapolis, like other big cities, found that certain sections, mostly those inhabited by Negroes, had deteriorated into slums of the worst sort: rows of wooden shacks with rotting roofs and crumbling porches; no city water or sewers; small gardens littered with carcasses of rusting automobiles; mud tracks instead of paved streets. Some houses were rat-infested, others were fire hazards.

In 1945 the Indiana Legislature passed a Redevelopment Act which declared a state of emergency and called for the redevelopment of all blighted areas but forbade the use of federal funds. Since then the bull-dozer has levelled over 600 acres of the worst slum property in twelve separate areas and 1,268 family living units have been put up, as well as small factories and business premises, public buildings and one group of luxury flats. The total cost, in a city of 500,000 people, has been just over $13 million, a relatively small amount compared to the sums spent by cities that receive federal assistance.

The projects undertaken by the Indianapolis Redevelopment Commission have undoubtedly been a success. The first has replaced the worst slum in the city with row upon row of neat $11,000 to $13,000 homes, inhabited and originally built by Negro ex-servicemen under a self-help scheme in which each man contributed 1,500 hours of his own labour to dig the foundations, put up walls and lay the roofing. In the place of another major slum a cluster of four tall blocks of flats has risen, giving Indianapolis its first taste of skyscraper living. The James Whitcomb Riley Centre, named after the celebrated Indiana poet, will eventually provide 2,000 flats, as well as the familiar restaurant, shopping complex and cinema. But the 500 which were completed over a year ago are only 60 per cent occupied, partly because of the competition from more moderately priced flats which are being built in every corner of the city.

In the view of the Redevelopment Commission projects in cities which accept federal help have been seriously delayed by the red tape and regulations of a multitude of government agencies. "We feel that the city loses control over its own destiny when it becomes dependent on federal aid," says the head of the commission. But what it has accomplished is only a fraction of what needs to be done. In spite of its efforts the slums are growing and some neighbourhoods are going downhill fast. One reason is the continuing influx of Negroes from the South. Fifteen years ago Negroes represented 14 per cent of the city's population; today they make up 22 per cent. Whole families are crowded into one-bedroom flats in converted houses—once the symbols of a respectable, middle-class neighbourhood, now deteriorating rapidly.

One civic leader who feels that the city is not grappling adequately with the problem, Mr Bruce Savage, believes that Indianapolis is "sitting on a keg of dynamite" because of its neglect of such growing pressures of population. "Many Negroes earn only $1,250 or $2,000 a year and it is essential that they should be provided with low-income housing they can afford." He points out that federally subsided public housing, with an average rent of $41 a month, is the most direct solution for these families. The Indianapolis Housing Authority has been re-activated, with Mr Savage as vice-president, and it looks as if the city will see public housing going up in 1965 and 1966 for the first time since the war.

There are other signs that the city's attitude towards accepting federal money is softening. During the present session of the Indiana State Legislature, which opened in January and which is now controlled by Democrats, it is very likely that the statute forbidding the use of federal funds for slum clearance will be repealed. If this happens it is virtually certain that the city council will vote for the first time in favour of using such help.

Dollar Land Holdings Limited

is a holding company which, through operating subsidiaries in the United States and Canada, owns important real estate investments in North America. Its shares afford a medium through which investors can take an interest in an expanding group.

Further details of the Company and its properties may be obtained on application

ENQUIRIES TO

DOLLAR LAND HOLDINGS LIMITED

63 BROOK STREET, LONDON, W.1. Telephone: MAYfair 9684

DOLLAR LAND HOLDINGS LIMITED
SHARE CAPITAL

Authorised	*Issued and fully paid*
£	£
3 500 000 in Ordinary Shares of £1 each	3,000,000

Directors

H. J. S. French O.B.E. B.C.L. C.a.ma
Sir Ernest H. Le.er LL.D. F.I.A. Depu. C.ie.man
F. Blake (U.S. Citizen)
P. Boggis Rolfe
S. Joseph Tankoos Jnr. General Manager resident in U.S.
Elliot N. Yarmon General Manager resident in Canada

How to make £1,000,000,000 go a long way

That is the amount of overseas capital invested in Australia over the past six years. About half of this came from British investors. Over five hundred British firms have established subsidiary companies there and have made a major contribution to the rapid expansion and development of Australia as a growing industrial nation.

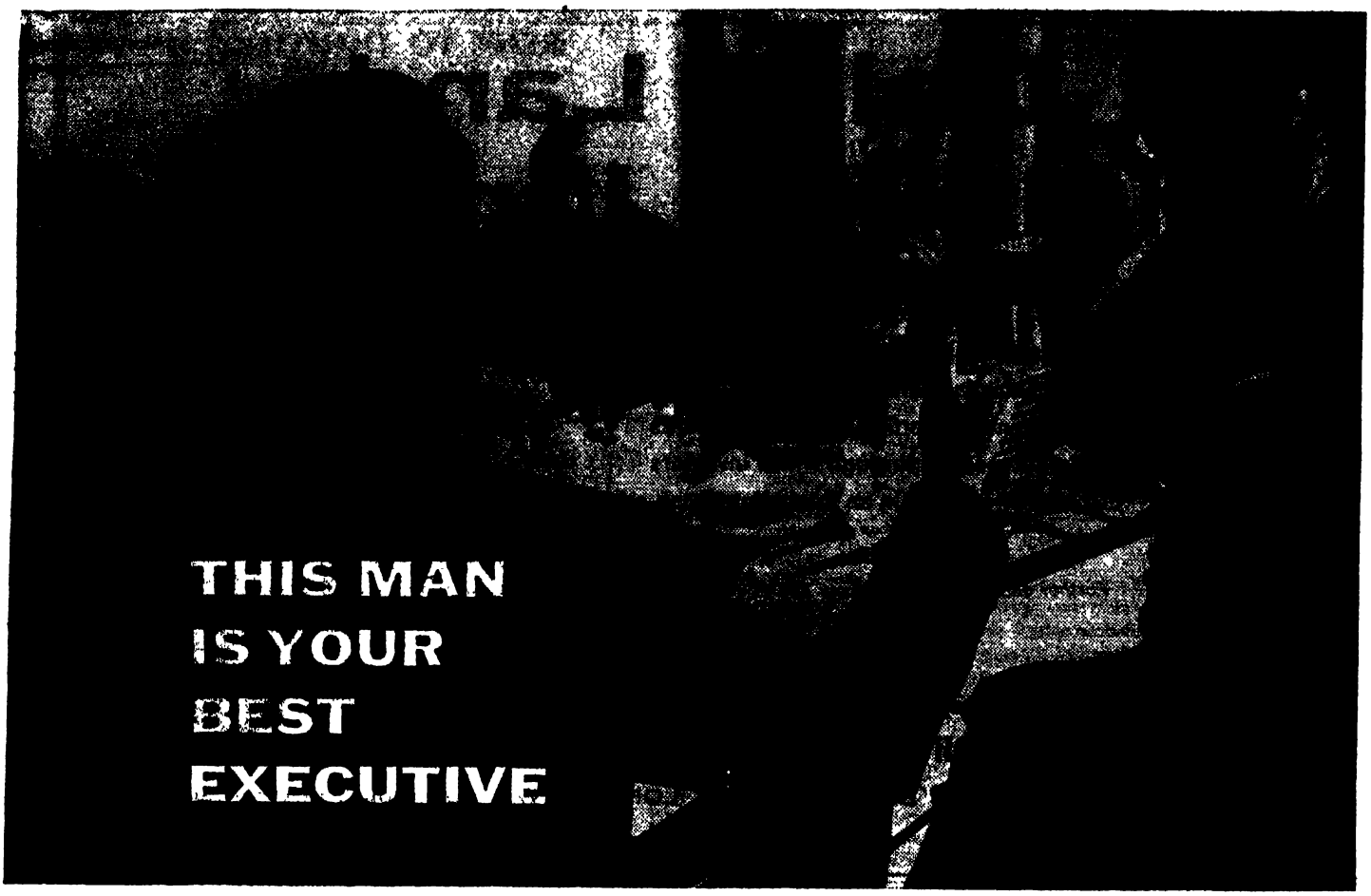
Businessmen all over the world recognise that Australia is a vigorous country offering excellent opportunity for investment and enterprise because AUSTRALIA HAS

Strong British traditions ■ political stability ■ a skilled and expanding work force ■ a free enterprise economy ■ great natural resources ■ a fast-growing domestic market ■ and is close to Asian and Pacific markets

Information is available from the Office of the HIGH COMMISSIONER AT AUSTRALIA HOUSE LONDON W.C.2 TEMPLE BAR 2435 AND AT THE OFFICE OF THE AGENT GENERAL FOR EACH AUSTRALIAN STATE

AUSTRALIA IS BUILDING, PRODUCING, DEVELOPING

Inse ed by the Co. o. wealth Gover. n. t of Aus ral a



...BUT DOES HE REALLY FEEL PART OF YOUR TEAM?

You pay him well, reward his ability with promotion. He has the security of a pension. He should feel part of the team—but how do you *know* that he does?

It is hardly necessary to mention that nowadays able executives are at a premium. A glance at the ever-increasing advertisements put out by companies hoping to attract top staff will quickly remind you of this. And top staff are well known to be occupationally mobile—only 504 out of 1000 executives in a recent McGraw-Hill sample study held the same job, in the same company, in the same place, for longer than 12 months. This was over a 20-year period!

Yet paying good money is not enough to make the best executives stay. They must also feel happy. And happiness in an enterprise comes from the feeling of being wanted, from the realization that any special initiative or effort taken on the firm's behalf will be noticed and appreciated.

Any real leader of men knows that there is more to it than the salary slip—that there is, as well, an invisible but real reward which makes some organizations great, unassailable.

This is why the chief executives of the most famous firms in the world pay as much attention to presentation schemes as they do to salary increases and bonuses. For the right kind of presentation is not impersonal as money is—it is a human gesture which does not come in monthly instalments, subject to good behaviour. There are no strings. It is a warm, personal expression of thanks valued as such by the man who receives it.

What form should your firm's presentations take? They should be gifts *of a quality that you would like to receive yourself.* Nothing less. For this reason Rolex watches are the presentation gifts *par excellence.* Rolex watches are worn by world leaders in politics, finance, industry and technology. This is no idle claim—the dazzling array of portraits of famous Rolex owners on the walls of the Rolex headquarters at Geneva proves it.*

So the executive who receives a Rolex instinctively feels that his work is appreciated fully.

ROLEX

***If you are in Geneva, you will be welcomed at our world headquarters**

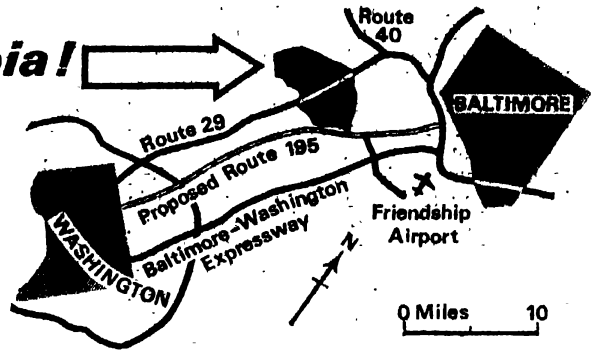
For a copy of the illustrated presentation brochure, please write to
THE ROLEX WATCH COMPANY LIMITED (*Founder: H. Wilsdorf*)
GENEVA, SWITZERLAND

innumerable businessmen and citizens' organisations. New York, for example, is testing an interesting scheme to teach the underprivileged how to live in an urban society. There is emerging, none too soon, a new breed of urban statesmen, men like Mr Bacon in Philadelphia, Mr Herman in San Francisco, Mr Pease in Pittsburgh, Mr Logue in Boston. These are the top flight, but development authorities—with federal money—are also pushing up salary scales right down the line in local government and attracting abler men and women. One of the greatest needs is for more people skilled in handling urban problems; there are far more jobs than qualified applicants. Congress recognised this last year when it authorised grants for scholarships in this field and for state training schemes.

Another step forward was taken by Congress last year when it offered grants and loans to cities for systems of public transport. (Money for plans was provided earlier.) The sum—$370 million for the whole country—is little more than token and it comes very late. The time to plan a system of public transport is before the centre of a city is torn up, not afterward; before expressways have seized the best routes, not after they have been built. But at least it has been recognised that the planning of cities and of transport must go hand in hand; indeed, after the middle of next year there will be no federal money for urban highways unless these are the result of a "continuous, comprehensive and co-operative planning process." The majority of metropolitan areas are already complying with this provision and the ability to simulate the flow of traffic under various schemes is a tremendous tool in the right hands. At the federal level more efforts are being made to bring the Bureau of Public Roads and the city planners together.

All this is to the good, though there is room for scepticism about mass transport as a universal cure for ailing cities. It can

Hail Columbia!



The first scheme for providing aid from the federal government for planners of new towns, rejected by the last Congress, may be passed by this one. Meanwhile, partly encouraged by the prospect of subsidy, but mainly in response to market trends, the new town banner has been adopted by a number of private companies which would have been interested in nothing more elaborate than the crudest form of housing subdivision a few years ago. Slowly, the planned community is becoming fashionable.

To sell houses is no longer enough; developers must also offer a "way of life," which includes a fancy lay-out, facilities for recreation, conscious landscaping effects. Among variations are the holiday and retirement communities concentrated in the sunshine of Florida, Arizona and California. But even in those non-specialist "new towns" which have set out to gain employment for their inhabitants, it has proved almost impossible to build anything except huge green dormitories around the empty spaces zoned for industry. And since the appeal to middle-class buyers has often been to "live with people just like you", working-class accommodation has not exactly grown apace.

Two projects for new towns near Washington, DC, have attracted rather wider attention; the first, Reston, near Dulles International Airport, is primarily an attempt at outstanding—and costly—design. The second, whose plans were published last November, is Columbia, in Howard County between Washington and Baltimore. Since this represents the most conscious American effort so far to meet the needs of a rounded community within a carefully costed commercial project, it deserves the attention of builders of new towns on both sides of the Atlantic.

Columbia is the brain-child of Mr James Rouse, a mortgage banker and developer (particularly of shopping centres), who takes the social implications of his work very seriously. Before his company, Community Research and Development, Inc., set about its ambitious new town scheme it appointed an impressive panel of academic experts to advise it on just what the ingredients for the ideal new community should be. Perhaps more important, Columbia has the promise of economic success which should help to prevent its languishing as a community.

It is on a plum site, west of the expressway between Washington and Baltimore, well connected with other roads. The entire population of the Washington-Baltimore area is expected to double in 35 years and in this context the planned growth of Columbia to 100,000 people and 30,000 jobs in 15 years is quite realistic. Already 6,000 people live scattered about the 14,000-acre site and new industry has spilled into the area with 3,500 jobs. By the 140 separate land deals which assembled this tract, CRD cast its net round an already shooting growth.

Howard County, which had to give consent, has been promised that in the development stage Columbia will not be a tax liability (the most costly stage of all new towns is always at the beginning when infrastructure is created ahead of population). The dodge here which is intended to prevent the capital cost to the developer being too great either, is to get the area declared an "Improvement District" in the sense usually applied to large water or sewage schemes. Then long-range (40-year) low interest bonds may be floated to finance the community which will later take over responsibility for the bonds. This will pay for common services. Some other development costs will be borne by CRD in its prime function as land developer, others again by the individual owners or builders to whom they sell or mortgage and who will be required to build (to their own design) according to the plan. All social capital has to be attributed in detail to one or other of these three sources and, balanced against land sales, the calculated result is profitable.

The plan for Columbia, partly dictated by the gaps of unacquired land throughout the site, is a series of "villages" of 10,000-12,000 people clustered round a town centre. There from the start will be one of Mr Rouse's shopping centres which will serve the surrounding region before Columbia itself exists. CRD may also itself build high flats and offices in the centre. Green spaces, golf courses and lakes are great features of the design for the whole town which includes separate roadways for a mini-bus transport system. There will be on average only two families to an acre.

Community centres including primary schools and child care units for neighbourhoods are an important part of the plan. Still more important, and much harder to realize, is that they should be integrated communities. Both Baltimore and Washington have exceptionally high proportions of Negroes in their populations. In theory at least no "village" should be predominantly white or Negro, yet this may be rather hard to ensure in practice. But if it welcomes Negroes at all—and can make itself attractive to them—Columbia will be distinct among new town projects.

take people out of a city as well as bring them in. And if the demand is for communication between suburbs, rather than from the suburbs into the centre, the provision of public transport may involve subsidies greater than is justified by the demand.

The Administration's new proposals for urban regeneration will not be known until the President sends his message to Congress, probably later this month. But there are hints of what the future holds in the Budget and Economic Report. Unquestionably the most important is the decision to require increasingly, as a condition of federal aid, that the multiplicity of governments in each metropolitan area work and plan together. Also striking is the admission that more housing for people of low and moderate incomes must be built in the centres of cities. Rent supplements, particularly for the elderly, the handicapped and those displaced by urban renewal, are to be proposed. And the supply of public housing is to be augmented, if Congress agrees, by the purchase and rehabilitation of existing housing.

A number of promising proposals which Congress turned down or postponed last year seem likely to be revived. One, to which Dr Weaver, the head of HHFA, attaches great importance, would give states and local governments grants for planning ahead for public facilities and for buying up land in the suburbs, so as to provide for orderly growth and open spaces in metropolitan areas. (The present open-space grants of the URA have had few takers at the local level.) Another would have provided federal help for the planning of new towns, something which has been neglected in the preoccupation with the plight of the cities.

Finally, the Administration will ask again for the creation of the Department of Urban Affairs which the last Congress refused to give President Kennedy, partly at least because it feared that its first head would be Dr Weaver who is a Negro. Whether renaming the federal housing complex and giving it greater status and broader responsibilities would cut down much of the bureaucratic jungle is another matter. At present securing federal aid for cities is an art in itself—and an essential one for planners, though co-ordination among the various housing agencies is increasing.

The most striking development, however, is the close relationship growing up between the urban renewal programme and the war on poverty. This is not altogether surprising. Urban renewal has uncovered horrors in the slums which many Americans had been happy to ignore and has made plain the enormous size of the challenge to society. If nothing else, it has been, as Mr Slayton says, a stab at the conscience of the community. This is, indeed, what many property owners dislike about it. Festering clusters of poor, untrained, socially backward Negroes have been dislodged and rehoused in more genteel neighbourhoods, to values depend on keeping them out.

In the course of trying to find new homes for these people officials discovered how great was their need, not only for shelter, but for health services, remedial education, retraining for employment and the whole range of public and private welfare services. The forerunner of the Community Action section of the war on poverty is the work done to unify family services by the Ford Foundation's "grey areas" project and the President's Committee on Juvenile Delinquency. Local development agencies, which had to turn to the various welfare agencies for help in rehousing people, have been deeply involved in this pilot programme in cities such as Boston and New Haven. One idea which they have contributed is that there should be a multi-service community centre in every renewal area. When families have to make a start in a new neighbourhood they are often more receptive than usual to offers of help which in the ordinary way are too fragmented and too remote, both physically and spiritually.

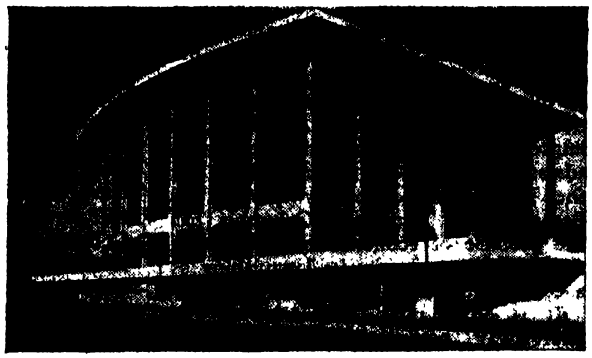
For over half of its life the urban renewal programme operated under a Republican Administration whose interest in the civilising values of the city and in social improvement lagged far behind its solicitude for private enterprise. With the Kennedy Administration this began to change. It is a far cry from the Eisenhower Administration to Mr Slayton's statement that today

> Our concern should be less with the problems of the cities than with the development in urban society of more effective measures for creating opportunity and for relating people to opportunity.

The recognition that all urban problems must be tackled as a whole is one thing; to bring it about another, under a system of divided powers and mutual suspicions. Logically there ought to be some form of block grant to cities, but the anti-urban bias which has been so strong a feature of American life and the incapacity of some cities to govern themselves successfully in the past have made this seem remote.

Last month, however, Dr Weaver, the head of HHFA, discussed the daring (for America) idea that a certain percentage of a federal grant might be set aside for a city to use as it pleased. Other possible innovations which he mentioned included a federal representative in each of the large metropolitan areas, as a means of stimulating regional planning, and the idea of an urban extension service. This rather cloudy concept would parallel the agricultural extension service under which land-grant colleges give technical advice to farmers and other residents of rural areas. None of these ideas may be adopted by Congress this year, but at least they show that lively thinking is going on. Certainly the federal government is beginning to appreciate that more is involved in urban renewal than new buildings. And last year's riots are the best guarantee that the war on poverty and the urban renewal programme will be pursued with vigour.

New heart for Los Angeles



In extent the largest city in the United States, in looks Los Angeles is one of the most disreputable in the world. It is the prime example of a town that has been both choked and bloated by the motor car; decayed at the core it sprawls into a mass of shapeless suburbs, spreading over 450 square miles of once beautiful countryside. Ever since the war its responsible citizens have been striving to bring life and prosperity back to the heart of Los Angeles, notably by razing 24 blocks of antiquated buildings to develop a new Civic Centre of offices for the city, state and federal governments, set around a broad mall with gardens and fountains.

Now 70 per cent complete, this project has lacked architectural distinction; it has also lacked any attraction (except for its underground car parks) to bring in people who did not have business there; at night it was deserted. These faults are now being remedied by the Music Centre for the Performing Arts; the first section, a concert hall, which opened in December, is to be followed by a conventional and a circular theatre. To be completed by the end of next year, the Centre will cost $33.5 million, over half of which has been raised by private efforts; the rest of the money and the land have been given by the county authorities. The Music Centre is supplying Los Angeles with two things which it has needed badly—a cultural hub and a community spirit. Next comes the Centropolis plan, co-ordinating all existing redevelopment projects; this would divide the whole core of the city into functional districts—for offices, department stores and so on—and eliminate all cars, although not buses, from the heart of Los Angeles.

The Quantifiers

RESEARCH is America's outstanding contribution to urban affairs. If activity sometimes seems confused with action, this is no criticism of the important technical developments in this field. In American universities "urban studies" are fashionable and combine the skills of the economist, the sociologist, the business expert and the operational researcher, harnessing all to the power of the computer to process data and reveal relationships between the vastly varied activities of the city or the region. These studies have produced some high-powered input-output analyses of regional growth and in cities university teams are often called to the help of private agencies or public administrators. In this way, and through the universities' own direct involvement in slum property in cities like Chicago, theoreticians and field researchers find themselves impatient critics of policies which actually prevent their work being of much practical use. It is rare indeed for a region which is viable for economic or planning purposes to correspond to any unified source of administration; so the chances of effective action within the accepted conventions of government are small.

Millions of dollars are available for research. Surprisingly enough the biggest source is the federal Bureau of Public Roads, usually regarded as the monstrous negator of urban planning. Through the medium of traffic surveys, now concerned increasingly with the total implications of transport and land use, it puts more and more of its money into urban affairs in general. The second biggest source of income is a private one, the Ford Foundation's Public Affairs Programme; some $40 million has so far been spent in cities under this scheme, more and more on projects which are expected to produce practical results rather than on the safely academic.

1. Region on a Couch

THE New York Region has been the subject of what must be the most massive analysis of a developed area ever attempted anywhere in the world. This was under the auspices not of a governmental unit but of a venerable private organisation, the Regional Plan Association, which first made its mark in 1926 with the publication of a plan for New York State in the days when such things had barely been heard of. Thirty years later, revived with a large dose of money from the Ford Foundation and others, the association asked the Harvard University Graduate School of Public Administration to analyse the physical and economic structure of 22 counties stretching roughly 50 miles from Times Square. The aim was to find not only what was there but why, thus establishing trends which could be projected as far as 1985. The analysis filled nine volumes, describing the physical and dynamic relationship of jobs, housing, social classes, political systems, education, transport and so on.

From this information emerged an alarming picture of the region as it would be in 1985, if existing trends continued. A city stretching without break for 100 miles and covering over twice the present built-up area, would be populated by an extra 6 million people (on top of 16 million in 1960), living farther and farther away from their work. As a result transport would replace education as the main item of public investment, requiring $18 billion of capital expenditure between 1960 and 1985 (including $7,350 worth of roads for every extra household). Such is the measurable cost of sprawl. The Regional Plan Association lays the main blame for this distended growth squarely on the present "fiscal zoning" policy of local authorities. The association is now working out its own scheme for channelling the tide of growth and dispersal into a network of sub-centres of diverse character, connected by a highly developed yet more economic system of transport. But what hope is there of this actually being done?

2. City on a Computer

ONE of the most exciting ideas to come out of American cities in recent years is the belief that the continuous development of a city should be capable, like the production process in a factory, of expression in terms of an electronic model. Once clear expression is achieved, subtle forms of control become possible. Since American planners are, perforce, great believers in indirect influences rather than direct controls, to be able to distinguish in detail the effects of a large variety of influences on the market for urban land is extremely important to them. This is what San Francisco is seeking as the basic tool of its Community Renewal Programme; these comprehensive schemes, to which the federal government contributes, set priorities for a city's redevelopment for many years ahead.

To carry out this formidable piece of systems analysis the city has engaged a firm of industrial consultants, Arthur D. Little Inc., with help from the University of California at Berkeley. Using every conceivable form of existing record and filling in with special surveys where necessary, the information is being organised in terms of the four main forces which shape the physical change of the city. These are stocks of space, users of space, private developers and investors in space, public policies and programmes. Normally, of course, cities are lucky if they can grasp the implications of even the fourth item at any point in time, let alone the continuous interaction of all upon each.

A mathematical model of the housing market has already been constructed, to be used to test and predict the interplay of changes and their impact on the whole market and on particular neighbourhoods and categories of people. Industrial and

What fiscal zoning looks like

The most important influence on the haphazard sprawl of America's urban regions is the system under which land use is controlled by small local government units which subordinate everything to the local tax fund (the process known as fiscal zoning). Industry makes for new highway intersections in a constant attempt to leap-frog over residential developments in order to avoid paying taxes to support a community. New communities are equally anxious to zone their areas for industry or for houses on large plots; these cost more to buy and are therefore supposedly inhabited by rich people with few children who need comparatively little in this way of schools. As soon as the proportion of families who pay nothing much in taxes and demand a great deal in services becomes too high, commercial and residential developers move on, leaving ragged areas of semi-built up land behind them.

commercial factors will be added later. In time San Francisco may be able to assess what the closing of a single factory would do to the house occupancy of a given area or the age and colour structure of a particular school. It should be able to analyse the effects of the city's own taxes or of the labour market in the surrounding region on the type of building erected, or neglected, in any part of San Francisco. The city wants to work out a programme of renewal which will determine the parts to be rebuilt, rehabilitated, converted to another use or simply left alone for the time being. The model is intended not only to make such a programme realistic but to keep it that way, by showing what public action will produce the desired result.

This is only a tool, useless unless the city decides where it stands on certain fundamental policies which must provide the goals of the programme. This is exactly what could render the whole complex exercise embarrassingly useless, for computers tend to demand plain answers to questions which people would prefer not to be plain about. In order to renew itself by this means, San Francisco may first have to decide, for example, how far it wants to go to attract back into the city the middle-class families who have left it, or the jobs for the working class people who have remained. The cost of providing the most flexible planning tool any city has ever had within its grasp is relatively modest—an estimated $1.1 million spent over 26 months. But this will have been wasted if the key decisions are not forthcoming.

3. Transport on a Grid

In the past ten years the combination of land use and travel survey first used in Detroit in 1954 has brought American transport economists more and more into the field of general city planning. This has been encouraged by the fact that after next June federal grants for highways in urban areas of more than 50,000 people will only be available where there is continuous comprehensive transport planning.

Such is Philadelphia's Penn-Jersey study; its brief, both vague and wide, is "to promote a desired pattern of transportation and land use" in an area embracing the city of Philadelphia and parts of eight surrounding counties, with a population of 4,500,000. It is a public agency with $5 million from the local authorities concerned, the Bureau of Public Roads and the Housing and Home Finance Agency. It spent two-and-a-half years on an intensive study of homes, businesses and users of public transport, relating all to a land use survey based on the division of the entire area into a quarter-mile grid. An economic survey was also made of industry and of land use. This has now been processed with the help of an IBM 401 computer and an electronic map-making machine which builds up the map at lightning speed, one dot for each unit of the grid, achieving in 1½ hours what five draughtsmen working by hand would do in five days. The results are supposed to enable the agency to produce plans for 1975 and 1985, on the basis of trends deduced from the data.

Already they have shown that by 1975 there will be an increase of 34 per cent in journeys and that many of these will have to be on public transport—new facilities will be required, subsidised if necessary—since it will be impossible to provide enough extra road space. Even so, to meet the needs of the distended city region in ten years' time, between $1.6 and $2.5 billion will have to be invested in transport. This is on the basis of undiverted trends. The agency has enough information not only to plan a transport system but also to prescribe more economic locations for industry, housing and open spaces. Whether it will be allowed to do so is another matter; as many as 500 separate bodies are involved in controlling land use in the region.

Lessons for Britain

America's techniques of urban renewal have been developed in a political and administrative climate very different from Britain's. Nevertheless, without making the mistake of thinking that ideas which work in one country can be adopted wholesale in another, it is well worth trying to pick out those points at which British cities could meet their similar problems with similar techniques. The differences are perhaps more obvious; for a start public activity in clearing slums and building houses has a very much longer history in Britain (where 40 per cent of all housebuilding is done by public authorities) and nobody questions the expenditure of public money on these things. Development plans for the rebuilding of cities have a statutory force and the wartime destruction forced many cities into massive rebuilding and replanning. But only comparatively recently has the problem arisen of how to renew large areas where the old fabric is still standing and serving a useful purpose. And, traffic-choked and decrepit as so many town centres in Britain are, they have not suffered the concussion experienced by American city centres from the blast of their suburban explosion. This fact, largely the result of planning control of urban growth, does not make renewal any less necessary but it does make it harder to carry out without doing serious social and economic damage in the process.

There are, however, three most important lessons which the builders and rebuilders of British cities can learn from their American counterparts. One is the value of scientific, quantified analysis. Another is a sensitivity to market forces and financial implications. The third is a democratic awareness that a city of 100,000 inhabitants consists of 100,000 potential objectors to be won over to new ideas. It is easy to see that all three are intensified by the fact that [illegible] have no power to act positively themselves; they can only cause other people to act. Beautiful master plans and painstaking analyses get nowhere at all unless they spark off the enthusiasm of someone with executive or political power. But this is all the more reason why British planners, who have executive power, should heed good ideas which they might actually be able to carry out.

They have at last begun to make use of the American-style computerised planning for traffic. But just imagine what, for example, the London County Council could have done if it had had advance warning of the boom in office building and its effects through the kind of electronic planning model which San Francisco is in the process of evolving (p. 555). If the South East Study, the current planning guide to the London region, had been carried out with the clear-eyed thoroughness of the survey of the New York metropolitan region (p. 555), it might have presented a very different picture indeed. The practical involvement of American universities in the problems of cities and their regions is an example which, with its acute shortage of skills, Britain cannot afford to ignore.

The federally-aided processes of urban renewal described in the previous pages astonish British visitors for rather different reasons—mainly, for their enviable measure of independence and direct action. Compulsory purchase ("eminent domain" to Americans) is a far more ruthless affair in the United States. The public authority has to pay a fair market price for the site to be cleared as it stands—but with no nonsense about "maximum alternate use value" or many of the other regulations which plague British planners. Arguments about compensation carry on while the bulldozer is already at work. And what British local authority would not envy a system which recognises that the cost of acquiring and clearing land is greater than the subsequent market value of the site and should therefore be subsidised centrally? Britain may soon have to return to this principle.

American cities are even more conscious than British ones of the need to push up their taxable values, but under a federally-aided urban renewal scheme they should be able to have a little respite in which to consider priorities other than the short-term tax fund. Help from the federal government does, at any rate, make it pos-

sible to prefer the best scheme rather than the highest bid when dealing with private developers, a matter in which many British towns are regrettably short-sighted. With very much more power, and inclination, to undertake new development themselves, British towns tend to regard private developers at worst as enemies, at best as uneasy allies. But if they always had as clear-headed an appreciation of the value of new investment in a city, whether public or private, as is frequently to be found among city officials in the United States, they might more readily find solutions that make economic as well as social sense.

America's preference for public encouragement of the private market rather than direct public action has created over the years an elaborate series of federal and local incentives—cheap loans, mortgage insurance, depreciation allowances, local tax rebates—to private builders willing to provide at limited profit dwellings for families of moderate means or old people living on their own. Though these schemes have little direct relevance to the people actually displaced by renewal—who are usually too poor to afford them—for any British government which believes that private enterprise does have a part to play in the range between luxury accommodation and council housing, they are worthy of attention. They are certainly more promising than Britain's new Housing Corporation, which allows no profit at all to the housing associations which borrow from it and yet has no particularly cheap money to offer.

The mistakes as well as the successes of the urban renewal programme are something that the British can learn from. The most obvious ones—the dangers of piecemeal redevelopment or of planning roads without reference to buildings—are common to both countries. But America, having gone much further in the process of middle-class dispersal from city to suburb, serves as a dreadful warning to those who maintain that British cities should await renewal until the housing shortage no longer exists. The empty blocks of new middle-class flats in some urban renewal schemes in the United States demonstrate the danger of waiting to rebuild old residential areas until the market which could help to pay for the project has passed by on the other side.

To leave to the eleventh hour also ignores the inescapable social cost of abandoning generations to grow up in depressed and depressing surroundings where the poor quality of the environment is matched by poor schools, medical services, recreation opportunities and so forth. It is indeed the recognition that people and places must be treated as one problem that is beginning to produce some of the most interesting American projects. To study rehabilitation techniques in Boston (p. 544) or community planning in New Haven (p. 548) is as important to the British as to learn of federal mortgage insurance.

The British local government official, concerned to get through his administrative obligations with the minimum fuss, would probably be appalled at the vigour and vagaries of American grass-roots democracy. This is the element which, above all, makes the chemistry of local planning so different in the two countries. The large British cities like Glasgow, Newcastle and Liverpool, with rebuilding programmes as big as anything in America, are beginning to realise that their plans too must have the understanding and sympathy of their populations. But in Philadelphia this was the starting point, not a generous afterthought.

The business community which paid the local taxes, the families in the houses which might be pulled down or "rescued," had to be made to want change, or at least not be too hostile to it. To get across the simple idea of planning, children were sent out to draw "plans" of their neighbourhoods as they would like them to be; a huge animated model is permanently on view in Philadelphia's museum. In New York, the local renewal agency has learnt that if communities do not exist they must be invented; the formation of "neighbourhood councils" now precedes any clear-cut proposals for redevelopment and the actual shape and phasing of the scheme depend on these as much as on other factors.

Some of the best physical planning in American towns, big and small, is the direct result of local demand and could not exist any other way; the community, or tial members of it, decide that t planning and get people to come The urban renewal legislation itself traced back to a law about slum clearance passed in Illinois in 1947, directly inspired by a citizens' group in Chicago which is still extremely active.

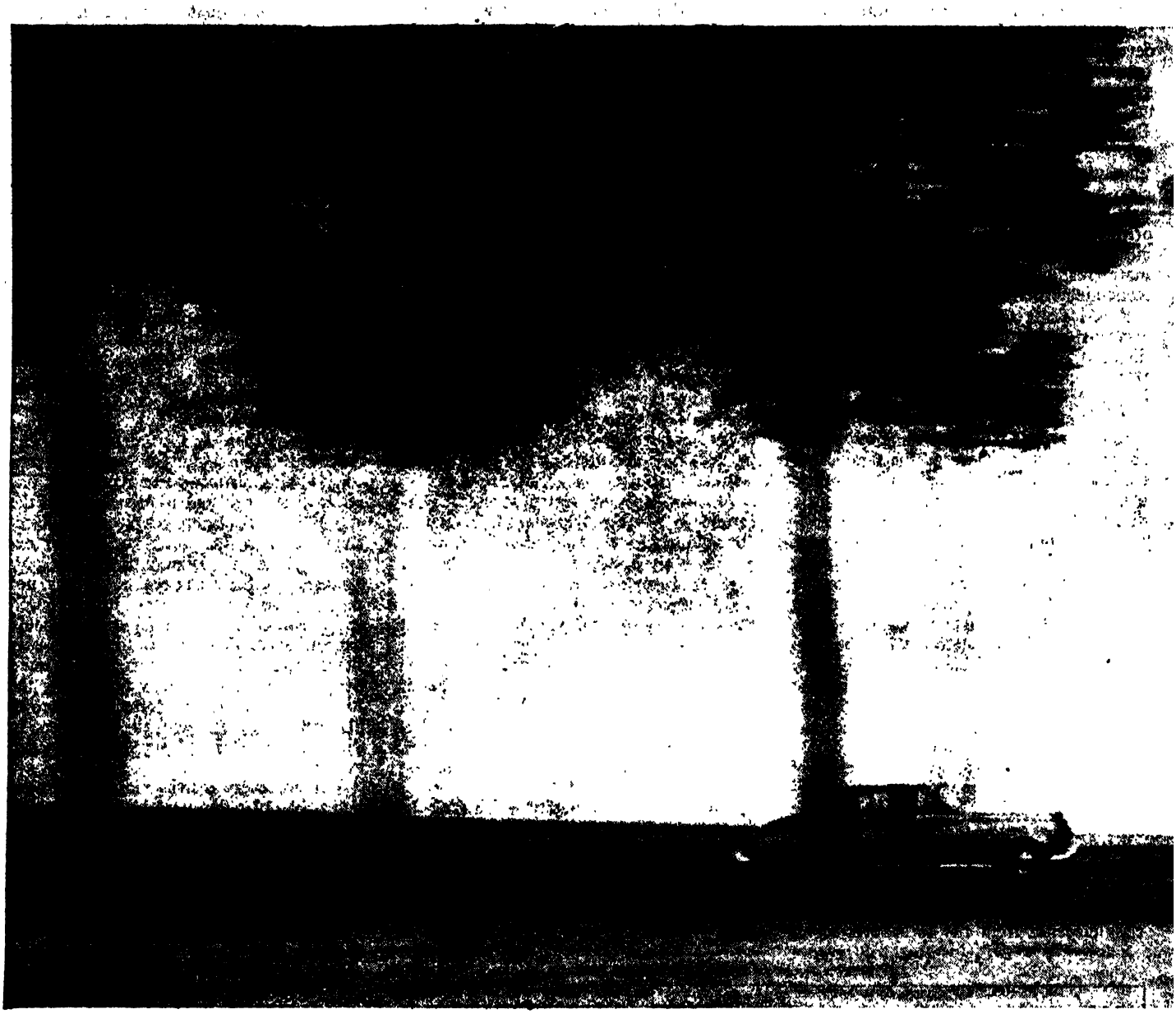
Naturally there is a price to pay. The confusing proliferation of agencies concerned with planning and renewal is one result of this private enthusiasm and of the approach which encourages piecemeal objectives anyway. In San Francisco, for example, neither the labours of the transport planners, nor the urban renewal agency, nor the city planning department had produced any constructive thought about what should happen to Market Street, the long, tatty main street which was to be torn up to build the new underground railway. Finally the Market Street traders formed their own planning group, to join all the others in drawing up a scheme supposed to please everybody.

But not every marriage of private aims and public planning need be as ungainly as this one. As Britain rebuilds itself and, inevitably, rebuilds many people's lives at the same time, it has somehow got to come to terms with the gargantuan task of reconciling democracy with efficiency. America can help it to learn.

A Future for the Past

IF urban renewal is to provide every American with a place really fit to live in, it should preserve links with his past in order to give the continuity of tradition and the interest of variety to his new surroundings. The reconstruction of whole towns to illustrate the heritage of history, and to attract tourists, came long before urban renewal; Williamsburg is the most famous of these projects. But grants are now available for similar schemes, although on a smaller scale, and are being used in places as far apart, in distance and in period, as Portsmouth, New Hampshire, and Sacramento, California.

Cities with famous pasts have been encouraged by urban renewal grants to save their historic buildings and to put them back into suitable settings, as is being done for Boston's Faneuil Hall, the "Cradle of Liberty," and Philadelphia's Independence Hall. But it is easy to forget how soon the past becomes history, particularly in architecture and in America, as New York and Chicago especially are at last realising. Urban renewal schemes may not have been faultless in this matter, but they are not to blame for the destruction of Sanford White's Pennsylvania Station in New York or of Louis Sullivan's Garrick Theatre in Chicago, key buildings of the turn of the century. These have both fallen to business developers, as have many other potential monuments. Indeed, nearly half of the 7,000 buildings marked thirty years ago as worthy of safeguarding for their national significance have already disappeared. But the need not only to designate "historic landmarks" but also to make efforts to preserve them is now being widely recognised.



The art of driving

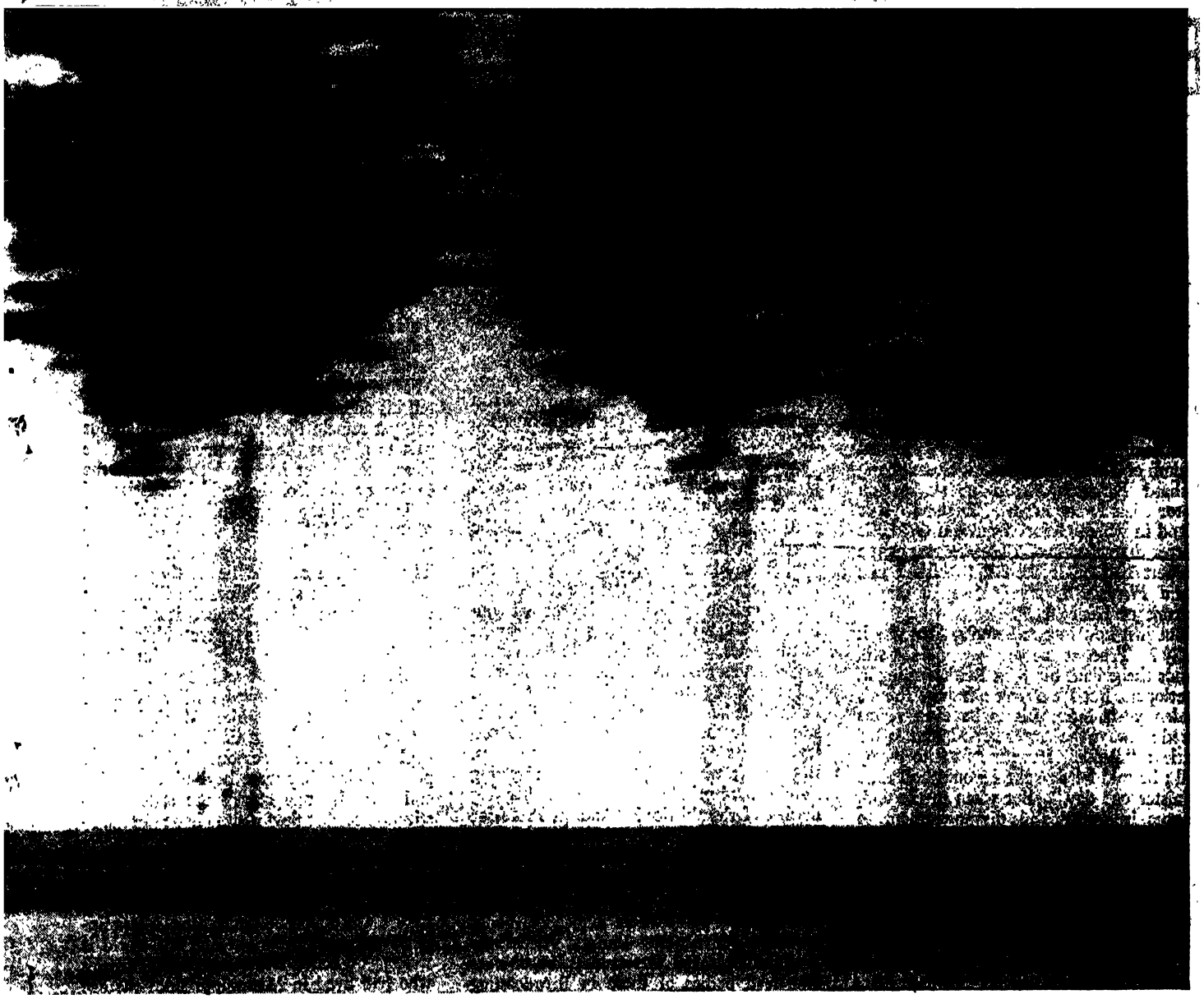
Which frontiers? Almost any you care to name. For what purpose? To sell any of the wide range of products made by Rolls-Royce.

Aero engines? 110 airlines are operating or have ordered Rolls-Royce powered aircraft — half the jet and propjet airliners in the Western world. And today 95% of all Rolls-Royce Continental light aircraft engines are sold to overseas manufacturers. Since the war the Rolls-Royce share has totalled over 70% of all Britain's aero engine exports.

Cars? Nearly half of all Rolls-Royce and Bentley motor cars are exported. You'll find current models on the roads of more than 50 countries, ranging from Norway to New Zealand and from North America to Japan.

Diesel and petrol engines? They've crossed more than 100 frontiers, selling in the face of intense international competition.

Overseas co-operation? Rolls-Royce has



across frontiers

active and important licence or technical co-operation agreements in France, Germany, Italy, Sweden, Belgium, Canada, Australia and India.

Add it all together — and you get a figure of more than £240,000,000 of exports in the five years 1959-1963.

THE SECRET?

What is the secret? There is none. There *are* exceptionally large resources, so that Rolls-Royce can stand behind every product it makes. There *is* a world-wide service organisation and highly competent Rolls-Royce engineers permanently resident in 42 countries; but, in the last analysis, the Company's export record depends on the determination and skill of the men who travel the world to discuss new projects. And salesmanship at this level is **an art.**

ROLLS ROYCE

BOOKS

Innocents at Home

The History of Broadcasting in the United Kingdom: *Volume II, The Golden Age of Wireless*

By Asa Briggs.

Oxford University Press. 704 pages. 75s.

It all happens in an innocent never-never land. When Professor Briggs's excellent second volume opens John Logie Baird is advertising desperately in the personal column of *The Times;* when it closes young Richard Dimbleby is commentating on motor trials in the north of England. It is a land in which Grace Wyndham Goldie is forever drama critic of *The Listener;* gentle Herbert Farjeon is the BBC satirist; and *Radio Pictorial* is giving away a crayon portrait of Henry Hall.

But just how innocent and golden was it really? True, at the gateway to Eden still stands the gallant Sir John Reith, flailing at interlopers. But these were not quite Reith's golden years. Sometimes he even seems bored; always the larger hope looms in his diaries: "Riddell drove me back to Savoy Hill; he said he thought I would be Prime Minister one day." But when in the end, he goes, it is, stifling his disappointment, to Imperial Airways.

Still, it is Reith's Eden all right. The *obiter dicta* of his men are splashed across these pages. "Broadcasting is not, and should not be, democratic." "The real degradation of the BBC started with the invention of that hellish department which is called Listener Research." Perhaps there was no great urge to worry when, by 1935, 98 per cent of the population could hear the BBC on a cheap set. They took what they got. For the self-improving listener this was all right. For the mass audience it was not quite so rewarding. So half the audience tuned in to Radio Luxemburg on Sundays. Sir John was splendidly unconcerned. The real argument about the early BBC is whether he should have been.

Not that he was never open to persuasion. There was the immortal Miss K. M. Cordeaux, of The Cottage, Bushey Grove Road, Watford. Miss Cordeaux wanted a daily religious service and she knew how to lobby for it. She got it in January, 1928, and pressed again, characteristically: "Now that the dear little Morning Service seems to have taken root and be thriving shall I ask for another quarter of an hour daily as Evensong?" But evensong was not really a manse word. She did not get it.

Some of Reith's problems linger to this day. Why should the political parties control political broadcasting? It is child's play for the BBC (and the ITA) now to slap down the communists, Welsh nationalists and flat-earthers. But in 1929 Reith received a letter from one prominent, but unpopular, politician offering "£100 from my own pocket for the right to speak for half an hour on politics. How ashamed you will all be in a few years for having muzzled the broadcast." It was the first letter of many. The writer was Winston Churchill. He, for one, preferred the American way. There he could buy a hearing.

Although the BBC professed to be worried in these years by outside criticism (and Reith himself was niggled even by the Ullswater committee's pathetic half-doubts over Reithian principles) it got off unbelievably lightly. This was part and parcel of the times. The thirties were indeed the last sanctuary of insularity. The ultimate defence of the BBC was simply that it was British. The corporation has provided its supreme justification of itself in the excellence of its education and music services. But was it wholly right that broadcasting should stand primly aside from the flagging market of the thirties? And, as Professor Briggs says, while the BBC bridged geography it never successfully bridged class. That was something that the war, at least temporarily, would help it to do.

There is a point where innocence shades off into sheer naivety. The star system, the growth of wireless personalities, began over the dead bodies of those in Broadcasting House who saw radio as a precious art form. There was resistance even to printing actors' names in the *Radio Times*. This was when Auntie first got into her stride—which makes it so difficult to reform her now. But there must always be credit, which Professor Briggs rightly pays, to the sheer professionalism of the BBC's engineers. This was shown not only in the early Empire broadcasts (the King's message and the rest) but also in the long and involved struggle with Baird. Sometimes the men at the top wavered against Baird's publicity. But the engineers never believed that his 30-line system was, or could be, television. They were proved right. This is by far the most enthralling of Professor Briggs's chapters, perhaps because there was a real controversy going on, outside the world of internal memoranda. If only there had been more intelligent controversy about the BBC itself some bad mistakes would have been avoided.

Inside Mississippi

Mississippi: *The Closed Society*

By James W. Silver.

Gollancz. 272 pages. 30s.

This book has been written in brave defiance of its title. Dr James Silver, professor of history at the University of Mississippi for many years, has dared to tell his adopted state what is wrong with it and yet remain there. This is a dangerous part to play, as the daily newspapers make clear. Dr Silver has tried to examine the causes of the isolation which Mississippi maintains all too successfully from the rest of the United States. (It was the last state to have completely segregated schools.) The roots are seen to lie in the agrarian economy of the state before the Civil War; dependent on slave labour, it chose to believe that Negroes were biologically inferior and that the Bible proclaimed this truth. The Civil War and the reconstruction period that followed challenged these beliefs. But then white Mississippians, through a campaign of deliberate brutality, frightened the Negroes out of the political power which they were beginning to enjoy and carefully reorganised the state's constitution so that they had no hope of regaining it.

This was the glorious "victory" which white Mississippi is trying to repeat today. Skilled at rewriting history, the state's newspapers are adept in persuading Mississippians that they are right and the world is wrong. When a white man in his forties who had lived in Mississippi since the age of six was accused of killing a Negro civil rights leader, the headlines read "Californian is charged with Murder." Dr Silver, as a historian, threw aside his loyalty to his university when it joined the conspiracy to preserve the Big Lie in 1962 after the first Negro student, Mr James Meredith, was forcibly enrolled there. The university supported the local contention that the federal marshals and not the crowd of angry whites were responsible for the savage riots, although the world's newspapermen, who were there in great numbers (one of them was killed), reported to the contrary. This moved Dr Silver to declare the state "a closed society," as near to a police state as America has ever known, in an address for the Southern Historical Association at the end of 1963.

In expanding the address to book length, he has included some touching letters to his family and to friends who believe in the Negro's cause though living in Mississippi. These pay Mississippi a tribute which it

SHS keep Britain's roads as safe as steel can make them

SHS means Structural Hollow Sections. Square, circular or rectangular, they combine light weight with high strength.

SHS are playing a major part in Britain's newest road building projects. Used in balustrading, pedestrian guard railing, hand railing and fences, they are contributing towards improved safety.

SHS provide exactly the right properties for this vital job. In addition, their inherently neat and pleasing appearance meets the needs of modern design.

Stewarts and Lloyds Limited,
Structural Steel Department,
Lloyd House, Colmore Circus,
Birmingham, 4

Telephone: Central 3300. Telex: 3333

SHS New shapes in steel from Stewarts and Lloyds

Cogent 64/10

The Congo since Independence

January 1960—December 1961

CATHERINE HOSKYNS

This book attempts to look at the crisis in the Congo as a whole, to relate the various aspects of the problem to each other, and to make a balanced and objective appraisal. *Illustrated 55s net*
(Chatham House)

Politics in Ghana 1946-1960

DENNIS AUSTIN

'At last we have an important book about Ghana which is both well-constructed and well-written.' VENTURE 63s *net*
(Chatham House)

The Ethiopians

An Introduction to Country and People

EDWARD ULLENDORFF

The text has been extensively revised to bring the material up to date. A review of the First Edition: '... he has collated and [illegible] all the relevant material so far published and added a not inconsiderable number of his own researches in linguistic and historical fields.' THE TIMES
Second Edition 30s net

The Legacy of China

EDITED BY RAYMOND DAWSON

A new volume in the famous 'Legacy' series, and the first general account of Chinese civilization to give proper recognition to scientific and technological achievements. '... a collection of exceptionally fine essays by distinguished scholars.' NEW STATESMAN *Illustrated 30s net*

Communism in Rumania 1944-1962

GHITA IONESCU

'Everything that can be extracted from the available documents is included, and the author's own judgments seem entirely sound.' FINANCIAL TIMES 45s *net*
(Chatham House)

New Zealand Aspirations in the Pacific in the Nineteenth Century

ANGUS ROSS

The author traces the development of New Zealand's missionary, commercial, and politi[illegible] aspirations and activities in the Pacific from the early nineteenth century to the death of Richard John Seddon. 45s *net*

Democracy in France since 1870

DAVID THOMSON

The central purpose of this edition remains as before: to explore the special meaning and character of democracy in France. It now includes the Fourth Republic, and the first [illegible] years of the Fifth. 50s *net*
(Chatham House)

Britain and the European Community 1955-1963

MIRIAM CAMPS

'... remarkably objective ... the [illegible] on the processes of decision-making inside the governmental machine.' THE OBSERVER 63s *net*

Honour, Family and Patronage

A Study of Institutions and Moral Values in a Greek Mountain Community

J. K. CAMPBELL

'... beyond question the most thorough investigation of the features of a cognatic society ...' OXFORD MAGAZINE 55s *net*

A History of the World's Airlines

R. E. G. DAVIES

With a Foreword by Peter Masefield and [illegible]

'[illegible] together [illegible] maps, charts, [illegible] that the book is a mine of information.' FLIGHT INTERNATIONAL *[illegible] net*

Social Anthropology

GODFREY LIENHARDT

'[illegible] popular exposition of [illegible] 10[illegible]
(H[illegible])

OXFORD UNIVERSITY PRESS

A Contribution to Demand Analysis

I. F. PEARCE

This book demonstrates the consequences both for economic theory and econometrics of 'marked gaps' in the chain of commodity substitutes. 42s *net*

Modern Banking

R. S. SAYERS

Substantially rewritten for this new edition, the book takes into account the extensive material collected by the Radcliffe Committee. *Sixth Edition 30s net*

New Directions for World Trade

Proceedings of a Chatham House Conference, Bellagio, 18-24 September 1963

INTRODUCED BY ANDREW SHONFIELD

The findings of a group of economists that met to discuss how international trade might be reorganized to provide opportunities for a more rapid growth of income in the underdeveloped world. 30s *net*
(Chatham House)

Industrial Progress in Poland, Czechoslovakia, and East Germany, 1937-1962

ALFRED ZAUBERMAN

'... not only the first major study in English on the post-war transformation of these three economies as a group, but his solid analysis constitutes a permanent reference work.' THE SPECTATOR 50s *net*
(Chatham House)

Chatham House Essays

5. Ballot Box and Bayonet

People and Government in Emergent Asian Countries

HUGH TINKER 8s 6*d net*

6. Imperial Outpost—Aden

Its Place in British Strategic Policy

7. Changing Perspectives in British Foreign Policy

KENNETH YOUNGER 9s 6*d net*

may not appreciate. Dr Silver will continue to live and teach there, not only out of a sense of crusade, but because he likes it. The fishing is good, the scenery beautiful and the people, "when they are not riled," warm and friendly. Moreover, he is guardedly optimistic about the future; Mississippi, he believes, will surrender its fantasy of the past eventually—not willingly, however, but sullenly under the pressure of the federal government.

Dr Silver is afraid that he may have hurt the feelings of some of his friends by his criticisms. Yet this same friendliness, perhaps, has kept him from a deeper analysis of Mississippi's ills. William Faulkner, with whom Dr Silver worked, and Mr James Baldwin have gone nearer the mark. The reason why Mississippians have resorted to the most horrific methods to suppress the Negro half of their population is not to preserve white supremacy itself, but to conceal their shame—their dependence on the Negro and their smouldering envy of his supposed sexual superiority.

A Russian on China

Soviet Scientist in China

By Mikhail A. Klochko. Translated by Andrew MacAndrew.

Hollis and Carter. 192 pages. 25s.

In 1963, a delegation from the Royal Society toured a number of laboratories inside Communist China and were mighty impressed by some of them as they were by the quality of some of the research directors they met. On these appearances and those personal contacts, the delegates judged that China might well be the equal of the West in science ten years hence. China's first atomic test last year seems to have endorsed their views. Yet Dr Klochko, a chemist who is both a Stalin prizewinner and member of the Russian Academy of Sciences, and was one of the Soviet technologists lent for two successive periods to China, found a great deal of window-dressing. He too was impressed by some splendid laboratories; he too met, and came to hold in deep affection, Chinese scientists of the highest calibre. But he stayed long enough to discover what the Royal Society could not even suspect: that some of the expensive equipment was never used, and in some cases never had been used; that the research programmes were not implemented because they were continually changed; and that the scientists had no time for research because they spent so much of it at—compulsory—political meetings:

> by June and July [1958], meetings were called almost every day so that the Chinese scientists had no choice but to do their research at night. My lectures had to be postponed, often indefinitely. . . . In the Soviet Union, political meetings at least were not allowed during working hours.

Regional jealousies reached a point where scientists in Kunming would not use textbooks written in Peking.

Dr Klochko went first to China in 1958 and returned again in 1960 only to be abruptly recalled in the mass evacuation of Soviet experts that summer. There were times on both visits when he was driven wild with frustration; the clash of Russian and Chinese cultures comes out remarkably clearly in this book, and Dr Klochko virtually admits that while he may have known more about chemistry, the Chinese knew more about the finer points of living. Astonishingly enough, he found the air of China freer than that of Russia; he had access to books not available in the Soviet Union and—let us not deceive ourselves—had an office to himself for the first time in his eminent academic career. Life was as sweet and well-paid for the visiting Soviet expert in China as it is for Western advisers in undeveloped countries outside the communist bloc. Moscow in 1960 and the old wives' committee that ran his institute there ("an unofficial group actually controls everything that goes on. Usually these people are old but not very able scientists . . . in our Institute . . . the really powerful members of this leading group were . . . women") must have seemed more than usually irksome and life there more than usually crude. Dr Klochko asked for political asylum in Canada.

Has this biased his judgment of the communist world? When he left China, it was tipping over the brink of a famine that the Chinese still remember with horror, and from which they have recovered by a combination of good harvests and better irrigation; China is, for a start, vastly better fed now than when he knew it. Whether it is also better managed one cannot say for, as Dr Klochko points out, the ordinary tourist circuit conceals much. A communist is not necessarily the best person to pass judgment on a regime he had defected from, but read Dr Klochko for his travellers' tales and you will be rewarded with a picture of Chinese life, and a commentary on it, that are revealing because seen without the emotional fog through which all westerners, however dispassionate, view every communist country, however liberal. It is worth the effort.

Plain Portrait

Henry VIII: *A Biography*

By John Bowle.

Allen and Unwin. 316 pages. 35s.

"Now, for King Henry VIII, if all the pictures and patterns of a merciless prince were lost to the world, they might be painted to the life out of the story of this king. For, how many servants did he advance in haste and with the change of his fancy ruined again, no man knowing for what offence? . . . How many wives did he cut off, and cast off, as his fancy and affection changed? How many Princes of the blood (whereof some of them for age could hardly crawl towards the block), with a world of others of all degrees, did he execute?"

If this description by Sir Walter Raleigh is combined with the engraved portrait by

UNDER-DEVELOPED COUNTRIES & ECONOMIC GROWTH

Select Reading List No. 8

New and enlarged 1965 edition now out - free on request

An introductory article has been specially written by Dr. H. Myint of Oxford for this fourth edition of one of our most widely-used catalogues, which now has 16 pages and lists 350 titles. Send us your name and address and we will send you a free copy.

THE ECONOMISTS' BOOKSHOP

(Dept. E8A), Clare Market, Portugal Street, London, W.C.2.

WHO OWNS WHOM

(Continental Edition) 1964/65

4th Edition: 46,000 companies listed

Belgium and Luxemburg	Western Germany
France	Austria
Holland	Denmark
Italy	Norway
Switzerland	Sweden

U.S. W. Europe (excl. U.K.)

Subsidiaries and associates listed to show parents. Parents listed to show subsidiaries and associates.

Available complete £8 10s. post free U.K. or in the following sections:

Vol. 1 France
Vol. 2 W. Germany, Austria, Scandinavia
Vol. 3 Belgium, Holland, Italy, Switzerland

Each volume £4 post free

U.S., Western Europe available only with complete edition

"Die kontinentale Ausgabe ist für die westeuropäische und die amerikanische Industrie eine wirkliche Fundgrube."
—*Frankfurter Allgemeine*

"D'une utilisation pratique cet ouvrage dresse un catalogue des sociétés mères, de leurs filiales ou de leurs associées . . ."
—*Le Monde*

Available through booksellers or from the publishers

O. W. ROSKILL & CO. (REPORTS) LTD.

14 Great College Street, London, S.W.1.

Also available: Who Owns Whom (U.K. Edition) £8 post free. 4 Supplements to U.K. Edition (June, Sept., Dec., 1964, Mar., 1965) £1 the set post free.

Cornelius Matsys of Henry in his old age, they reveal the king as a Renaissance despot, the perfect example of the corruption of absolute power. Yet as Professor Bowle indicates there is more to Henry than this, and more to his reign than his personal rule. He governed England from 1509-1547 and seldom in the history of any country can so much have been altered in a single reign. The decision to break with the Papacy over the superficially trivial matter of the king's divorce had a snowballing effect. England became a Protestant power. The king seized the lands of the church, only to sell them again for cash, with profound consequences for the structure of English society. Because these decisions were accomplished by statute, the power and prestige of the House of Commons were enhanced and consolidated. And the administrative pressure set up by these changes produced its own chain reaction that resulted in the emergence of a modern bureaucratic state.

With these mountains before him, Professor Bowle stays firmly in the foothills, producing a readable and up-to-date biography of the king, but a rather disappointing one. He concentrates on events, dramatic in themselves and important in their results, but he fails to analyse them. Narrative description is not enough ; Henry needs a biography of greater profundity than this. The early sixteenth century still awaits its Neale.

After Shakespeare

Restoration Theatre

Edited by John Russell Brown and Bernard Harris.

Edward Arnold. (Stratford-upon-Avon Studies 6.) 240 pages. 25s.

There are a few Restoration comedies that have enjoyed very successful revivals in the last few years. Most of them are bawdy enough to be promising from the box office angle, and if they are produced with a high enough degree of stylisation they provide an excellent evening's entertainment. But because they never aimed much higher than at giving pleasure to a small, sophisticated, fashionable section of the public, Restoration dramatists have been neglected or decried by critics suspicious of what is patently amusing. In the history of the English theatre, however, the period is an extremely interesting one.

Here are ten essays, by various hands, that will help both the student and the general reader to appreciate some of the pleasures it has to offer. Not all are concerned with single dramatists, though there are good essays on Etherege, Wycherley and Congreve ; there are also discussions of the language of comedy, non-dramatic satire, heroic tragedy, adaptations of Shakespeare and the changed conventions of acting that came in when actresses supplanted boys. The one major writer neglected is Otway, and the editors apologise for this. Dryden proves to be the presiding genius of the book, for he provides a standard of reference, whether comedy, heroic tragedy or verse satire is under discussion. It might not have been a bad idea to have included an essay on his dramatic criticism, which throws so much incidental light on the taste of his contemporaries. To decide what to include and what to omit must, however, have been a difficult task. Mr Russell Brown and Mr Bernard Harris have done a useful service in commissioning these brief studies. Each is accompanied by a useful short bibliography.

Governing Ireland

Gladstone and the Irish Nation

By J. L. Hammond.

Frank Cass. 803 pages. 84s.

This reprint of a classic work in modern historical scholarship will be welcomed by all historians, academic or otherwise, and by discriminating general readers who are interested in a rich and complex interplay of personalities and problems. There has been a steady demand for the book in recent years, despite the surprising fact that until the publishers' stocks were destroyed by enemy action in 1941 it had sold fewer copies than any other of Hammond's books. The influence of the book, indeed, has been far greater than its earlier small sales suggest. It has illuminated other people's studies of Gladstone and modified other people's studies of Ireland. As Mr M. R. D. Foot writes in a useful introduction, supplemented by an equally useful annex of errata, the book remains

> the most formidable and incisive piece of original research yet published on the history of England or Ireland in the second half of the nineteenth century.

The greatest strength of the book lies in its sensitive and perceptive analysis of individual motives and attitudes. Gladstone stands out as hero as well as subject, active in politics from 1875 to 1886 only because he held himself constrained to lead, " the largest minded man of his age " in his human sympathies and sense of moral obligation. There is a certain datedness in the way Hammond placed his individuals in history. We no longer refer back to the ancient world in the same way, nor would we equate " the European sense " with " the League of Nations sense " without being conscious of a hundred extra-European complications. Transformations in economic thinking would force us to examine the facts of the Irish problem in a different way, as Professor Black has done, even to reach different conclusions about the way people thought at the time. Nevertheless, Hammond continues to impress us with his deep concern to do individuals justice, to re-enact choices, to force the reader to judge. The drawback of this book is its rhetorical passages: its ending is already as dated as one of Gladstone's own speeches, and it may prevent the modern reader from appreciating Gladstone rather than move him to tears.

Subordinate characters receive much the same kind of treatment as Gladstone himself. Chamberlain, in particular, is depicted both in his own right and in carefully contrived contrast to Gladstone. " The difference between Gladstone and Chamberlain . . . was that one was chiefly afraid of the abuse of power and the other of the neglect of problems." On a third kind of nineteenth-century English political mind, that of Disraeli, Hammond asks questions without giving answers. Why was there so big a gap between what Disraeli wrote and what he did ? In 1844 Disraeli had described the duty of an English minister towards Ireland in direct language which Gladstone never equalled—"to effect by his policy all those changes which a revolution would effect by force." Thereafter he did nothing about Ireland.

The real alternative version to Hammond will probably have to come from an Irishman, from someone inside the social system which Hammond, like Gladstone, looked at from outside. Already E. P. Thompson has challenged Hammond's interpretation of early nineteenth-century English history, while admiring his imaginative grasp. There is more to be written on Ireland, but there is no sign as yet that a new work of synthesis will emerge that will take its place alongside Hammond's. Work in progress on Davitt perhaps points the way, while in the meantime, as Mr Foot notes, Conor Cruise O'Brien's " Parnell and His Party " matches Hammond in range, depth, and scholarly intensity, paralleling Hammond's conclusions rather than contesting them.

OTHER BOOKS

INVESTMENT DECISION IN INDUSTRY. By Robert Wright. *Chapman and Hall.* 178 pages. 28s.

The author presents an elegant but completely unverifiable theory of how investment projects are selected. Perhaps, as the dust jacket claims, it provides a valuable aid to clearer business thinking.

EVERYMAN'S UNITED NATIONS: The Structure, Functions and Work of the Organisation and Its Related Agencies during the Years 1945-1962 and a United Nations Chronology for 1963. (7th edition.) *Office of Public Information, United Nations*, New York. 648 pages. $5.00.

1965 GUIDE TO 1,000 PUBS AND INNS IN ENGLAND AND WALES. By Egon Ronay. *Gastronomes Ltd.* in associated with *Hutchinson.* 442 pages. 12s. 6d.

SURVEY OF INTERNATIONAL AFFAIRS, 1959-1960 By Geoffrey Barraclough. *Oxford University Press* for Chatham House. 602 pages. 90s.

JAPAN TRADE GUIDE, 1965. *Jiji Press*, Tokyo. 736 pages.

COURSES IN ECONOMICS IN UK UNIVERSITIES. *The Economics Association.* 32 pages. 3s.

WATER RESOURCES, USE AND MANAGEMENT: Proceedings of a Symposium held at Canberra by the Australian Academy of Science, 9-13 September 1963. *Melbourne University Press.* London: *Cambridge University Press.* 539 pages. £10 10s.

GUIDE TO COMPANY BALANCE SHEETS AND PROFIT AND LOSS ACCOUNTS. (6th edition.) By Frank H. Jones. *Heffer.* 751 pages. 63s.

6 ANSWERS YOU OUGHT TO GET BEFORE SENDING FREIGHT TO IRELAND

Will it cross to Dublin or Belfast overnight? 1	By British Rail, yes. There are sailings every week night both ways, Holyhead/Dublin, Heysham/Belfast. Express freight trains connect from all the principal centres in England and Wales.
How about perishables, liquids in bulk and really big stuff? 2	By British Rail, yes. Anything from ice-cream to steel girders.
Are containers available? 3	From British Rail, yes. Containers of many types are available every day for freight to Ireland. Specially designed container-ships, each able to take up to 68 of the larger type of containers sail every week-night.
Is it collect and deliver, door to door? 4	By British Rail, yes. All one job, on one ticket . . . supply of container, collection, transport, delivery.
Is my freight really safe all the way? 5	By British Rail, yes. Containers are sealed at the start and they'll arrive sealed at the other end.
Who do I get in touch with that will talk my language? 6	Your local Goods Agent or the Freight Manager (Shipping & Irish), British Rail, Euston Station, London, N.W.1 EUSton 1234, ext. 529 or 533.

British Rail Shipping Services

I'M GOING TO BE A BEAUTY QUEEN IN 1976

You'll get no argument from us, Sharon. With a smile like that, the world is yours to command. And what an exciting world it will be for you and millions of other youngsters in the new developing countries of the Commonwealth.
We at Barclays D.C.O. have played an important part in the economic expansion of these countries by providing financial stability and by stimulating and encouraging trade. Over the years we have accumulated an unrivalled knowledge of local conditions and requirements, and we will gladly put this at the service of any British businessman interested in developing a new market for his goods abroad.

For detailed reports from our branches on the spot about trade with Africa, the Mediterranean, or the Caribbean, write to our Intelligence Department at 54 Lombard Street, London, E.C.3.

Barclays Bank D.C.O. *Britain's Largest Overseas Bank*

BUSINESS

WORLD PAYMENTS

A Cure Worse than the Disease

General de Gaulle seems determined in his resolve to make Paris at least the trouble centre of the West's money. The grand return to gold for which the general called on Thursday afternoon was expressed in lofty and rounded terms; but the most fervent and the most free-thinking advocates of monetary reform must now pray unaccustomedly for the *status quo*

AN extraordinary position has now been reached in the international monetary debate. Much more quickly than nearly everyone expected, there is now fairly general agreement among officials about the long-term weaknesses of the present payments system, and the need for new institutional innovations. The awkward point is that this agreement about the necessity for change is at present flanked by almost diametrically opposite ideas about the form that the change should take. General de Gaulle stands at what may be called for shorthand the Radical Right, with ideas that seem certain to weaken the dollar; and that could possibly lead the world into competitive deflation and a disastrous gold scramble. However remote the likelihood of any such ideas being accepted, their ventilation could itself be decidedly disturbing.

Gaullist Manœuvres

How has it come about that General de Gaulle has seemingly managed to stand the issue of international monetary reform on its head? Certainly, the weaknesses and limitations of the gold exchange standard, under which the use of gold for settlements between central banks has been supplemented in an unorganised way by the use of national currencies such as the dollar and sterling, have been reiterated often enough. It is now fairly generally agreed that, as the chief of the International Monetary Fund, the admirable M. Pierre-Paul Schweitzer, put it in London this week, "the creation of international liquidity, like the creation of domestic liquidity, should become a matter of deliberate decision." And this the haphazard finance of payments deficits in national currencies, itself building up the threat of future trouble from those currency holdings being liquidated, manifestly is not.

The feeling that something fairly radical must eventually be done to unwind the use of sterling and the dollar in this way and to exert more conscious, and more international, control over the international credit base, was considerably strengthened by last November's sterling crisis, which more or less ran the world's second major reserve centre clean out of reserves; and some influential central bankers became convinced that ways must be found for transferring present dollar and sterling balances into an enlarged IMF.

But at the same time the French saw the opportunity to press their own and very different ideas. These are based on an intricate blend between straight monetary conservatism, which is shared by some other continental countries such as Holland and to some extent Germany and Belgium, too; and a diplomatically motivated anti-dollar operation, which these other countries do not share. There are parallels here with the negotiations for British entry into the common market, in which French diplomatic policy was wrapped round technical points that secured much more general support.

But the French currency plan is a particularly slippery phenomenon, since it has all along developed, so to speak, on two levels. One of these makes sense to the technicians in the Bank of France and the ministry of finance; the other is seen as a useful diplomatic bargaining counter by the General. Which of them is uppermost depends mainly on the relative influence of the General's financial advisers; and Thursday's pronouncements confirmed a worrying shift in this little Paris power struggle that is now at the centre of the world currency scene.

Arch apostle of the radical right is the irrepressible M. Jacques Rueff. He decided against the impurity of adding mere national currencies to gold in the international payments system way back in 1923; and he has seen no reason to change his ideas since. The Rueff approach, in its simplicity, its emphasis on gold, its distrust of international credit arrangements in a world based on true national sovereignty, and its displacement of the dollar as the centre of world finance, has evident appeal to the General; and while M. Rueff has no official position he has constantly had his private line to the Elysée. At the time the responsible officials of the French ministry of finance and the Bank of France, whose sharp minds have little time for the crudities of the Rueff faith in gold as such, had until this week succeeded in putting a brake on the more extreme ideas.

The General has still stopped short of open advocacy of an increase in the gold price. But he referred specifically to the

restoration of the gold standard, albeit with "complementary and transitional" measures including the organisation of credit on the new gold base. This clearly links the compromise scheme for a composite reserve unit, on which Paris officials had been working, still more closely to gold itself.

In its original form, developed by America's Dr E. M. Bernstein, this composite reserve unit plan was at worst mechanistic, providing a regular and limited credit element in world payments up to a definite amount, thereby minimising the need for institutional control (which to some observers seemed precisely the weakness of the scheme). But as doctored in Paris, this plan for what is called there the *cru* puts the emphasis on replacing rather than supplementing existing holdings of reserve currencies, at least by the major continental countries. It is closely tied to gold, and it would almost certainly mean, for example, that America would have to settle a much larger portion of its deficits in gold than is now the case.

The plan has therefore frightened the Americans as a threat to their gold stock, and it has frightened many other people as a potential contractionary influence on world liquidity, and therefore on world trade and world prosperity. But Paris has hitherto been decidedly coy about the details of the plan, and this no doubt partly reflected the hidden power struggle between the different advisers. M. Rueff, for example, argued strongly last November that France must take the opportunity provided by the sterling crisis to demonstrate the weakness of the gold exchange standard by direct action, rather than by meekly joining in the rescue operation. His advice was less than half accepted; and his next idea, that France should convert perhaps $1 billion of its dollars into gold, was also bitterly fought, with the resulting compromise of a much smaller conversion at the beginning of this year. But the Rueff ideas seemed, disturbingly, to be gaining strength, perhaps because they were apparently supported in cabinet by M. Couve de Murville, the foreign minister, who may see himself a political rival to M. Giscard d'Estaing, the finance minister. Thursday saw M. Rueff clearly in the saddle.

Common Market Qualms

This French attitude had already created a sharp conflict for France's continental partners. They, too, have been becoming more convinced of the need for substantial reforms, recognising that the present *ad hoc* monetary expedients have got completely out of hand—one could hardly create more liquidity more suddenly than the $3 billion created for Britain in 24 hours last November. The Italians have moved much closer to Anglo-American ideas of transferring more functions and more facilities into the International Monetary Fund. But the Germans, as well as the Dutch, still retain some of their suspicions of the IMF as a "do-gooding" agency that is trying to solve the aid problem by subterfuge—a device that they see as sinful rather than sensible. Yet while sharing in large part the straight monetary conservatism of French officials, the Germans and others have no wish to identify themselves with destructive anti-American schemes. On a more practical level, their own large holdings of dollars would make any future rise in the gold price highly embarrassing for them—though some of them now assume that through its repeated assurances the American Treasury has given what amounts to a *de facto* gold value guarantee on these balances.

These conflicting influences on these "other continentals" whose middle position between France and the Anglo-Saxons may give them the deciding voice, are likely to block any early move in either direction in the immediate future—provided that circumstances do not again take control, which is quite a big assumption in currency matters. These countries would probably be prepared for some kind of compromise version of the *cru*, perhaps leaving the effective decision-making voice in the hands of the "group of ten," but extending the actual coverage of the scheme over a wider sphere to all members of the IMF. But Germany, as well as Italy, is likely to resist the rigid elements in the present scheme, including the intended absolute ban on industrial countries from increasing their holdings of dollars in any circumstances. Such bans are always dubious. The history of money, on the international as well as the domestic plane, is a series of ingenious, almost unconcious inventions to prevent cash down; and monetary reform should create new assets with sufficiently compelling positive attractions, rather than attempting to stamp out older monetary assets by decree.

Anglo-Saxon Defences

So far in this latest monetary round the British and the Americans have, for a change, lain low. The British, who as recently as two years ago were still the only people pressing for international monetary reform, once again feel inhibited by the large bite at international credit they have taken themselves. So while Mr Wilson may still be pressed by his personal adviser, Dr Balogh, to take the new initiative he had earlier promised, his more orthodox advisers at the Treasury are almost certainly warning him that any such initiative could be received abroad with derision at this stage. And unfortunately the Treasury may be right—though again this could change after Thursday's Paris performance.

The American treasury, too, while it has been fiercely resisting the French *cru* in the technical discussion of the group of ten, chaired by Signor Ossola of Italy, has also been playing this quietly. It has lost the skilled services of Mr Robert Roosa, the under-secretary who played such a big part in these international financial matters; and if it also loses its secretary, Mr Douglas Dillon, it may be still weaker in its international expertise. This could be a serious disadvantage in 1965. Fierce argument is now raging in Washington on just what steps should be taken to curb the payments deficit, the main runners being an extension of the interest equalisation tax to long-term bank loans; a general rise in interest rates; some curb on direct investment or at least some special inducement for remittance of investment earnings; and possibly some new tax on tourist visas—which would offend against OECD and IMF codes as much as Britain's import surcharge has offended against Gatt.

Admittedly, America's payments deficit is a distinctly peculiar one, with a current surplus of $7 billion or more fully covering official capital outflows and the monetary deficit of $2-2½ billion being entirely attributable to huge exports of private capital. But in some degree this has been true ever since the deficit first emerged in 1958. And however strong the net credit on long-term capital account, the monetary deterioration cannot go on indefinitely, least of all in the uncertainty over present monetary arrangements that may stem outward from the present Paris manœuvres.

This uncertainty takes its specific toll in the steady private

hoarding of gold. This first revived significantly in the sterling troubles of the autumn, and received a further major boost from France's new year gold operation; a steady if undramatic seepage has continued since. The new French attitude also cast doubts on the present significance of the central bankers' international gold pool, under which gold is supplied to stabilise the London market by a consortium of leading central banks as well as by the United States. France is still formally a member of the pool; but if, as seems to be the intention, any excess holdings of dollars beyond a certain figure are to be presented at the US treasury for conversion into gold, then its contribution of gold to the pool is strictly temporary.

Just how vulnerable the dollar and sterling will be this year to these potential disturbances will depend in part on where the big payments surpluses accrue. Where, as in the last year or two, the surplus goes to the primary producing countries, this causes the least strain, as these countries generally hold their reserves in dollars or sterling rather than in gold. It is European surpluses that are more awkward. The common market, as a result of its counter-inflationary measures, again ran up a substantial surplus in the second half of 1964, after a brief period in rough balance. Most awkward, certainly, would be a continued surplus for France; a big uncertainty here is whether the recent French administrative deterrents to American direct investment will show any effect—as both General de Gaulle and the American Treasury are fervently hoping. If, as seems quite possible, major strains on the American reserves do develop this year, then it as well as Britain may be under pressure to make a major drawing from the IMF. And since the IMF is very low on usable currencies, this would mean drawing in a big way on the supplementary credits—and accepting the supplementary surveillance—provided in the Paris Club.

But is there anything that Britain and America can do to avoid being swept along by events in this way? Unfortunately, one must recognise that the scope is sadly limited. Whether or not there is a numerical majority, even in the group of ten itself, for reform on an IMF pattern, there can be no question of steamrollering France's determined opposition. In these circumstances, Britain and the United States should at the least do everything possible through co-operation among themselves. Thus the swap credit between the Bank of England and the Federal Reserve should be put permanently to some very large figure such as $2 billion, with the aim effectively of more or less merging the two equalisation accounts and shielding each country's reserves from the impact of payments between themselves. Equally, any other like-minded countries should be encouraged to join in such large-scale and more permanent swap facilities. This is in effect the pattern of bilateralism about which Mr Roosa became so enthusiastic three years ago. Institutionally it is undoubtedly inferior to a more comprehensive IMF arrangement, but it could still be the best available stop-gap.

But even with the help of such devices, America is likely to find itself under increasing pressure to increase interest rates to check its huge capital outflow. This could be awkward unless the Johnson administration can achieve the difficult domestic task of offsetting such an increase by a further easing of budgetary policy—and a combination of high interest rates and deficit financing cuts right across the old prejudices of Congress. Yet the experience of the last few years does suggest that, with the increasingly close business and banking links across the Atlantic, the easier availability and cheaper price of credit and capital in America now causes an ever increasing spillover into more backward capital markets; and that direct action to iron out the disparity may be unavoidable from the American end. But clearly, without some compensating budgetary stimulus, this could dangerously threaten the American boom, as the Council of Economic Advisers is now fiercely arguing. This is the point at which present payments strains are directly threatening world business.

An increasing number of monetary observers are recalling the report of the Brookings Institution eighteen months ago, which put an expanded IMF as a first choice and, as a second best, a regrouping of currencies into two main spheres, the common market currencies on the one hand and a dollar-pound on the other, with each group maintaining fixed exchange rates among its own area, but with a possibility of flexible exchange rates between these two major units. Whether or not such a system will ever come about is still totally uncertain. But if currency strains do impose excessive pressure on domestic economies, and if diplomatic disagreements stand in the way of the most constructive and most desirable solutions, then this Brookings idea does seem a possible half-way house in a number of ways. Thus it is highly unlikely that in any circumstances the common market countries will allow their exchange rates to fluctuate between themselves, and the threat of fluctuating rates outside would in fact be the most potent force for more monetary unity within. Equally, one cannot assume, as speculators still instinctively do, that an eventual change in the parity of sterling and the dollar against continental currencies would necessarily involve an increase in the price of gold; unprecedented forms of co-operation could emerge. General de Gaulle is still convinced of the virtues of full monetary sovereignty. Most other people, including now even the British and the Americans, have ceased to believe in it.

How the CRU Might Work

From the moment the scheme comes into operation, all official settlements between members of the Group of 10 will be made in gold; though Canada and Japan might still be allowed to settle in dollars. If and when the members of the Group consider that there is a general shortage of "unconditional reserves" (i.e. excluding credits) among them, they will create a certain amount of Cru, expressed as a percentage of the 10's official gold holdings, and distribute the Cru among the 10 according to an agreed key. From then on official settlements must be made in gold and Cru in the same ratio as the overall gold/cru ratio. There is no need for the Cru to take any substantive form—from the moment it comes into existence official gold shipments between the 10 will simply be valued higher, by the ratio in which Cru have been created, rather as happened in the old European Payments Union. Subsequently more Cru may be created; or existing Cru may be liquidated, in which case countries that have been net payers of Cru (i.e. have run up credit in this way) will have to buy back other members' holdings of their Cru with gold.

BUSINESS BRIEF

Confidence in the economic upswing in America remains high and the Dow Jones index has broken through 900.

The pound has staged a marked recovery recently, but the authorities have chosen to show a further fall in the reserves for January.

In most major economies the main concern is still to restrain upward pressures on wages and prices. The first signs of recovery from the earlier stiff dose of deflation can now be seen in Italy, but in France, signs of weakness continue to mount.

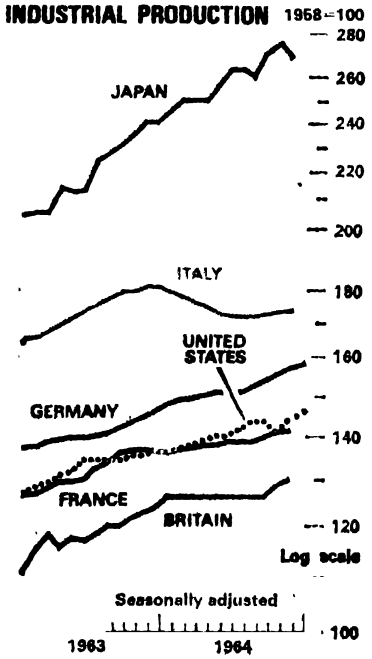
THE ECONOMIES OUT OF STEP

Production is still rising in most industrialised countries, but at widely differing rates. Germany and America are the current pace-setters — unless Britain's two-month spurt is counted. Japanese industrial growth has recently faltered, although probably only temporarily. In Austria, Belgium and the Scandinavian countries output is being held back by limitations of plant capacity and, even more, shortages of labour. The tight labour position in these countries—and in Holland—continues to be reflected in rising wage costs and prices. **The only continental countries in which demand is a major limiting factor in growth are Italy and France,** a fact being belatedly recognised in the gradual shift of French policy from die-hard stabilisation to cautious stimulation.

Italy

The full measure of the impact of last year's deflation is now apparent. On the plus side, the country's balance of payments for the year as a whole was actually in surplus to the tune of $600 million, monetary stability has been restored, the inflationary trend has lost its momentum, and credit institutes are offering industry all the money it needs for investment. On the other side of the ledger, the rate of increase of industrial output dropped from 8.8 per cent to 0.5 per cent, investments went down 5-8 per cent and unemployment has soared back over the million mark (with the construction industry the hardest hit).

But it looks as if the worst of the domestic recession could now be over—industrial production has levelled out in recent months. How quickly recovery will proceed, however, depends in the first instance on the success of government measures to stimulate investment. The government has appropriated, effective immediately, $560 million for public works and has set up a special fund of $160 million to help small and medium-sized industries. Moreover, it has extended the life of the Cassa per il Mezzogiorno for another fifteen years with funds of $2,720 million, of which $560 million will be spent in 1965. **Public enterprises plan to invest $4,800-5,120 million over the next five years.** And the Cabinet has now approved Budget Minister Pieraccini's ambitious five year plan. Nevertheless, public investment alone cannot do the trick: Italy's economy will not gather momentum until private investment also gives the economy a shot in the arm. This may take time. **Productive capacity is still under-utilised and profits have been squeezed by soaring labour costs.** This rise in costs also explains the apparent paradox that prices have continued to rise, if at a slower rate, despite the weakness of demand. To avoid the re-emergence of still faster price rises as



Excluding construction in all countries and also, in Common Market countries, the food, drink and tobacco industries.

recovery proceeds, **the government is pressing forward its campaign for an effective incomes policy.** Labour is split in its reaction to such proposals. Trade unions, with the exception of the powerful Communist-dominated CGIL, are willing to accept, even if with reluctance, a link between wages and productivity. But the CGIL has made it known that 1965 will be a "hot" year in its battle with

private enterprise; labour contracts will be up for renewal in many important sectors of Italian industry.

The situation is delicate but there are some symptoms of clearing skies in an atmosphere of conflicting economic, political and social interests. The parties forming the centre-left coalition government seem to be finding progressively wider grounds for understanding and collaboration. **Recovery is expected to be well under way before the year is out.**

France

At the very moment when price stability seems at last to have been reached in France—the cost of living index did not rise in December—the cost of the achievement is showing up in rising unemployment. The number of wholly jobless is now probably running at nearly double the rate normal during periods of full employment, and part-time working has become still more widespread. New factory closures and reductions in working hours are being announced virtually daily: recent cut-backs have affected Berliet (autos), Moulinex (household equipment), Arthur Martin (ovens) and numerous textile and shoe manufacturers.

Under these circumstances **the government may well bring forward the measures recently announced for March-April to stimulate investment**—the latest survey of private industry's capital expenditure plans project a further decline of 2·7 per cent in 1965 to follow the 2 per cent fall already estimated for 1964. At the request of the Finance Minister, the National Credit Council has already decided on a slight easing in its terms on industrial loans; in effect the cost of these credits will be reduced by ·15-·25 per cent. However, this is clearly only a very tiny modification of the government's earlier stabilisation programme. It is probable that still more will be done to dilute it before the elections later this year.

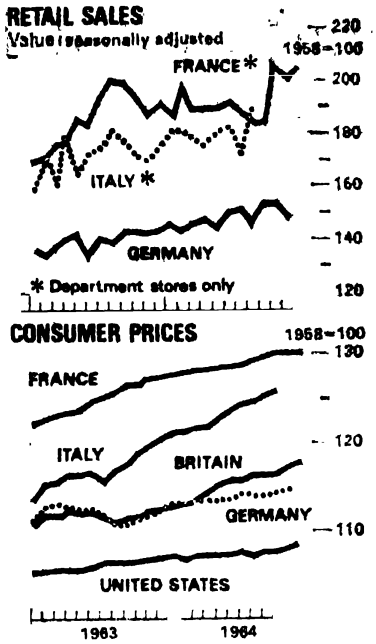
Japan

Here too policy has shifted gently towards more ease as statistics have flowed in showing just how much the earlier bout of restrictions had begun to bite. The sharp rise in the number of bankruptcies in 1964 and the weakness of the capital market were early signs. Now it is evident that the **growth of retail sales and output had also slowed by the end of last year**—indeed, the most recent data actually showed a small, if probably only temporary, decline in industrial production on a seasonally adjusted basis.

Reflation will be boosted by the strengthening of Japan's external payments position, reflected in the rise in the country's reserves back up to their earlier peak in 1961. On present policies, the government confidently expects the economy to grow by a (by Japanese standards, just comfortable) full 10 per cent in real terms in 1965.

Germany

Industrial production continues to rise strongly, at a rate equivalent to some 10 per cent a year, and order-books remain comfortably fat. Since domestic demand is already worryingly buoyant, this month's long-promised tax reductions come at an awkward moment. Moreover, the earlier deterioration in Germany's foreign trade position may now have run its course. **Wages continue to rise rapidly and wholesale prices have recently begun to move up.** So far consumer prices have nonetheless remained relatively stable. But clearly further restraints on demand to support the recent rise in Bank rate could still be on the cards.



KEY COMMON MARKET INDICATORS

Businessmen's Views on Order-Books

Below normal, and getting a little more below normal, is how businessmen in the Common Market as a whole judge their order-book situation, according to the latest "konjunktur" tests taken there. Even in Germany, where this has not been true, the considerable backlog has been whittled down somewhat. Nevertheless, German order-books at the end of December were still far bigger than a year before and the backlog represented 3.2 months output. On the other hand, **Italian order-books were still apparently pretty thin, despite the improvement in export orders since earlier months.**

Difference (as percentage of replies) between the number of businessmen* judging their order-books above normal (+) and those judging them below normal (−).

		1963 Dec.	1964 Sept.	Oct.	Nov.	Dec.
Total order-books	Germany	−14	+12	+11	+ 8	
	France	− 2	−19	−24	−27	
	Italy	−12	−59	−58	−57	−58
	EEC†	− 9	−11	−15	−16	
Export order-books	Germany	− 5	+ 5	+ 2	+ 2	
	France	−28	−14	−17	−18	
	Italy	−42	−38	−33	−29	−30
	EEC†	−16	− 7	−10	−11	

* In manufacturing other than the food, drink and tobacco industries.
† Excluding the Netherlands.

Aircraft Industries in Decline

To a House of Commons that was alternately angry and apathetic, the Prime Minister announced on Tuesday the cancellation of two advanced vertical or near-vertical take-off aircraft, a fighter and a freighter respectively. For the first time he let it be known that TSR 2's performance, as well as its price, had now become suspect: "it is still far too early to say whether operationally it is going to succeed or not." By the time Mr Wilson had finished speaking, outright cancellation of TSR 2 as well looked highly probable; but he refrained from the final stroke. Two of the substitute aircraft for which he announced orders are old: Lockheed's Hercules freighter has been flying for eleven years and the Comet for even longer. One is slow: the vertical take-off fighter that will be ordered is not supersonic. The last, the American Phantom fighter, is currently the best in its class but by no means the last word in American military design. Hawker Siddeley riposted the following day, to Mr George Brown's annoyance, with a threat to dismiss 14,000 workers who will doubtless be snapped up by engineer-starved industries in Coventry and elsewhere.

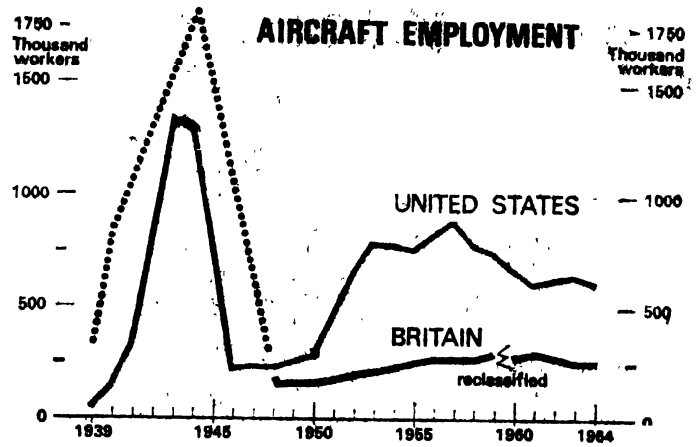
TECHNICALLY, these are retrograde decisions; but in defence terms, not wrong ones. Politically, Mr Wilson excused them as necessary because the last government had postponed decisions on new aircraft for so long that the RAF was in danger of being grounded when its existing machines fell apart and its new ones had not arrived. In fact, those decisions were delayed by Sir Alec Douglas Home and Mr Thorneycroft for the same reasons that have now led Mr Wilson and Mr Healey to opt in each case for penny plain rather than tuppence-coloured. The pennies go farther that way. And behind these decisions are long-term trends that are turning aviation—not only in Britain but across the world—from an expanding into a declining industry. Public opinion, and for that matter, government opinion, finds it difficult indeed to adjust psychologically to the idea of shrinkage in aircraft industries in western economies where technology is king. So placebos are given to aircraft companies threatened with unemployment, in the form of aircraft that nobody wants. North American Aviation, one of the great aircraft companies of the United States that now sees its work running out, has floundered for the past four years completing the prototypes for a bomber cancelled in March, 1961; readers can supply their own examples nearer home.

Contraction faces the aircraft industries in spite of the fact that civil air transport is booming, in spite of the tremendous pace at which technology is advancing and in spite of enough continuing international tension to place a premium on modern arms. Look at how employment in the American aircraft industry is turning inexorably down in spite of a huge space programme, and bulging civil order books. (Government policy and sheer obstinacy on the part of industry have kept the level of employment here much steadier, but for how long?) The causes of some of aviation's difficulties are fairly obvious. For several years after the war, British and American manufacturers enjoyed steady export demand from countries that have since re-established their own aircraft industries. France did this, and has added insult to injury by competing with, and sometimes beating, Britain and the United States for export orders. Germany, showing a sensible reluctance to invest in aircraft development, nevertheless insists on building some of the foreign military aircraft it buys in Germany, under licence. Italy does this too; India builds—and designs—some of its own machines. And a country as small as Holland, with a single aircraft company, can design a civil aircraft for which orders, at the last count, stood at 312 and seem bound to go higher. Any British or American company would have been glad of those sales.

Some of the industries' other difficulties are common to other sorts of capital goods. Civil aircraft have simultaneously doubled this decade in size and in speed, effectively a four-fold increase in productivity; and on top of this they are lasting longer—as long as 14 years in trunk line service. An aircraft that does four times the work of its predecessor does not take four times the effort in the factory to build. So long as aircraft productivity is rising faster than air traffic, the airlines are going to gain more from it than the manufacturers. Much the same sort of thing is happening in the heavy electrical industry where a 500 megawatt generating set does not provide anything like as much work as five 100 megawatt sets would do. On the military side, nuclear warheads with or without the added accuracy of guided missiles have meant that there is in fact a sharp dropping-off in the amount of work available.

Here is an extreme example of how increases in productivity can actually reduce equipment demand. On top of this, development costs have risen to the point where companies cannot put an aircraft into production unless they are sure of long production runs. Boeing had to sell 400 big jets before recovering its development costs in full. Mr Wilson put the price of a TSR 2 at 25 times that of the Canberra bombers it was intended to replace. It is certainly not 25 times as effective an aircraft. Here is the rub; small orders mean high prices, high prices mean small orders. Hence the world-wide tendency to order fewer aircraft and start fewer projects. In the United States, this is forcing a number of well-known aircraft companies to leave the industry. Even one apparently so well placed as McDonnell has no work to succeed its Phantom orders; Mr Healey has brought it not only orders, but welcome development work re-engineering Phantoms to take Rolls-Royce's engines. When a company the size of General Dynamics is down to one order—admittedly as big a one as for the F-111 (originally TFX)—times have indeed changed. Most of the gilt has also worn off the American space programme and a steady reduction in the amount of work is being predicted. In France, Sud Aviation has not sold a Caravelle for a long time, and it has no civil production work to take the Caravelle's place until, conceivably, Concord is built, six, seven, how many years hence?

It was inevitable that aviation's single-minded pursuit of



British war-time employment figures are estimated, and include all sub-contractors, which the American figures do not. Peak American employment, including sub-contractors, was probably around 2.1 million.

technical improvement would eventually start to yield diminishing returns. Just after the war, a huge folly like the Brabazon could still be developed for £6 million. Allowing for some inflation, the estimated £300 million bill merely for research alone on TSR 2 and the £350 million currently estimated by some people for the supersonic Concord measure the huge real increase in effort now required for what are, in all honesty, modest improvements in performance. The number of customers who want these improvements is small; the number who can afford them, smaller still. The motor industry came to terms with this sort of situation many years ago; it took the different road towards low selling prices and a mass market. The aircraft industry has gone the other way, the way of the shipbuilders, designing for public transport which is better heeled than private individuals, and for an exacting military customer. Since the mid-thirties, the armed services have demanded performance at any price, and this they have been given with a vengeance. But because no exchequer, British, French or American, could back this demand indefinitely without limit, they have had to take steadily less of what they wanted until the point has been reached where they could not buy enough to be worthwhile.

There is a minimum number in which any military aircraft must be bought if it is to be effective; it has always been questionable what value a bare 140 TSR 2s would be, seeing the role they were meant to perform. In strike fighters, which are effectively baby bombers for protecting troops, the minimum must be a great deal higher, and the price must be kept down to levels where useful numbers can be bought. Hence the decision to cancel a supersonic and order a subsonic vertical take-off fighter. The extra performance was just not worth the terrifyingly high extra price. And will other countries gratefully accept the lower performance and buy British military aircraft again? There are signs that they might. The Australians, after all, bought the American F-111 which was the forerunner of what may be a new generation of military aircraft, built down to a price rather than up to a performance. And it is wrong to contemplate what is happening to the aircraft industries of the world in isolation from the economies in which they function. The lesson, unfashionable though it is, is that too much can be spent on research and development; that a careful lookout needs to be kept for when diminishing returns set in, and how rapidly; that technologically-based industries may reach and pass their prime faster than one supposes. All this is heresy, but it underlines the urgent need across western Europe for science ministers who genuinely understand science and are not overawed by industries based on it, or afraid to ask them impertinent questions. These ought to have been asked of the aircraft industries long ago, before the current decline set in—from which it is going to be difficult to extricate them without considerable pain.

BUSINESS □ INTERNATIONAL

STERLING

Turn of the Tide?

THE London exchange market has indulged in a little euphoria this week. Last weekend Mr Douglas Dillon, America's Secretary of the Treasury, was declaring that Britain's short term financial crisis was over; and on Monday night Britain's own Chancellor of the Exchequer declared perhaps a little unguardedly that "the time is not far distant" when that import surcharge will be reduced. Tuesday saw easily the best day for sterling since the election, and probably some time before: the spot rate rose to 2.79½, forward discounts narrowed, and the Bank of England almost certainly got back a substantial amount of dollars—some dealers guessed as much as $100 million. The recovery reflects not so much an inflow of foreign funds as a covering of speculative positions that were opened in the autumn, largely by British traders who needed to safeguard their future exchange needs.

By pegging the discount on forward sterling, even at the cost of very substantial purchases, the Bank of England has sensibly encouraged traders to safeguard their future positions by forward hedging, rather than by open purchases of dollars in the spot market. This would have had a direct impact on the reserves and credit facilities. And the authorities appear to have taken the view, not unreasonably, that since the great bulk of these forward commitments have been taken by British traders who will unwind their positions as soon as exchange rate doubts have been removed, and who are also limited in their manœuvre by exchange control regulations, these forward commitments do not need to be debited either against the London reserves or against the external credits. Without such debiting of the forward contracts, the drawings on the credits may well be less than the $1 billion or so that most people had been guessing. But these accounting complexities—to use a polite term—make the official reserve figures more meaningless still. In January the Treasury chose to show a fall of £6 million; all this indicates is that the net movement in the month was again downward: substantial pressure in the first weeks following the French gold conversion

BRITAIN'S BILATERAL CREDITS

	$ mn.		mn.
United States	1,000		
W. Germany	500	Holland.....	75
France.....	200	Austria.....	50
Italy.....	200	Japan.....	50
Canada.....	200		
Sweden.....	100		2,610
Switzerland..	160	Loan repaymt.	
Belgium.....	75	deferred..	175
			2,785
		BIS	?

One possible reason why details of the $3 billion of credits to Britain has never been published is that even after adding in Britain's deferred loan repayment, they do not add up to $3 billion—quite. But the Bank for International Settlements has kept very quiet about its contribution, and no one would begrudge a little double counting.

almost certainly involved drawings on the central bank credits, and these losses were evidently not matched by the reverse movement which began later in the month.

Renewing the Credits

RENEWAL of the credits will be discussed at the central bankers' monthly meeting in Basle this weekend. It is far from certain that there will be a straight renewal. The original form of the credits, at least those granted by countries other than France, appears to have been "three to six months" in this special sense: that a credit could be drawn on within three months (i.e. until late February); and that any drawing during this period would then be repayable within a further three months (i.e. in March for a December drawing and at latest by end-May for any drawings made as late as end-February). One of the possibilities now is that a renewal will simply allow further drawings after end-February; but will keep the end-May deadline for the latest repayment. For it seems that the original conception was that any needs for credit still outstanding by end-May would be funded by a drawing on the International Monetary Fund.

Meanwhile it seems that the technical dispute about gold payments for the 25 per cent increase in IMF quotas is now settled. The compromise, which is distinctly on the liberal side, is that Britain and America should be able to compensate the "primary" drain on their own gold payments ($125 million for Britain) by special drawings, repayable perhaps over five years; and that the secondary drain on the reserve centres caused by other sterling area and dollar area countries buying gold to pay up their own subscriptions should be offset by special IMF gold deposits in these centres—presumably involving no more than a change of label for the same bar of gold in the London and New York vaults.

CANADA'S CAR DEAL

Easy Passage in Gatt?

CANADA'S car trade agreement with the United States does away with another sizable chunk of the benefits that Britain enjoys from the Commonwealth—a 17 per cent preference in the Canadian car market. However, the preference was non-contractual so there is not much that Britain can do about it, and complicated as it is the Canadian side of the agreement does not after all appear to be in breach of the General Agreement on Tariffs and Trade. It was to the American share in the bargain that Mr Redhead, joint minister of state at the Board of Trade, was mainly referring in his written reply in Parliament on Wednesday. The American abolition of tariffs on cars and car parts coming from Canada is not to be extended to other members of Gatt, which is why the Americans are having to seek a Gatt waiver. The question will be considered formally for the first time on March 2nd at the next full session of the Gatt contracting parties. The Americans will hope for an easy passage on two counts: first, the special circumstances of the North American region and the close interlocking of the United States and Canadian economies; and secondly, the fact that the margin of preference being created in the United States market is small, and will be even smaller if the Kennedy Round of tariff negotiations is a success. At present the United States tariff is 6½ per cent on cars and 8½ per cent on car parts. Both these duties stand to be cut by a maximum of 50 per cent in the Kennedy round.

The Canadian side of the agreement is extremely curious and complicated. There is no question initially of free entry of American-made cars into Canada. Only Canadian manufacturers (which means, predominantly, Canadian manufacturing subsidiaries of foreign car makers) will be allowed to import cars and parts duty free, and then only in the same proportion to their production in Canada as during the period August 1, 1963—July 31, 1964. Furthermore, they will not be expected initially to pass on the tariff saving to the buyer: they will be allowed, in effect, to pocket the difference as a straight subsidy. But the government has made it clear to the manufacturers that it expects them to reduce prices of both imported and Canadian-produced cars progressively as they begin to enjoy advantages of scale by producing for the whole North American market; and the United States parents of Canadian subsidiaries have promised that the subsidiaries' output will increase considerably and take an increasing share of the North American market. At the moment Canadian prices are about 20 per cent higher than those in the United States and already the manufacturers in Canada are beginning to hedge by saying that it will be several years before any cost saving can be passed on. As some Canadian newspapers have pointed out, the government has more or less put itself into the hands of the manufacturers, but doubtless it will have ways of bringing them into line if they try to default on their side of the agreement.

The logic of the new arrangements is that the Canadian government is ready to give a preference to any motor manufacturer, American or other, who will set up a manufacturing subsidiary in Canada and use a certain proportion of Canadian-manufactured parts; and this will also give free access to the United States market. The interesting question is just how strong an incentive the preference will be for on non-American manufacturers when the existing tariff around the major part of the North American market is already so low and looks likely to go lower. British manufacturers, with free entry into Canada already, may wait and see what happens in the Kennedy round before taking a decision. Meanwhile, as some compensation for their loss of preference, they will press for an easing of Canadian anti-dumping regulations. The pressure on other European and Japanese manufacturers to set up plants in Canada will be greater.

FRENCH TEXTILES

Letting Them Stew

Paris

SINCE the beginning of the year a week has not gone by without news from the textile industry of the closure of a factory, dismissals or reductions of working hours. Some 25,000 workers are on short time in northern France and the Pas de Calais area, 3,000 in Alsace and 3,000 in Troyes, the capital of the hosiery trade. In most places the working week has been reduced to considerably less than 40 hours. The only sector not affected is the silk industry, concentrated in Lyons. The crisis in textiles cannot be compared with that in the heavy electrical industry and machine tools, where the big drop in investment suggests that recovery will be slow and difficult. For textiles a few months could be enough to reverse the position. But at the moment the textile industry's difficulties are serious, and seem due as much to errors of business foresight as to the drop in demand.

In spite of government warnings, textile industrialists did not believe that 1963's exceptional demand would end. That year, a hard winter coincided with the presence in France of more than a million new consumers: the French from Algeria. At the beginning of 1964 retailers, and particularly the largest stores, gave very big orders, allowing the industry to keep up a very high level of production. In a few months, the situation was reversed. The 1964 deliveries arrived at a time when sales were beginning to fall. The credit restrictions imposed by the stabilisation plan of September, 1963, made themselves more and more strongly

All banks are the same ...or are they?

When you are operating in five continents, it's not enough to be just a straightforward, old-fashioned bank. You must offer a wide range of services and wherever possible develop associate companies and affiliates.

You must provide shipping facilities for international import and export. You must deal with problems of air freight, insurance, documentation, chartering. Your customers expect it. They expect more, too.

That's why BOLSA deals with travel arrangements, investment management and market information, import and export financing, management and advice.

Bolsa is more than just a bank. It's a Modern International Banking Group. You won't find one on every street corner. Why not get in touch with BOLSA soon . . . have their advice, experience and information on your side. You'll find life less complicated with BOLSA. See for yourself; ask any of the offices shown below for our brochure, "What A Modern International Bank Can Do For You."

BANK OF LONDON & SOUTH AMERICA LIMITED

HEAD OFFICE: 40-66 Queen Victoria Street London EC4 City 9822 · U.K. OFFICES: BIRMINGHAM 3: 50 Great Charles Street Central 4058
BRADFORD: 55 Well Street Bradford 25693 · MANCHESTER: 36 Charlotte Street Central 8135 · GLASGOW C1: 54 West Nile Street City 5398

Four Olympus engines will propel Concorde at 1,450mph —800mph faster than any airliner flying today.

BRISTOL SIDDELEY and SNECMA SUPPLY THE POWER

Bristol Siddeley Engines Limited, London.

La Société Nationale d'Etude et de Construction de Moteurs d'Aviation, Paris

felt. Textile articles were among the first affected by the general slowing down in consumption. Retailers felt the financial squeeze and reduced their orders. Eventually the industry had to cut production sharply.

The government holds the industry largely responsible for the situation, and has taken only fairly timid steps to help. Various state services (ministries, army) are to step up their orders, but these represent only one per cent of the turnover of the textile industry as a whole. Also, the easing of credit though a slight reduction of interest rates for industrialists in this sector remains modest. The unemployed will, however, receive larger allowances. On the other hand, nothing has been conceded on the two points considered essential by the industry. Prices are still under strict control, and retailers have got no special credit facility. The government is indeed thinking simply of limiting the worst social consequences of the crisis and waiting a few months for the bad patch to end—which is one way of speeding up the necessary structural reforms in this sector.

GERMAN BANKS

Outwitted by the Bundesbank?

Frankfurt

THE latest clash between the Bundesbank and the commercial banks — never exactly on good terms—has left quite a few observers worried. It began with the banks' attempt to use the raising of the bank rate, decided on January 21, to make a quick turn out of the Bundesbank. Days before the decision, rumours had already condensed into certainty and the banks went in for considerable rediscounting of foreign bills, and sold money market paper to the Bundesbank for a total value of about £200 million, intending to use the money obtained in this way to buy back money market paper more cheaply after the raising of the discount rate and the upward adjustment of interest rates for money market paper which always follows.

But the Bundesbank threw a large spanner in the works. First, it completely stopped the sale of money market paper after the raising of the discount rate and later, up to the end of the month, was ready to sell only long-term securities—little wanted by the banks, since they are relatively illiquid. The banks' £200 million could therefore not be invested and flowed about the money market which, because of this, was completely glutted in the last week of January. However, for the banks the worst thing was that they had to maintain large excesses over their minimum reserves, which fell in the course of the month. This involved quite considerable losses of interest, instead of the profit on the discount rate rise they originally hoped for.

Many banks openly admit in conversation that it was not quite fair to try to use the discount rate rise in this way. For themselves, however, they maintain that their behaviour was no more than logical, since they had picked up rumours and these rumours could anyway only have come from indiscretions in Bundesbank circles. They are not uncommon in Frankfurt. No bank will fall so easily into the temptation of trying such a speculation again, after the Bundesbank's sharp lesson.

On the other hand, one has to wonder whether the Bundesbank acted wisely, and whether it would not have been better to pass over the banks' behaviour with sovereign equanimity. The central bank is still dependent on the voluntary co-operation of the banks in many ways, if it is to achieve its aims. This is particularly true in the capital market, which is again in the dumps. Considering the annoyance which the latest affair has unleashed—rightly or not—among banks, the Bundesbank will be able to count still less on such support, to the ultimate disadvantage of its success in economic management.

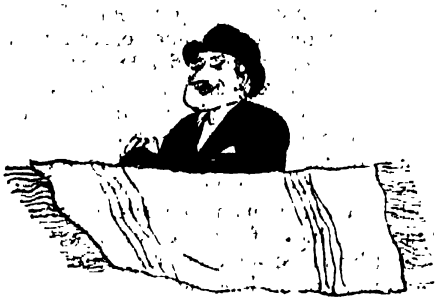
MIDDLE EAST TRADE

Prospects for Britain

THE British exporter emerges from the report of the recent trade mission to the Middle East as an unlovely fellow, least lovely when he is late. This was the main complaint about British firms, and one that could be eased, according to Lord Inchcape, who headed the mission, by—what appears to be an "uncommon practice"—simply explaining the causes of the delay. The goods themselves, though, are no more complained about than say the German or Japanese. However, considering the scope for trade in the area covered (Lebanon, Kuwait, Bahrain, the Gulf States and Muscat and Oman; a combined export market of perhaps £300 million last year) the selling effort seems surprisingly old-fashioned. The familiar complaints of British exporters not paying enough attention to local needs were made; not speaking the language, not considering local tastes or adapting to changing economic conditions by appointing nationals as main agents or providing technical training facilities.

The biggest of the markets is that of the Lebanon—"difficult" because keenly competed-for, but, at £140 million of imports last year, worth the effort. Totting up the score over the last five years puts America in the lead (£80 million) and France, Britain and Germany grouped together in second place (all around £60 million). For long dominated by the French, the Lebanon is now "wide open" to trade and is particularly important because of its position, according to the report, as a shop window for the Arab world. Moreover, it is a growing market—the volume of imports has fluctuated unevenly but in the last three years has come up rapidly from £76 million—for which imports of machinery (which made up most of the British share) are increasingly needed in the government's development programme.

Oil provides the exchange for the Gulf States' imports—and its transit fees also provide a large part of the Lebanon's cash. As the demand for oil, and the fees from it, rise, the prospects for trade will increase. But Britain's share of it is dropping, in Kuwait from 27 to 19 per cent over the last ten years. an oil income of nearly £200 million, imported £115 million worth of goods last year. States like Abu Dhabi, to which oil revenues have hardly started to flow, offer a large potential market. All are becoming more wary of merely frittering away their riches and are looking for ways of diversifying their economies. The mission concludes, however, that the climate for British enterprise "could hardly be more favourable" because of old ties and a continuing respect for British quality. One point particularly worth investigation by plant and machinery manufacturers (where the British should be strong) is the demand for technical assistance and even participation in local enterprises. The report stated that a willingness to help might be the strongest selling point that a British company could play—when it has brought itself up to the standard of its competitors in other respects.



KEY INDICATORS

WORLD COMMODITY PRICES

The all-items indicator FELL by one point this week (to February 3rd). Cereals, sugar, meat, cocoa and soya beans declined, but copra advanced. Tin and lead prices weakened, but copper and zinc gained ground.

	Index 1958=100		Percentage change from *	
	Jan. 27	Feb. 3	Previous month	Twelve months ago
ALL ITEMS	104·7	103·7	−2·3	−7·0
Food	103·7	101·7	−1·8	−15·6
Fibres	99·3	99·0	−0·4	−9·9
Metals	176·9	179·2	−6·6	+43·8

The Economist Commodity Price Indicator includes nineteen commodities weighted according to their relative shares of world trade in 1958.

** Changes relate to the week's figures, but these, except for the metal group, are provisional because quotations for tea and wool are not yet available beyond last*

URANIUM

France in the Market

THE market for uranium went into a deep freeze five or six years ago; the last big order Canadian producers received was in 1962 when a markedly reluctant UK Atomic Energy Authority was obliged to take up an option on 12,000 tons that it did not want as the price of Canadian acquiescence to Britain's negotiations with the common market. (The AEA did not think to insert a break clause getting it out of the contract if the negotiations failed.) The first sign of a thaw is the arrival of French negotiators discussing a possible 25-year contract for about 44,600 tons. As a very rough rule of thumb, a large nuclear power station based on natural uranium might consume about one ton of fuel in five years for each megawatt of electrical capacity—1.3 tons of the raw uranium oxide since there is some weight loss in processing. France's own uranium mines have been producing about 2,000 tons of oxide a year. World capacity at the beginning of this decade was about 42,000 tons a year.

Put in this perspective, the tonnage for which France is negotiating over such a protracted delivery period is not specially large; what will be interesting is its price. Britain paid around $5 per pound for the last 12,000 tons of uranium ordered; the US government offers a flat $8 per pound to all its producers and there has been a tendency in recent years to assume that the American price will eventually become the ruling market price, an assumption not necessarily justified by the mines' actual costs. There remains a world surplus of uranium; bids of $3 and lower were received by Japan for quite large production contracts not so long ago. Some reports suggested that negotiations with France had opened at a price between $6 and $7 a pound; because demand for uranium is reasonably certain to increase in a quarter of a century, the Canadians will expect to get more for uranium delivered in the 1980s than they do now. But if the French actually settle for as high a figure as this, they are worse bargainers than they seem.

Marketing in Europe

A monthly research publication on consumer goods and retail distribution. Included in the current issue:

SAMPLE SURVEYS IN THE COMMON MARKET

THE BELGIAN CONFECTIONERY MARKET

CONSUMER CREDIT

Dairy Products, Meat, Fresh Fruit & Vegetables

Further details from
THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St. James's Place London SW1
Telephone HYDe Park 8711 Ext 27
60 East 42nd Street New York 17 NY
Telephone Murray Hill 2-2960

MONTECATINI

Worse to Come?

FEW Italian companies can be happy about having to make their livings there at the moment, even efficient ones. And Montecatini's third quarter's results—produced for the New York Stock Exchange last month—show how much it suffers from this. No dividend was paid in 1963 and profits in the first nine months of the current year were down, from 5,687 million lire (about £3,300,000) to 5,504 million lire, even though sales increased slightly, from 245,244 million lire to 248,946 million lire. Chemical companies are peculiarly susceptible to operation below capacity but Montecatini has, added to these quite general disadvantages, its own special troubles. Few chemical companies can have such a wide range of products: being a mining company too, its activities range through marble, salt and pyrites to zinc, lead and aluminium and on to the chemicals themselves. The most important new investments were the prideful, glistening petrochemical complexes centred on Ferrara and Brindisi; handing them over to the joint company, Monteshell Petrochimica, set up with Shell, was a hard blow. But it was necessary, for petrochemicals are the most capital-intensive end of chemicals manufacture which, while depending heavily on technical expertise in plant and process design, become under competitive trading conditions even more dependent on smooth marketing and financial administration.

But Montecatini has always been strongest on its technical side—no drawback in a chemical market without competitors. Its response to competition, when it came—from the common market manufacturers and (inside Italy) from ENI's chemical subsidiary, ANIC—was to sell at any price, always in a softening international market. Having over-expanded, the company was unable, at the low prices prevailing, to carry the cost of the expensive, new, and horribly unprofitable, petrochemical operation and Shell had to be allowed in to rescue it.

A great deal is left, in particular the synthetic fibre interests, but it will be a major job to bring it into the modern chemical age. Production units are small and scattered—the very opposite of the ideal of centralised large-scale production pursued by most chemical companies. This would matter less if some of the products, in particular nitrogenous fertilisers, were not subject to acute competitive pressures from abroad. Other interests are more doubtfully left within the territory of a modern chemical company: it is hard to see how aluminium made from imported bauxite with not particularly cheap electricity can compete with the production of the giant American and Canadian producers. But in reorganising its interests—and the company has shown no interest so far in rationalising its non-chemical activities—it is hampered by the present poor shape of the Italian capital market. Meanwhile, although sales rise marginally, as they did in the first nine months of the current financial year, profits sink slightly faster. Moreover, nothing in its present circumstances—rising costs of labour, mounting competition and growing efficiency abroad—seems to point to a change for the better except, perhaps, in the short term, when the Italian economy revives. The times have changed and Montecatini, although it has grown, is not the right shape for them. It can change—ICI has in Britain; BASF has in Germany—but should waste no time about it. Otherwise it runs the risk of losing more of its interests to foreign buyers.

GERMAN INFLATION

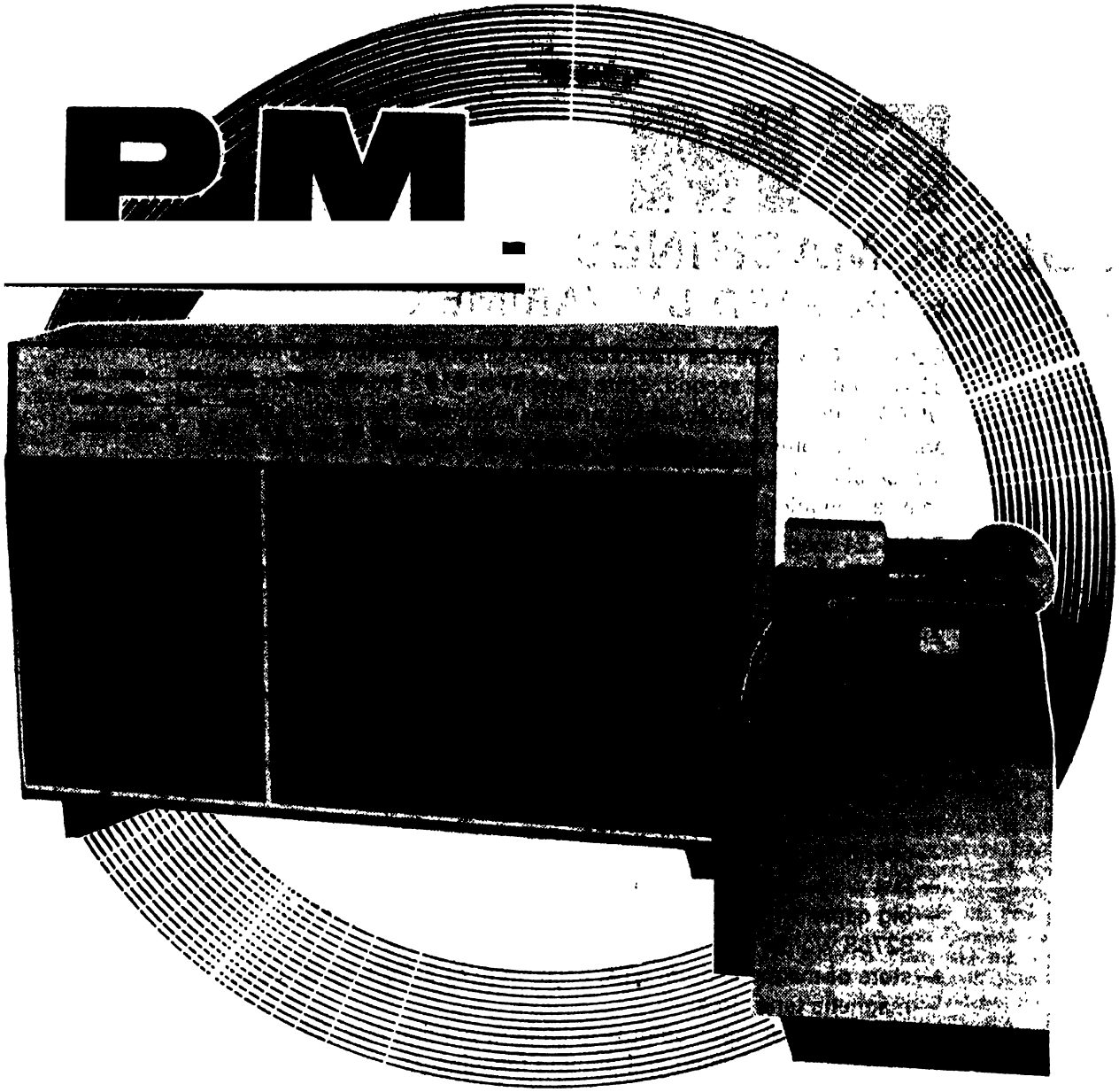
Dr Schacht Gets Nostalgic

Düsseldorf

AS every house has its particular ghost so Germany has the ghost of inflation hidden in its cupboard—no wonder after its two bitter experiences after two wars. Dr Hjalmar Schacht, one-time father of the Rentenmark and one-time Hitler's financial expert, is now 88 years old, but still remarkably vigorous; and he could count upon an attentive audience when he started his warning campaign about "the third inflation" some time ago in the popular illustrated paper *Quick*.

His propaganda, obviously, runs counter to the electoral strategy of the government. Dr Erhard hopes to be re-elected with his coalition in September on the claim of continuing economic prosperity coupled with a reasonable degree of price stability. But should the government step down to do open battle with a man who since 1945 is officially regarded as a somewhat suspect outsider? After some deliberations, it has been decided that it shall not. Instead Dr Erhard's son-in-law, Herr Klotz, a director of Daimler-Benz, wrote a rather colourless reply in *Quick*, and Herr Butschkau, president of the association of saving-banks, also went into anti-Schachtian battle with voice and pen.

The former president of the Reichsbank sees the greatest danger in the accumulation of about 17 billion marks in gold and DM 14 billion in foreign currency in the portfolio of the Bundesbank in Frankfurt—the reserves piled up from Germany's big export surpluses in the past years. The counter-values of these have been credited to the exporters in DM, and it is of course true that this money is circulating in the economy, whilst the corresponding goods have been exported. This problem of "imported inflation" has been troubling Germany for years, and the government, in



(If you are interested in any item of Polish Machinery listed overleaf—please fill in this coupon for full details).

NAME _____

ADDRESS _____

_____

FIRM _____

_____

POSITION HELD _____

_____

TYPE OF BUSINESS _____ BC/5

VARIMEX

PTHZ

WARSZAWA

PM

POLISH MACHINES

EXPORTED BY VA IMEX

ODRA-1003 small size transistor type computer performing about 800 operations per second. Store capacity of 8192 words, 40 bit each. ODRA-1003 computer design enables automatic performing of adjustable comme operations; may be used for multi-channel industrial data registering, which enables adoption for semi-automatic industrial processes control.

ZAM-21 medium size, very fast (about 2000 op/sec.) transistor type computer intended mainly for scientific calculations. Ferrite type store of 8192 words — with possibilities of increasing. ZAM-21 computer is equipped with fast input-output machinery. Basic programming system and operations) and ALGOL autocode. For the future the ZAM-21 is expected to be used for industrial processes automatic control.

ZAM-41 medium size transistor type computer mainly intended for data transforming.
Its characteristics are as follows:

- possibilities of simultaneous performing of up to three programmes
- fast work-about 30,000 op/sec.
- big capacity ferrite type operation register — from 8192 to 32768 words.
- store of magnetic drum type, each drum of 32768 words capacity
- magnetic tape store
- variety of fast input-output equipment: printing machine card and tape reading and printing machinery.

(Please tick appropriate square to indicate items in which you are interested. Full information will be sent as soon as possible).

☐ ODRA-1003

☐ ZAM -21

☐ ZAM -41

YOUR REMARKS:
(Please note your questions and queries here)

order not to aggravate it by the inflow of foreign "hot money," took steps to stop the inflow of foreign capital by a special levy on the purchase of German shares and securities by foreigners. These helped put Germany's basic balance of payments into slight deficit in 1964. Anyhow, Dr Schacht ignores the fact that the rate of inflation is worse in countries like France and Italy, which have no similar accumulation of export surpluses, or even in Britain, where there is an acute balance-of-payments crisis.

But if Dr Schacht's analysis is dubious, his proposed remedies are decidedly singular. He wants to mobilise part of the reserves—about 6 billion marks—to buy raw materials abroad like non-ferrous metals, timber and oil, by means of a newly found organisation of German industry that would sell them to the manufacturers for marks. His second proposal—to freeze part of foreign exchange receipts from the sale of German firms and participations to foreigners in special DM-accounts which are to remain in the respective foreign countries—looks like a nostalgic revival of the "Sperrmark" of the thirties. His third and quite sensible proposal is to found a company, with a capital of DM 3 billion from the reserves of the Bundesbank and from the minimum reserves that German credit institutes must hold with the Bundesbank, which should give credits to the developing countries.

SOVIET ECONOMY

Industrial Shifts and Farming Setbacks

THE latest Soviet progress report published on January 30th now claims that the country's national income and industrial production both rose by just over seven per cent in 1964.

Even taking the official figures at their face value, this marks a slackening of the pace of industrial output. Basic production is still reported to be forging ahead as can be seen in the accompanying table. But the major switch to chemicals, where output rose by 15 per cent, seems to have caused difficulties for some branches of engineering. Thus, the output of metal-cutting machine tools of automatic and semi-automatic lines as well as other equipment for engineering plants was roughly the same as in 1963. Production of lorries or tractors also showed hardly any progress.

The general rate of growth was also curbed by difficulties in light industry. The piling up of stocks of unsaleable goods is not the only complaint contained in the report. Light industry in general and food processing in particular were hampered by shortages of industrial materials, reflecting the consequences of the disastrous harvest of 1963; though output of these materials grew, it did not grow enough.

Soviet Basic Production

	1963	1964
Coal mn. tons	532	554
Oil mn. tons	206	224
Natural gas bn. cubic metres	91	110
Electricty bn. kwh	412	459
Crude steel mm. tons	80.2	85.0

Just how serious the farming disaster was in 1963 the Russians are not yet ready to admit. The report skates over the issue by claiming cryptically that agricultural output in 1964 was 12 per cent higher than in the previous year. Yet some of the after-effects can be perceived. The shortage of grain had its worst impact on livestock. Meat production last year was one-fifth lower than in 1963. Stocks or imports must have come to the rescue, since it is claimed that sales of meat and meat products went down only slightly. The number of horned cattle was apparently maintained, but the pig population has not yet recovered from the slaughter in the winter of 1963 and the number of sheep has also declined, as can be seen below. The Russian government will probably wait for complete recovery to reveal how bad the situation had been in the year preceding Mr Khrushchev's fall.

Soviet Livestock (end of year—million)

	1962	1963	1964
Horned cattle	87.0	85.4	87.1
of which cows	38.0	38.3	38.7
Pigs	70.0	40.9	52.8
Sheep and goats	146.4	139.5	130.6

NORDIC BANKING

Venturing Abroad Together

Stockholm

NORDIC banks, which had no foreign branches until a couple of years ago, have now taken further steps to widen their European interests in a collective way. The process began last year when two groups of Nordic banks, with the Skandinaviska Banken and the Svenska Handelsbanken as respective leaders, started affiliated banks in Switzerland. The Skandinaviska Banken reorganised a wholly-owned finance company in Geneva, and the syndicate under the Svenska Handelsbanken took over Verwaltungsbank Zürich AG.

It now seems that this was only the first step in Nordic collaboration. Thus, after the chief executives of the four partners met last week in Copenhagen to discuss the Nordfinanz-Bank's future activities, it was announced that their co-opertaion would be extended to comprise certain other fields of common interest. The aim will be in the first place to bring about an exchange of information and experience regarding economic and operational questions, planning, organisation, personnel training and the like. Although it is expressly stated that traditional relationships with other banks, whether in the Nordic countries or elsewhere, will not be affected by this step, it will of course be natural to look upon the four banks more or less as a group. If the Skandinaviska Banken and its partners should decide to follow the same path, it would in fact mean the creation of two banking blocks which would dispose of a very considerable proportion of the total banking resources of the Scandinavian countries.

BRAZIL

Boost from the Beetle

Rio de Janeiro

THE $100 million that Volkswagen is to invest in Brazil is the largest single west German overseas investment yet announced. It is also the most significant gesture of confidence in Brazil by foreign businessmen since President Goulart was ousted by a military coup in April last year. Brazil's automobile industry has grown from nothing six years ago to an annual production of 180,000 vehicles, and the millionth Brazilian car was made last December. Cars are regarded as the next best investment after real estate in inflationary Brazil, and second-hand values are extremely high—a Volkswagen may lose only £100 of its value in two years.

Volkswagen is already easily Brazil's largest car manufacturer. Production of the standard saloon and the Kombi Microbus (which is much used as a taxi in Rio) is now running at about 340 a day, about four times that of its closest rival Willys, which makes the Renault Dauphine and Gordini under contract. Where Volkswagen built 42,342 vehicles in 1963, Willys built 11,108 Renaults—and the gap was widening during 1964.

Professor Nordhoff, Volkswagen's managing director, plans to increase production at São Bernardo do Campo in the state of São Paulo to 600 vehicles a day by 1968, and to increase the number of workers in the factory by 6,000 to 16,000. He had nothing but praise for the Brazilian car worker on a recent visit, and said that his firm's decision showed considerable political and economic trust in Brazil and in the growth of the market. He implied that this investment had been planned earlier but withheld because of political instability under President Goulart. He stated that expansion plans did not include exports because the present situation does not justify such planning, but this could change. Professor Nordhoff also discussed with President Castelo Branco plans to sell Volkswagen shares to Brazilians. This would be based on the experiment several years ago when the shares of the parent company in Germany, formerly state-owned, were sold to a large number of small German shareholders.

SHORTER NOTE

Delegates from the Cotton Board and the Indian textile industry recently reached agreement on the categories into which future imports are going to be split. The split is designed to prevent the disruption caused by concentration of imports into particular sectors. Its main effect will be to hold down the rising imports of finished and made-up goods. Talks with Malaysian producers have been less fruitful and the Malaysian government is to submit counter-proposals less hard on its own producers.

BUSINESS □ BRITAIN

INDUSTRIAL ORGANISATION

Voices for CBI

ONE of the pre-requisites for top management today is to be able to answer for industry before a mass audience—and often to answer some pretty loaded questions. British industry, at the top, has a range of generations of management: still some of those to whom *gravitas* seems the necessary stamp of authority (and whom television interviewers think of as pompous squares); a large middling proportion of managers who are utterly uninhibited inside their own business, but simply in varying degrees shy in front of the electronic eye; and a younger generation who are as quick on their feet, while still managing to appear serious and better informed, as any Dimbleby himself. Of the two men named to top appointments with the new Confederation of British Industry, Mr Maurice Laing, its chairman-designate, is outstandingly among the last group, engaging, young but still carrying weight by being so obviously painstaking. Mr John Davies is incisive, enormously articulate, and possessed of a sharp clarity in argument. Mr Davies was from 1946 to 1961 with British Petroleum (formerly Anglo-Iranian), where some observers thought he might eventually have made the best successor to Sir Maurice Bridgman as chairman; but in 1961 he moved over to become chairman of the joint marketing subsidiary, Shell Mex and BP.

Projecting an image is only one part of the job that these top managers of CBI have to do; the whole will not be wholly spelt out until the Confederation's own constitution is revealed, and adopted by the three organisations merging into it, in March. The "effective date," when CBI takes over the merged functions of the Federation of British Industries, the British Employers' Confederation, and the National Association of British Manufacturers, will probably be in August.

STEEL NATIONALISATION

You in your Small Corner

WITH the Steel Bill due any moment down the slipway, the arguments are mounting around this bafflingly irrelevant piece of legislation. Sensitive to the murmur—even from one of his own ministers—that the Leyton result must force some changes into the government's programme, Mr Wilson went out of his way to affirm that the industry would be nationalised as planned. "We must do the job we were elected to do," he said. And Mr Fred Lee, the Minister of Power, gave tongue in support to argue just how bad steel is for the country under private ownership. But his arguments so far do not bear much examination. For example, does he really think it is sinful to import processes and know-how? Or that the best way to improve efficiency would be, for narrowly nationalistic reasons, to ignore developments outside the country? In Britain, as in the United States and Russia, with their long concentration on the open-hearth process, there were certainly some delays in accepting the boons that oxygen happens to bestow more freely on pneumatic steelmaking: but it would have been a lot to expect of this country to find the new ideas on Bessemer steel. If the steel industry had not imported the foreign steelmaking processes that Mr Lee seems almost to regret we accepted, it would now have far graver problems to add to its overmanning troubles. It is to be hoped that Mr Lee's technological chauvinism will not be transmuted into government policy.

Bouncing out of the other corner with a formal statement, the employers' and industrial associations (soon to be merged into the Confederation of British Industries) are objecting "as customers" to any change that will reduce competition and competitiveness within the industry. Well they may be apprehensive about the prospect of 13 suppliers suddenly becoming one; they should be even more so of the effects on imported supplies, the only genuine competitive spur that the industry has. But British industry deludes nobody else if it suggests that the system of pricing administered by the Iron and Steel Board constitutes free competition. No government in any major steel producing country, admittedly, has ever been able to accept the consequences of a free market for this industry. This is where the opponents meet in the middle. For Mr Lee, while attacking private industry first for wanting too few strip mills (and later for wanting too many?) is surely implicitly accepting the present system of relatively loose control by the Iron and Steel Board (which did, after all, get "national solutions" imposed). And the customers agree that such control, with some approximation to competitive pricing (such as the continental basing point system?), would provide the most competitive compromise. If everybody agrees, what is all the fuss and nationalisation about?

KEY INDICATORS

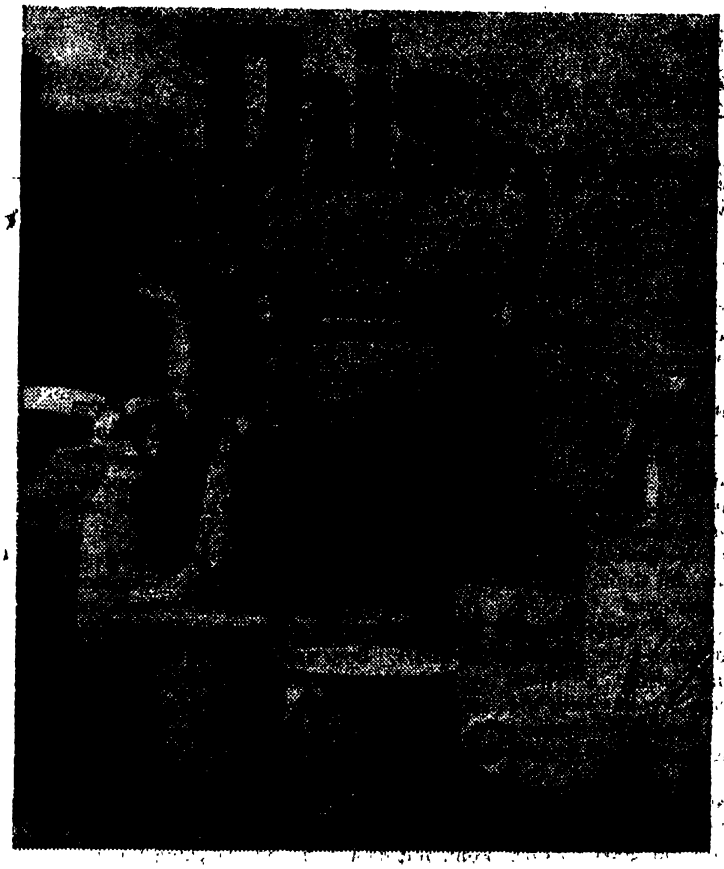
THE BRITISH ECONOMY

STERLING

A much better week, and gold has at last begun to flow back into reserves—the authorities may have picked up as much as $100 million by Wednesday.

	Month	Index 1958 100	Percentage change from: Previous month	Three months ago	Twelve months ago
Industrial production	November	131	+1	+2½	+5
employment	November	104·1	Nil	Nil	+1·1
productivity	November	126	+1	+2½	+4
Export trade *†	December	130	+5	+9	+2
Retail trade*	November	123	−1	+2	+4
Unemployment*	January	77·2	−4·7	−8·1	−25·8
Wage rates (weekly)	December	125·2	+0·4	+0·8	+3·6
Retail prices	December	117·7	+0·4	+1·3	+4·8
Export prices	November	108	Nil	Nil	+2

** Seasonally adjusted. Indicators of export and retail trade reflect movements in volume terms, i.e., in value at constant prices. Unemployment indicator refers to numbers wholly unemployed, excluding school-leavers. Total unemployment level in January running at an annual rate of 1.4 per cent. † Provisional.*



VENDEPAC PUSH BUTTON BEVERAGES SAVE MESS AND MONEY

Trolleys, urns, kettles and cups are obsolete systems of worker refreshment. A costly mess that modern management can't afford to ignore. The Vendepac Service puts Push-Button Beverages on a 24-hour production line. Dispenses top-quality freshly made tea, coffee and chocolate in sterile, infection-proof cups. Sites the machines strategically for speed in use and access. Keeps 'Ten-Minute' breaks ten minutes long, instead of the usual twenty. Wipes out wastage, boosts productivity, peaks the efficiency of your factory or office. The Vendepac Service needs no capital outlay. Vendepac maintains and replenishes the dispensers free of worry.

Cost free. Installation is free and at suggested prices (3d for tea, 6d for coffee) the revenue is usually enough to cover our expenses—anything over, Vendepac shares with you.

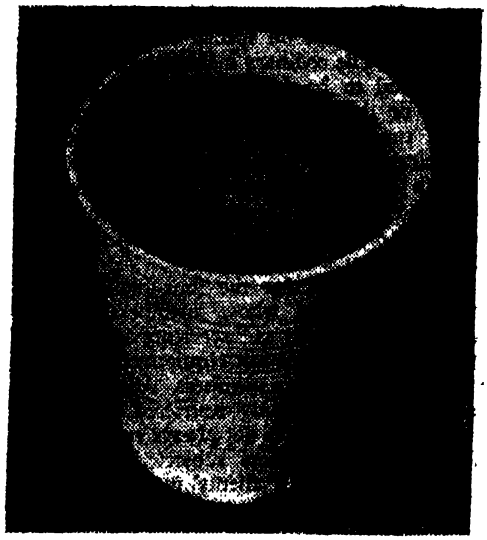
Vendepac Beverages Satisfy. Each drink is freshly made, each drink piping hot. The good, rich-tasting balance of the beverages can't vary from cup to cup.

Vendepac Boosts Productivity. Research shows that in most factories the 10-minute 'tea break' can take 20 minutes or longer. If 1,000 people, earning 7/- an hour waste 5 minutes a day in this way, the wages cost in wasted time is over £7,000 per year.

Vendepac Helps Health. Vendepac dispenses in sterile, disposable cups. The spread of infections that cost so many man-hours is minimised by Vendepac Service.

Free Consultation from Vendepac Advisory Service. A card or phone call to the address below will bring a Vendepac Service Consultant to explain the 2 months trial system and assess requirements.

VENDEPAC, AJAX AVENUE, SLOUGH, BUCKS.
SLOUGH 25122 *(A division of Mars Limited).*



VENDEPAC

THE PUSH-BUTTON REFRESHMENT SERVICE THAT SAVES MESS AND MONEY

INSURANCE COMMISSIONS

Silent Revolution?

WITH the minimum of fuss and a total absence of any public announcement, the tariff companies in the insurance industry on March 1st will introduce differential scales of commission for different classes of agents. It is not hard to guess the reason for the hush. The "introduction" agents who will now receive the lower rates are an enormous part-time army of accountants, solicitors, estate agents and the like, on whom many of the larger offices rely heavily for their new business. These agents vastly outnumber the "servicing" agents, the full-time insurance brokers, who not only introduce business but also provide most of the real servicing otherwise provided by companies' branch offices, and who are now to receive the higher rates.

The differentiation will apply only to fire business (in the wide sense, i.e., including special perils and consequential loss policies). It is also small. Instead of the present 14 per cent, part-time agents will get 12½ per cent on the new—mostly higher—premium rates. Servicing agents will get 15 per cent, plus an extra 1½ per cent in each of the first three years—in return for which they will be required to "explain" the new fire premium rates to insurers. But for the tariff offices, which have hitherto refused to regard the full-time broker as anything more than a rather busy agent, the change is revolutionary.

The problem at the moment is that for offices with the cost of a full branch network, commission rates of even 12½ per cent are still out of proportion to the service actually contributed by the introduction agent—especially at a time when underwriting is so hideously unprofitable. At the same time, by underpaying the genuine, qualified broker, the growth of a new and vital profession has been stunted. So long as the tariff offices fix rates of premium, competition between them, to the extent that it benefits the general public, takes the form of small differences in the terms of policies and differences from company to company in amenability to claims, willingness to ke on special sorts of risk and so on. The ordinary insurer, even if he is prepared to hawk his business around twenty or thirty offices (and why should he?), cannot possibly be expected to appreciate these subtleties. By going through a qualified broker on the other hand, he ought to be reasonably sure of being put with the most suitable company for his particular risk.

It now remains for the four bodies of insurance brokers, whose members will automatically qualify as "servicing agents," to review their admission requirements and control over their own members. Admission to all bodies is already restricted, but a written examination is not always required. Nor are their members subjected to the same disciplines over clients' money (such as keeping it in a separate bank account,

MEN'S MAGAZINES

Busting Out—All Over

THIRTY years after the original success of mass-circulation women's journals, publishers are suddenly and simultaneously latching on to the male market. This market is fraught with double entendre: publishers realise that men have different reading (and viewing) habits from women: at the same time the growth in the advertising of products mainly used by men, or bought by them, has been outstripping that of advertising in general. This applies particularly to upper and middle-class men, at whom the new magazines are aimed.

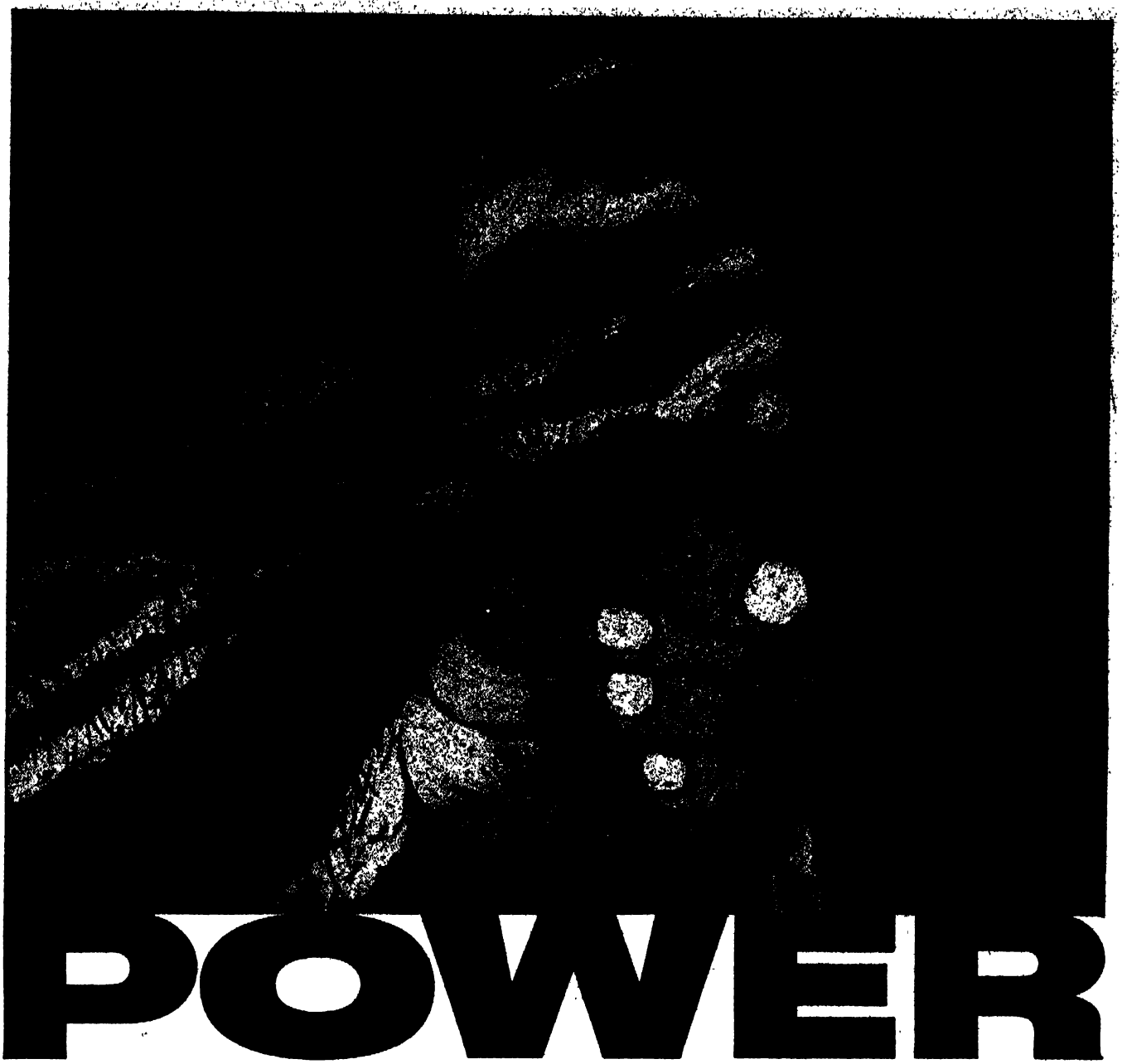
Some, of course, never reach the newsstands: three (*Town & Country*, *Europe Observed* and *British Horizons*) have recently been still-born. All these, and the recently-issued *International* (4s. 6d. quarterly, edited by Logan Gourlay) are what might be called coffee-table glossies, based on travel and leisure activities. They compete in some respects with the (decreasingly) serious Sunday newspapers and there is nothing particularly bizarre in their content.

Others now proliferating have two features which they feel are marketable: girls (mostly stripped) and good writing. they describe themselves as Adult, Sophisticated or Hip. Their grand-daddy is the American *Esquire*, where the girls are sketched rather than photographed, and the features and reporting are of a high quality. *Esquire* still flourishes, with a circulation of 850,000, but its fame has been eclipsed in the last few years by Mr Hugo Hefner's *Playboy*, among the most successful single publishing ventures since the war. In the last ten years *Playboy's* circulation has risen from 9,000 to 2,700,000, and the advertising revenue from nil to $8.5 million a year. It sells 75,000 copies a month in England (at 8s. 6d. a copy and 13s. 6d. twice a year for bumper issues) and will probably be starting a European edition with a guaranteed circulation of 200,000—excluding American servicemen—later this year. It has more, and more daring, illustrations than *Esquire*—and these nudes are photographed. To American eyes, trained on magazines that are almost all aimed at a matriarchy, the cartoons and jokes are sophisticated: more decadent Europeans may think them childish. With success has come the Playboy clubs and a great many merchandising ventures exploiting the astonishing loyalty of readers to the Bunny trademark.

Playboy is rumoured to have eighty competitors in America, with names like *Monsieur* and *Dude*. Here it faces double competition from increased virility in existing magazines, and new ventures full of warm girls and cool writing. *Town* magazine has recently shifted its emphasis from general features on to more daring and even kinky ground, after an internal conflict during which its printer bought up half its capital. *Queen* magazine is to introduce regular and serious reporting of men's clothes: *Vogue* is starting an inserted "Men in Vogue" section this November. This is *Vogue's* usual way of introducing ventures that it later hopes to hive off: its *Pattern Book* and *House & Garden* both started this way. But *Men in Vogue*, like *Queen*, will concentrate more on clothed men than on unclothed girls.

Not so *King*—with a large area of Christine Keeler in its first issue, and *Penthouse*, whose first issue is due out on February 17th, reputedly with 23 pages of nudes. Both are monthly, both highly priced, *King* at 7s. 6d., *Penthouse* at 5s. *King* is a private venture of Mr Raymond Nash, of Raymond's Revuebar and other ventures, who is already involved with *Playboy* in litigation about who has first claim on the Bunnies: its first print order of 100,000 was reputedly 90 per cent sold out, and its advertising is picking up after a sticky start. Cynics claim that this is merely a form of promotion for "Raymond's" clubs and associated marketing ventures: but it could acquire a life of its own. Also in legal trouble was *Penthouse*, a transatlantic venture, with a first print order of 150,000 here and double that in the United States, backed by a group of private investors. It plans to be "really sophisticated," with an article by Sir Julian Huxley in the first issue and a discussion of pornography and censorship involving authors on the level of Colin Wilson, Alexander Trocchi and Alan Sillitoe.

All these ventures invite ribald comment: more practically, the question is whether the public and the advertising will be there in competition with *Playboy* and the non-sex outlets. Keeping up with Mr Hefner could involve such high editorial costs that advertising rates will come unattractive in competition with more orthodox media. The situation could be transformed if television and newspapers started to set limits on advertising cigarettes and tobacco. The advertising of cigars, the fierce wars between rival razor blade and male toiletry manufacturers, the continued expansion throughout the world of the buying and advertising of sports cars and of whiskies bolsters the chances that *Playboy*, and one or two perhaps of its rivals will continue to be successful. But all of them?



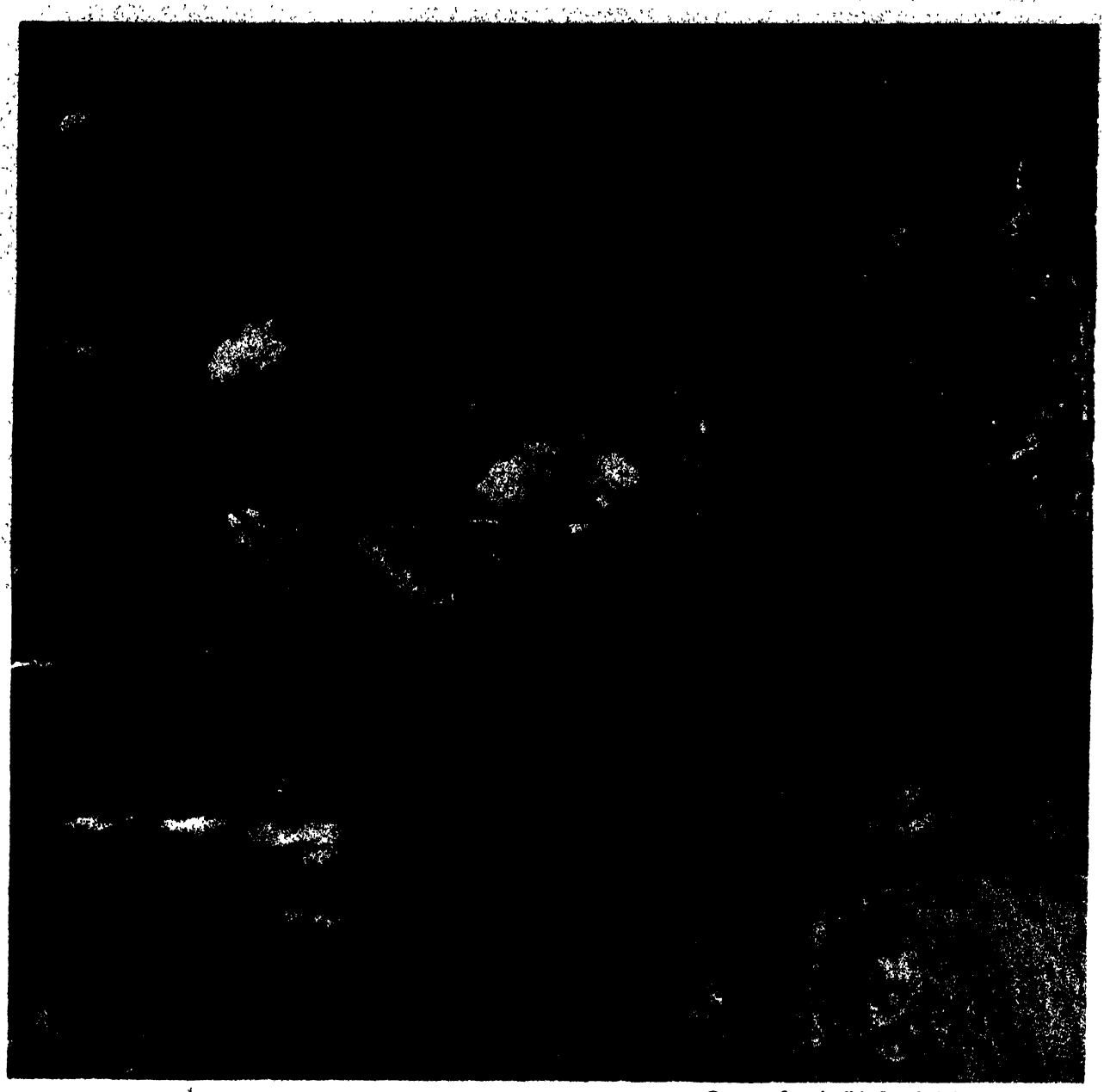
Man's physical power is small—limited to the weight he can move with his hands. But the glory of man is in the power of his mind—and his unique ability to create and use tools that magnify his strength a million times.

Some of the mightiest of these tools come from International Harvester, a worldwide company in which the minds of over 106,000 men of all nationalities are concentrated on the design and production of trucks, tractors, farm equipment, engines and earthmovers.

These are the machines that increase men's capabilities—that make possible large-scale farming to feed increasing millions of people, that build roads, that carry the commerce of the free world—and promote the progress of all nations.

To achieve this, we maintain the highest standard of excellence wherever IH equipment is built—with dedication to the idea that the final product is not solely a machine, but power itself—*applied* power to serve the basic needs of modern man. International Harvester Export Company, Chicago, Illinois, U.S.A.

International Harvester puts power in your hands



Get away from it all in Jamaica's lovely Ocho Rios.

After your U.S.A. business trip, give yourself the Caribbean.

(You've earned it)

PAN AM

And it's the perfect reason to take your wife.

Scant hours from New York both of you can be basking on warm Caribbean sands, dreaming under a palm, searching for sea shells, listening to Calypso, or hunting for duty-free bargains in some of the world's most unique shops.

Here's the perfect breather. And it adds so little to your fare. We have low-cost Pan Am Holidays for you on every one of the fifteen islands we fly to. We can even fly you straight home to Europe from the Caribbean—so you won't have to retrace your steps to the U.S.A.

So why rush home? Even if it's only for a few days, relax in the Caribbean under sunny skies. Then fly home with a good feeling knowing you've chosen the very best: the world's most experienced airline. Call your Pan Am Travel Agent. Or call us.

World's most experienced airline

First on the Atlantic
First in Latin America

First on the Pacific
First 'Round the World

and having this specially certified by accountants) as are solicitors. But eventually it might be logical for the tariff offices to close the shop by requiring all servicing agents to belong to one of these bodies, and thus put the responsibility of maintaining standards entirely on their shoulders.

DRUGS

Law's Lon rm

THERE is no point in rubbing salt in the various wounds by re-counting blow by blow the dispute between the Ministry of Health and the Pfizer Group that was finally settled in the Ministry's favour in the House of Lords on Tuesday. It is ten years next month since Pfizer first brought the antibiotic tetracycline from the United States to this country, when it then sold at £99 6s. 8d. per 1,000 tablets. Pfizer's current price is £44 18s. 6d. per 1,000, but importers are able to supply the Ministry of Health with the same drug manufactured in Italy and Poland for £4 per 1,000, or a tenth of Pfizer's price. The fact that neither country recognises patents for drugs, so the manufacturers are not paying any royalties to Pfizer, hardly explains the difference, for the company could surely not expect royalties of 1,000 per cent. Since the middle of 1961, the Ministry has been buying imported tetracycline for use in hospitals (to be precise, it put the hospitals' combined orders out to tender and the importers won the contract), arguing that Pfizer's otherwise iron-clad patents were no defence against the government's overriding right to make use of anyone's patents "for the services of the Crown" (this is the now famous section 46). Pfizer argued that this did not include the national health service. The House of Lords decided, by a majority, this week that it did.

This story is going to have a sequel. When the Ministry started buying unlicensed, imported drugs, it was in the throes of most involved price negotiations with Pfizer, that is, it was trying to put Pfizer's price down. These negotiations were broken off when Pfizer took legal action against the Ministry. This week, the Ministry of Health confirmed, with a gleam in its eye, that the negotiations would now be resumed. Spectators had better take cover.

IRON CASTINGS PRICES

On Top of a Boom

IRONFOUNDERS do not seek or get much publicity, but they are a key part of the capital goods industry, producing cast iron parts for everything from cars to machine tools and components for the construction industries up to and including the kitchen sink. For this reason, the letter sent this week by the Council of Ironfoundry Associations—representing some 680 producers of iron castings—to the Minister of Power is not going to please him. In it, the association pointed out that recent increases in the cost of fuel, electricity and transport "make it virtually impossible for ironfounders to respond to the desire of the Minister of Economic Affairs to keep prices stable." This amounts to a declaration that ironfounders are about to put their prices up—something that many of them have already done and others will do within the next two months.

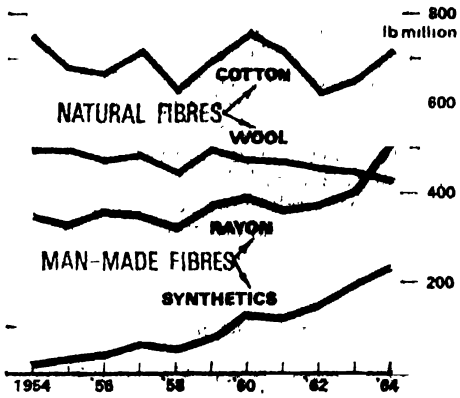
These price increases mean that ironfounders are passing on increased costs to their customers at the end of one the best years in their history. Just over 4 million tons of iron castings were produced last year, which was 12 per cent more than 1963 and 2 per cent up on the former record set in 1960. Despite earlier forebodings that political uncertainty would produce a lull in investment, the level of production has continued unchecked in the last two months and most of the industry is now at or near maximum capacity, which may explain some complaints that it is falling behind on deliveries. Foundries producing castings for the motor industry are almost at capacity. Producers of castings for the building industry and domestic appliances report a more moderate, though still definite improvement in business, with some increases in both the rate of new orders and in production. Foundries working for the engineering industries divide into those providing castings for machinery, who are cautious, and those making castings for the heavy industries, who are cheerfully optimistic. Which puts the industry in a strong position.

TWO IRELANDS

Aims for Ulster

THE so-called economic plan for Northern Ireland, contained in a report to the Stormont government from its consultant, Professor Thomas Wilson, is in fact little more than a recap of existing

FIBRE CONSUMPTION IN BRITAIN



Rayon Rides Again

Booming conditions in the British textiles industries last year, now extended by Mr Brown's import surcharge, filtered down in very different forms to the fibres that ultimately fed it. Consumption of cotton, wool and man-made fibres (crudely estimated from the supplies of raw materials plus imports of and minus exports of tops, yarn and piece goods) increased by 11 per cent over 1963, to 1,900 million lb. Continuing the trend of the past few years, man-made fibres consumption increased twice as fast as this average, to reach a 40 per cent share of the total. Meanwhile, consumption of wool declined slightly and that of cotton though it increased by 10 per cent, was for the first time below the total for man-made fibres.

The big surprise came from the cellulosic fibres—i.e., rayon, and virtually all made by Courtaulds—of which the consumption surged up by a quarter, compared with the 17 per cent increase recorded by the more expensive true synthetic fibres (nylon, "Terylene" and the acrylics such as "Acrilan" and "Courtelle"). Sales of Courtaulds' carpet yarn "Evlan" began to look important and other outlets for rayon—Lancashire suitings and rainwear, taffeta linings—showed unusually strong demand, while the demand from the dress trade for bulky, slubby cloths also favoured rayon. The synthetics, which have for a long time been showing a clean pair of heels to the field, were held back by a lack of productive capacity—in particular for nylon which may have lost 20 million lb for this reason, in spite of having imported to make up for the gap. (Should some of this year's supplies of "Bri-Nylon," to be strictly honest, bear a tiny legend: "Made in Japan," or even "Nip-Nylon"?) Within the category of synthetic fibres, nylon stays far ahead of the field, accounting for more than half of the 280 million lb production, followed by "Terylene," with 23 per cent and acrylics (coming up strongly) with 20 per cent.

These fibres are still favoured by the public's assiduously-fostered demand for clothes that are easily looked after. Whether the surge forward of rayon will be repeated this year may be doubtful, when so many manufacturers (of which the most important are Chemstrand and Courtaulds) will be coming forward with their own nylons, challenges to ICI's dominant position, and selling campaigns to support this and investment in synthetic fibres generally. And, even in this, the rate of increase may not last. Already in America, five years ahead of the British market, there are signs that the natural fibres are creeping back into public favour, some with easy-care characteristics of their own tailored in.

schemes and aspiration for growth. There is little in it that the Northern Ireland government, in its accompanying white paper, does not express agreement with—or that the government is not already more or less energetically tackling. The report sets up one new target: the provision of 30,000 new manufacturing jobs between 1964 and 1970 (18,000 new manufacturing jobs were provided in the previous six years). Targets of 5,000 new jobs in construction, and 30,000 in the service trades, are also accepted by the government. Industrial employment in Ulster has actually fallen since 1949. Agriculture has seen its workers drift away; there has been a growth in building and service industry jobs and a net emigration of 9,000 a year; but all this has still not brought unemployment below a steady 7½ per cent. (It is worth noting, however, that gross domestic product and industrial production rose faster in Ulster than in the United Kingdom as a whole between 1949 and 1963.)

To meet these employment targets, Professor Wilson looks for £900 million of capital formation by 1970. Nearly half would lie in the public sector, mostly in housing (£98 million) roads (£87 million) and electricity (£70 million). The report rightly points out that, generous as the capital subsidies offered to new industries may be, they still represent only a small proportion of total costs. Surplus labour should, in theory, be Ulster's big draw. But the available labour is neither particularly skilled nor (being tied to British trade union rates) particularly cheap. The Hall report of 1962 brought up the suggestion (never adopted) of a wage subsidy for Northern Ireland. Professor Wilson suggests a payroll tax for congested regions of Britain—a fine idea in principle but not a decision for the Stormont government.

Professor Wilson does, however, propose that the government should increase its aid to industrial training. This is surely right: but some highly sophisticated job forecasting will be needed if this is not to over-supply a labour market already plagued with unemployment and already feather-bedding its engineers in factories like Shorts'. The logical crux of the whole Ulster argument is reached when Professor Wilson argues that building should be stepped up to absorb labour; but admits that union fears about having more craftsmen trained may make it necessary to turn to labour-saving methods of industrialised building. There are no quick answers to Ulster's economic plight, in this report or anywhere else.

Across the Irish Sea

THE most staggering omission from Professor Wilson's report is any mention of co-operation between Northern Ireland and the Republic. Certainly, last month's momentous meeting between the two Irelands' two premiers took place long after the report was prepared. But there has in fact been a good deal of quiet and useful co-operation for a long time, which surely deserved a mention; and there is a crystal-clear case for more in fields such as energy supply, tourism, fisheries and transport. Transport is an interesting case in point. Professor Wilson's suggestion for an inquiry into sea freight charges between Ulster and Britain was turned down by the Stormont government, on the grounds that a committee had reported on this matter last year. Since Professor Wilson argues that this report was inadequate (it was) this is unsatisfactory, and leads many observers to speculate about far-fetched reasons for such an excess of discretion.

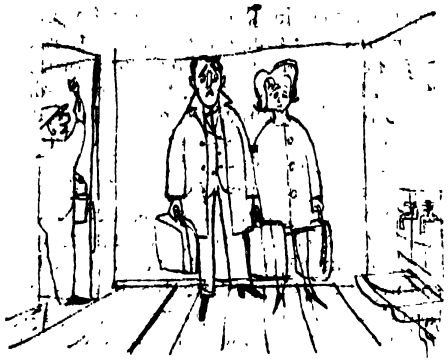
Meanwhile the government of the Irish Republic, which has been busily fostering the development of cross-channel traffic both by air and by various highly competitive shipping services, has bought over one of the main shipping competitors. This is the British and Irish Steam Packet Company, bought for about £3.6 million from its parent Coast Lines. Other subsidiaries of Coast Lines, and of the British Transport Commission, are the main providers of services between Northern Ireland and Britain. The reticence of these companies about their methods of fixing freights is questioned most strongly by Professor Wilson, with a sharp side-reference to the Monopolies Commission. The Dublin government, in acquiring the British and Irish company, will also be acquiring knowledge about this form of cross-channel shipping. Could this not be profitably shared with the Belfast government? And would it not be in that government's interest to publish it?

HOUSE BUILDING

Not Good Enough

SAVAGE criticism of house builders by the Consumer Association has set fire to a smouldering dispute. *Which?* reports that, unsurprisingly, nine-tenths of its members who volunteered to answer questions about houses bought recently had complaints. Delays in finishing and a host of repairs needed immediately after, were among the most common. But what can one expect in a seller's market? If a potential buyer grumbles, the builder knows there is a less pernickety one not far away. *Which?* argues that even the National House Builders' Registration Council scheme, which sets out to protect the purchaser against structural defects with a guarantee on completion, has up to now been "not satisfactory." It found, proportionately, about as many complaints regarding houses inside, as outside the scheme. Consumers' Association is now warning its members who have contracted to buy a house under construction to "decline to accept or sign the NHBRC agreement," unless they have already signed away their rights in a contract with the builder. This is because CA feels that the arbitration offered by the scheme in cases of dispute over its standards supplants the house-buyers' rights under common law rights.

The NHBRC—one-third of its members are builders—is deeply hurt and strongly disputes some of CA's accusations. But its building standards have been under criticism for some time, and it is now trying to tighten them up. But what is more necessary, and harder to organise, is improving the quality of its inspections. The minimum standards that it sets may in theory be adequate; in practice, a ten-minute inspection once in three weeks may not be long enough to detect every fault. And the council confines itself to structures only and does not even attempt to inspect the finish. So cracking and peeling plaster, badly-hung doors and windows,



skimped and cracking paintwork—all frequent complaints—are as likely to occur in an NHBRC inspected house as any other.

Sometimes, to be fair to the builders, some defects are the inevitable result of a house settling down and timber shrinking in a centrally heated atmosphere—of which no builder of small houses in Britain has much experience. The council has laid down standards for finish, even if it cannot inspect them in advance, and the guarantee puts the responsibility for repairs on to the builder. It might make more sense to make inspection of all houses compulsory and to set a charge high enough to cover the cost of a thorough inspection. A house is the most expensive thing most people buy in their lives: they need at least the kind of protection that is afforded by the Sale of Goods Act for other purchases. A private member's bill expected to come before the House of Commons this spring may hasten this.

CANCER HAZARDS

Warning or Scare?

WHEN the chairman of the Rubber Manufacturers' Association insisted twelve years ago that certain suggestions about the need for further work on cancer-producing chemicals in its industry be excised from a report, he did so in the belief that sufficient action had already been taken and with the wish to avoid starting a scare among workers. But the incidence of bladder cancer among workers in the rubber industry has continued to rise since then; and only further investigation at last being

undertaken by the Medical Research Council (at the request last year of the RMA) can show whether the disease is caused by chemicals as yet unspotted, by continued irresponsible use of the dangerous ones or by the incubation period which, it is thought, can be as long as thirty years.

There are so many loopholes. When the risk was reported in 1949, Imperial Chemical Industries immediately stopped making the offending chemical and the RMA advised its members to destroy their stocks. But there was, and is, no way of enforcing this recommendation and the industry's medical officer reported last year that there is evidence that known carcinogens were being used as late as 1956. Moreover, not all rubber companies are members of the RMA, the cable companies (in a different association) were not informed and there is no control over imports. The conclusion is clearly that, when risks of this order are involved, action should not be left solely to the industries concerned. Indeed, the Ministry of Labour is moving somewhat tardily into action and is now circulating draft regulations banning the manufacture or import of the four chemicals named; but this still falls short of the powers it probably needs to deal with severe cases.

Not only has the suppression of Dr Case's recommendations turned out to have been wrong; the main reason for suppressing them was wrong at the time. Employers fear "scares" of this sort with good reason; one result of the present interest in the subject has been the refusal of workers in a London factory (in a different industry) to handle beta-naphthol, quite a different and not a carcinogenic chemical. The answer to this is not suppression but the much harder one of education—an easy recommendation to make in a journal, than to implement on the factory floor. But even if this is hard to carry out, it is harder to justify keeping men in ignorance of the risks they run in their jobs.

DECIMALISATION

Why are we Waiting?

If the government wanted a simple recipe to demonstrate that in the modernisation of Britain it can match words with deeds without simultaneously stirring up a hornets' nest of vested interests, then it should rapidly introduce a draft bill for the decimalisation of the coinage and set up a Royal Commission to investigate whether, when and how other aspects of the metric system might conveniently be introduced. Recently Lord Snow of the Ministry of Technology (whose personal interests, as distinct from those of his department, include not only decimalisation but also business lunches) confirmed that "all aspects of the metric system were being considered by the government" and that a decision on coinage would be taken before the end of the year; and added the pointed reminder that the estimated cost of changeover in 1967 is £109 million, but would be £128 million if postponed to 1970.

Before making any announcement the government will have to rule between the supporters of the pound as the basic unit, led by the Bank of England and thick on the ground in the City, and those—mainly in industry, retailing, transport, accountancy, etc.—who favour a ten-shilling unit. Was the majority of the Halsbury committee blinded by the Bank of England's science (or pseudo-science)? Or did the City's case for the pound have a validity that *The Economist*, among other commentators, has so far failed to see? But even this decision could scarcely take eleven months.

BUSINESS □ INVESTMENT

What a City Neddy Could Do

Within the next few days the Department of Economic Affairs hopes to acquire a City "industrial" adviser, as another of Mr Fred Catherwood's "little Freddies." But last weekend's rumours, implicitly confirmed by the Chancellor of the Exchequer at the Guildhall on Monday, that there was also to be a City little Neddy, parallel to the ones now being set up for individual industries, have now been squashed by Mr Brown. Was the idea killed in the Square Mile? To some City people the idea smacks too much of a possible Securities and Exchange Commission: they also say that the Bank of England is a perfectly satisfactory channel of communication between them and the Government. Others, not only outside the City, may feel differently without necessarily yearning for a full-scale SEC. Functions of a City Neddy would be slightly different from those of its truly industrial counterparts. No one need waste time teaching the City how to export: if anything its enthusiasm may need to be restrained, where the export of capital is concerned. More important is a fresh, almost informal look at old established City habits. However much one may respect the Bank of England's abilities to wink and nod at its constituents, which undoubtedly have their place, there are at least two specific jobs a City Neddy could do. One is to act as a Registrar of City Restrictive Practices: not only the explicit agreements, but more important in the long run all those tacit agreements not to compete. Some such agreements may still be justifiable: the important point is to insist that they are justified.

It is not hard to think of some suitable opening questions. Can the **clearing banks** justify their restrictive agreements on deposit rates (admittedly the governor of the Bank did ask that one himself and ran into trouble with the Treasury) and their rather less rigid understandings on lending rates? Is there any real reason why the banks should continue to protect the **discount houses** by not tendering for Treasury bills in their own right? Should the discount houses not be encouraged further into the newer aspects of the money market, including local authority loans? This would require changes in Bank of England practice too; but there is a real danger of the discount houses becoming an outside department of the Bank; their loss of effective independence in bidding for Treasury bills has been strikingly illustrated in the last two weeks.

These questions are closely connected with monetary control. Others are more simple matters of securing the best professional service. A little Neddy would, for example, be the ideal place for the Stock Exchange, the big institutions, and the government of the day to discuss—to take only one of the many cases of price maintenance—the scale of **Stock Exchange** charges. Should, for instance, rates be further lowered for large dealings and raised for small dealings? This is a matter where the Council, which is elected by the whole membership, cannot be seen to squeeze its electorate too severely, particularly because its members come mostly from the larger broking firms, which would have most to gain from such a squeeze. Yet something should be done to hasten the mergers necessary to improve the market's professional service: the number of broking firms is down by only 16% since 1955, where the number of jobbers has come down by over 50%.

A City Neddy could also act as a meeting-point and talking shop for the mutually exclusive clans into which so much of City activity is divided. Another major problem which Neddy could examine is that

of jobbers' capital requirements, and their place in an efficient capital market. Do they need outside capital? Will they when this generation of jobbers is gone? Would an injection of outside capital mean that jobbers would take on more stock in a given share and make the market in so many small shares less nominal? Our guess as to the answers is No, Yes, and No, but no two reporters, let alone two jobbers, necessarily agree. How again can business now going outside the market be channelled in again? Would it help if the institutions which do the bypassing had shares in the jobbing partnerships?

The insurance industry provides a number of examples of the sort of questions a City Neddy might examine. In particular there is the industry's overseas business. In some overseas markets, notably North America and France, a British company's underwriting business must be matched by reserves actually invested in that country. A City Neddy could then ask awkward questions about whether, for example, more British insurance companies might not follow the example of the Norwich Union and withdraw from the American market altogether. Underwriting losses in this market in the last five years have amounted to £82 million. At the same time its investments there have produced £262 million, but only £114 million has been repatriated; the remainder has been absorbed by the underwriting losses and the need to build up the business even though it still shows no sign of profitability. After nine years of underwriting losses somebody ought to be asking whether it is time to call a halt. It may not be. But it would do no harm to the insurance industry to demonstrate that the excellence of the long-term prospect in this market justifies a few more years of underwriting losses and the consequent low return on the industry's overall investment in America.

A City Neddy might also look at the working of the tariff system in the industry, which applies to roughly half of all motor and three-quarters of fire business. To the uninitiated outsider the system looks suspiciously like a restrictive practice and the arguments for it ought to be re-examined from time to time to ensure that their validity has not vanished with time. Agents' commissons ought also to attract some attention, although there has been further evidence that the industry is putting this part of its house in order, unlike the hire purchase industry (to which some pertinent questions might also be put) which conspicuously has not.

GILT-EDGED MARKET

Tips and Taps

THE London County Council's £50 million issues three weeks ago, followed as they were by the publication of the December trade figures and the improvement on the foreign exchange market, marked a turning point in the gilt-edged market. The resulting burst of activity at the long end—which exhausted supplies of the long-dated tap stock, 5¼% Funding 1987-91—was short-lived and quietened down early this week, but not before it had infected other sections of the market. It is already clear that official control of the medium and long end will be maintained for the time being by a stream of local authority issues. Bristol is raising £10 million with a 6½% 1975-77 stock at £99. The 6⅞% Mersey Docks 1990-93 issue has been pitched at 99½ to reduce capital gains tax implications to a minimum, but in order to do this a coupon of 6⅞%, a new phenomenum, has had to be offered. Both issues were heavily oversubscribed. Pushing local authority issues through rather than creating a new long tap has important implications for liquidity in the economy as a whole, as local authority issues, unlike tap stocks, do not suck liquidity out of the banking system, which is anyway now not too hard pressed. Indeed brokers this week have detected some actual bank buying of medium dated stocks, although part of the strength of the low coupon stocks has again reflected demand from pension funds and those insurance companies brave enough to take a chance on the impact of the capital gains tax.

The short dated end of the market too has been dominated by the feeling that interest rates are now on their way down. Once again the discount houses, sadder rather than wiser after its experience last October, have acted on the nod from a minister—this time the Minister of Housing—and jumped in as eager buyers. The government broker, himself a past master at the game of blind broker's bluff, has intentionally or not added strength to the expectation. This week the short tap stock, 4% Exchequer 1968, ran out. The new short-dated tap stock is a further tranche of 5% Exchequer 1967. The issue price of 96½ brought the market price of the stock already in issue back from 96 23/32 to 96½. But this stock, because it has a higher coupon than most other shorts and is therefore less vulnerable to a capital gains tax, is by far the dearest short in the list. The new tap stock is therefore pitched well below yields on the other short bonds. However this has also been a week in which the authorities have chased the discount market into the Bank and thus checked the creeping tendency towards lower rates in the money market. It would therefore be unwise for the market to assume that the ground is now being officially prepared for an immediate reduction in interest rates.

ITALY

A Lack of Confidence

Milan

THERE is one gnawing question, fast becoming an obsession among Italian politicians, financiers and business executives: How does one go about re-stimulating capital investment in a country pervaded by "lack of faith"—private business's lack of faith in a left-looking government, labour's lack of faith in private industry, the general public's lack of faith in just about everything except the Italian's millenial ability to survive.

Italy's economy right now presents a series of contradictions. The balance of payments crisis has been solved, and the lira is firm once again. But the part played in this by the influx of foreign capital to buy up portions of Italian companies in difficulty (Montecatini, Olivetti) or shares in Italian companies whose problems may not have been so well-known (Ferrania, Lepetit) is something Italian politicians are not overly anxious to discuss. Exports are booming, but allegedly at little or no profit, and home market sales are off sharply in many areas. Lots of credit is now available, but no one is borrowing, a situation which prompted Bank of Italy president Guido Carli to warn Italy's ruling political parties that unless private business is assured a chance to earn a profit on its investment, it will not borrow to invest, no

KEY INDICATORS

MOVEMENTS ON THE WORLD BOURSES

LONDON

Gilt-edged make the running no decided trend in equities.

NEW YORK

Through 900.

HOLLAND

Internationals help by Wall Street's firmness.

	INDICES *		Percentage change from:		
	Jan. 27 †	Feb. 3 †	A week ago	A month ago	Twelve months ago
London	401·0	400·6	−0·1	+3·8	+ 6·0
New York	899·5	906·3	+0·8	+4·2	+15·5
France	96·8	95·8	−0·1	−4·0	−11·1
Germany	103·5	103·0	−0·5	−0·8	− 1·7
Holland	366·4	366·6	+0·7	+2·3	+ 6·5
Canada	169·5	169·0	−0·3	+4·8	+24·0
Australia	354·6	354·4	−0·1	−3·6	− 4·5
Japan	1,258·2	1,248·0	−0·8	+1·7	− 4·4

* For Bases and Stock Prices and Yields, see pages 616 and 617.
† London, January 28th and February 4th.

TODAY'S DRAMATIC MOMENT . . .

THE ILLUSTRATED LON

THE LYING-IN-STATE AT WESTMINSTER HALL

TOMORROW'S HISTORY

This issue of THE ILLUSTRATED LONDON NEWS, out today, is devoted to the funeral of Sir Winston Churchill. Its 11 pages of colour, and 29 pages of black-and-white photographs, make this issue of historical importance—and one that many readers will keep for permanent reference.

Our next issue, dated 13th February, will also have special historical interest, since it contains full coverage, in colour and black-and-white photographs, of the Queen's State Visit to Ethiopia. In addition, there is an interview with Mr. Michael Stewart, Britain's new Foreign Secretary, exclusive to THE ILLUSTRATED LONDON NEWS.

Now is a good time therefore to take out a regular subscription to THE ILLUSTRATED LONDON NEWS. Just send an order to our Subscription Department. Overseas readers should send an International Money Order (U.S. readers can order from our New York agents). Your subscription now will make you a front-row spectator at history in the making.

SUBSCRIPTION TERMS (incl	52 issues and Christmas Number
U.K. and Eire ...	... £7 15s. 6d.
Canada ...	... $25
U.S.A. (Residents)*	... $24
Elsewhere abroad	... £8 4s. 6d.

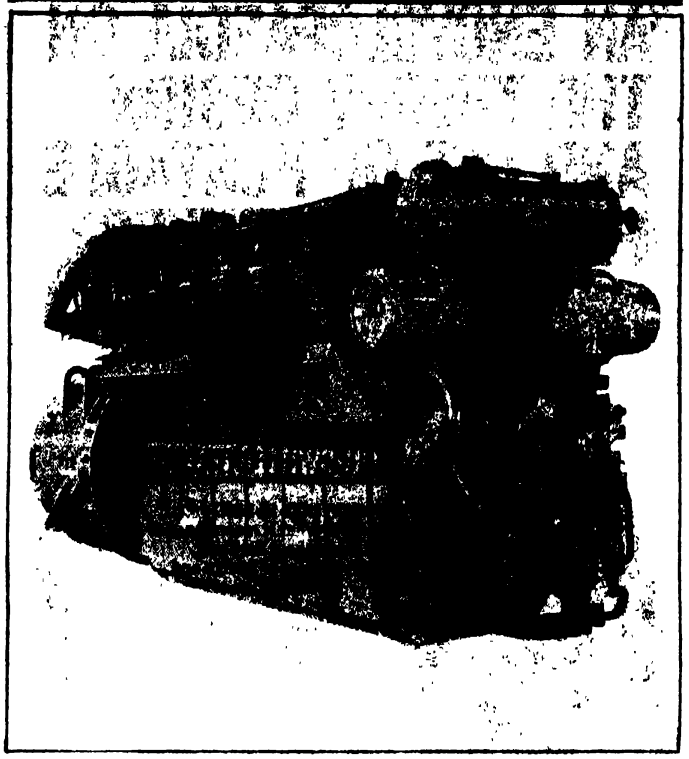
THE ILLUSTRATED

ubscription Department (E) Elm House 10-16 Elm Street London WC1
Telephone Enquiries to: TERminus 3311

U.S.A. Agents British Publications Incorporated, 30 East 60th Street, New York 22.

SULZER The Swiss engineering company of world-wide repute

tractive pr



Sulzer diesel engines for locomotives embody half a century of experience

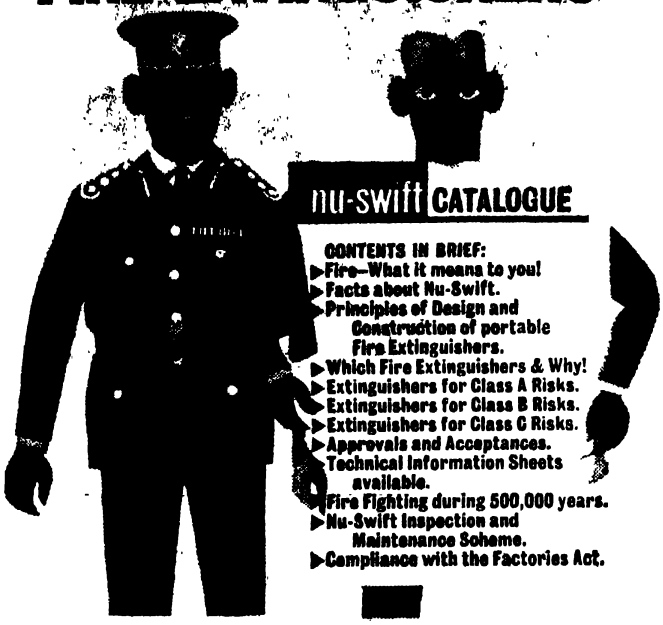
Sulzer Locomotive Engines. The LVA 24, the new V-engine, is available with 8, 12 or 16 cylinders for a power range from 1,750 to 3,500 h.p. at 1,050 r.p.m.

Sulzer Brothers Limited
Winterthur, Switzerland

Associated companies: **Winterthur:** Schweizerische Lokomotiv- und Maschinenfabrik, Zürcherstraße 41, **London W.C. 1:** Sulzer Bros (London) Ltd., Bainbridge Street, **Paris 7e:** Cie de Construction Mécanique Procédés Sulzer, 19 rue Cognacq-Jay; **Paris 11e:** Société Anonyme Chauffage Sulzer, 7, avenue de la République; **Bruxelles 5:** Société Anonyme Belge Sulzer Frères, Chauffage et Ventilation, 13, avenue Marnix; **Amsterdam-C:** Gebroeders Sulzer Noderland N.V., Singel 146; **Oslo:** Sulzer Brothers, Nordisk Aksjeselskap, Riddervoldsgate 7 **Stuttgart-S:** Gebrüder Sulzer, Heizung und Lüftung GmbH Furtbachstraße 4, **Wien III:** Gebrüder Sulzer (Wien) GmbH, Am Heumarkt 13: **Madrid:** Sulzer Hermanos S.A., Apartado 6050, **Lissabon:** Sulzer Irmãos Ltda., Apartado 2702. **New York (6) N.Y.:** Sulzer Bros Inc., 19 Rector Street; **Spartanburg S.C. (USA):** Sulzer Bros., Inc., Textile Machinery Division, P.O. Box 1085, 207 Magnolia Street. **Montreal 6:** Sulzer Bros. (Canada) Ltd., 1310 Greene Avenue, Suite 850; **Mexico 1, D.F.:** Sulzer Hermanos S.A., Apartado postal 7183, **Rio de Janeiro:** Sulzer do Brasil S.A., Caixa postal 2425; **Buenos Aires (R 14):** S.A. Sulzer Hermanos S.I.L., Avenida Belgrano No 885, 2° P.; **Beirut:** Sulzer Bros. Ltd & SLM Winterthur, Middle East Consulting Office, P.O. Box 5317. **Johannesburg:** Sulzer Bros. (South Africa) Ltd., P.O. Box 930; Sulzer-SLM Central Office for S.E. Asia, Newton P.O. Box 8; **Mill (Australia):** Sulzer Bros. (London) Ltd., P.O. Box 81; **Tokyo:** Sulzer Brothers (Japan) Limited, C.P.O. 147. – Represented in all other countries.

FREE OFFER

"AN ENCYCLOPAEDIA ON THE THEORY, DESIGN AND USE OF PORTABLE FIRE EXTINGUISHERS"



Recently published, after 2 years of preparation, the 3rd Revised Edition of the Nu-Swift 128-page Catalogue has been described by one Chief Fire Officer in the above flattering terms.

Another CFO writes: "In my younger days I would have pounced upon a publication such as your new catalogue and made of it a treasured vade-mecum."

The cost per copy of the catalogue, which is generously illustrated in three colours, is 5/-. To industrialists and responsible Executives, however, it is available free, on application to the Nu-Swift Fire Protection Consultant:

Mr. Alan Guy, A.M.I.Fire E., F.I.C.D., M.I.I.S.,
Nu-Swift International Ltd., Elland, Yorkshire.

nu-swift international ltd.

THE WORLD'S FASTEST AND MOST RELIABLE FIREFIGHTING EQUIPMENT

LONDON SHOWROOMS:
NU-SWIFT FIRE PROTECTION CENTRE,
25 PICCADILLY, LONDON, W.1.
Telephone: REGent 5724 (3 lines).
Telegrams: Nuswift London W1.

FACTORY & HEAD OFFICE:
ELLAND, YORKSHIRE.
Telephone: Elland 2552 (10 lines).
Telegrams: Nuswift Elland.
Telex: 51.384 (24-hour Service).

can you take 17 extra days for golf every year ?

If it takes you an hour to get to work, you spend 500 hours a year commuting. In the North East, the journey would probably take only 15 minutes—or 120 hours a year. Of course, you can use the time saved in whichever way you please, but it does amount to 17 days in the year. It shows how easy it is to get around in the North East.

More important, from a business point of view, is the way communications serve industry. There are good trunk roads and railways to the rest of the country, and London is only 60 minutes away by air. What's more, widespread improvements are being made—and about £85 millions will be spent on roads alone in the next five years. The North East ports, which directly face the Continent, are ideal for expanding exports to the Common Market countries. They, too, are being modernised as part of the overall development of the region.

The North East offers much more than just excellent communications. There is plenty of space for all kinds of new industry—and both fully serviced sites and ready-made factories are available. Financial assistance takes the form of free depreciation, with standardised grants of 25% for buildings and 10% for plant. And a hardworking, adaptable labour force is ready to serve new firms.

With these advantages, many firms new to the region are doing very well. Now is the time to join them to benefit fully from the growing prosperity of the *new* North East.

For further information, ask your secretary to write to:
The North East Development Council 20 Collingwood Street Newcastle upon Tyne 1

stake your claim in the North East now

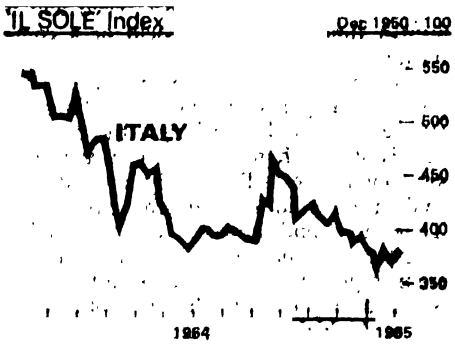
matter how much liquid capital is made available. And finally, as fuller statistics grimly testify, production, employment and take-home pay have fallen in many highly industrial areas. In the province of Milan alone, the difference between the tenuous prosperity of 1963 and the economic slump of 1964 meant 53,000 lay-offs, a 20% drop in steel output, a 25% fall in machine tool production, a whopping 55% drop in electro-mechanical output. In this atmosphere, that classic instrument of capital accumulation and investment called the stock exchange has seen its economic function reduced to a shadow in Italy. And prospects for the future are not bright.

Daily transactions on the Milan Borsa have plummeted from the 1,500,000-1,800,000 share average (with peaks over the 2 million share mark) of 1958-1960 to an average of 800,000 shares (with lows of 550,000 and 600,000 shares not uncommon) in recent months. The Il Sole Stock Market Index dropped from its 1964 high of 552 to below 370 at the end of last month. But it has since shown a modest improvement to 383.

The market is loaded with "bargains"; but few have been buying, although in the past week some buyers have been attracted back into the market at these bargain levels. Edison Company stock, selling at 9,000 lire ($14.40) a share in 1960, was hard to come by. It's now sitting on the shelf at 2,000 lire ($3.20), and no one is buying. Admittedly, the re-strengthened lira has led to renewed interest in one type of capital investment—the fixed interest rate, government-guaranteed bond.

Optimists point out that, despite the gloomy talk rampant in much of Italy's private industry, bond issues of state-controlled holding companies such as IRI, and ENI, have found a ready market despite the stock market slump. Only recently, a 75 billion lire ($120 million) bond issue was bought up within 24 hours. However, this availability of buyers with liquid capital is more apparent than real. The truth is that the largest portion of these bond issues were picked up by Italy's big commercial banks, most of which are government-controlled. Nevertheless, to stimulate further interest in these government guaranteed issues, the Bank of Italy felt it necessary to raise the interest rate from 5½ to 6%.

It is one thing for the government to loosen credit, and issue "no-risk" government guaranteed bonds, bought for the most part by government-controlled banks and financial institutions. It is another thing entirely to create a climate of confidence in the future that will draw the wary private businessman back to investing in "all-risk" stocks on the Borsa.



LEYLAND MOTORS

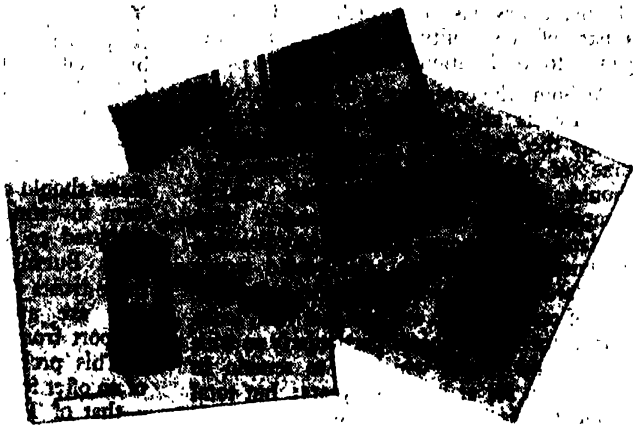
Back to the Heavies

LEYLAND'S results for the year to September 30th were expectedly splendid, with pre-tax profits up from £10 million to £17 million, margins up from 6% to 8.8%, and the dividend effectively raised from 9% to 11% (compare the British Ford subsidiary's record sales, but drop of nearly a third in profits before tax.) Some of Leyland's rise is attributable to the final results of the re-organisation in Standard-Triumph, which lost £1.5 million in 1961-62, made a profit of £1.5 million in 1962-63, and has now made £4 million. Even so this is only 7% or 8% pre-tax on its turnover, less than the 10% or so on the commercial vehicle side. But the market was disappointed by the chairman's somewhat guarded view of current prospects, and marked the shares—which have been among the liveliest of performers in the past year—down to 52s. 6d., where they yield 4½% on dividend and just over 11½% on earnings. With the Standard-Triumph tax credits down to £1 million and the future of investment allowances (£750,000 this year) in doubt, the price seems to have little steam in it for the moment.

Leyland has one unusual bull point for this year, the size of the tax rebate that it will get as a giant exporter. Relief on this year's figures would have been £1.32 million, and it could be over £1½ million in the current year. This should more than compensate for increased costs, particularly as the group still has some way to go in integrating Leyland with AEC (which was acquired in 1962). Both component companies still make their own axles, gearboxes and engines, whereas the new "Ergomatic" cab is designed as a basic unit for all the

BROKERS' CIRCULARS

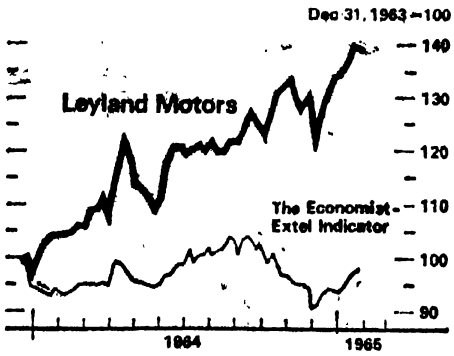
Fact or Fiction



FINANCIAL journalists and investment managers in particular are well aware that there is no lack of investment advice streaming out of stockbrokers' offices. Much of it consists of carefully thought-out and well documented investment studies either on individual companies or industries. Woe betide the broking firm that fails to match up to the high standard of advisory service now expected by most institutional clients. For the investment manager of today and his analyst assistants are often better versed in investment research than brokers themselves; and most brokers realise that if these circulars are to make any impression they must be based on statistical research, practical investigation and often, also, intelligent but necessarily subjective projection. But not all the circulars go to clients as well versed in investment as the institutions, and it is with these clients in mind that the Stock Exchange Council has sent out to all brokers a letter stressing the need in circulars to distinguish between what is fact and what is opinion.

It suggests that in circulars clients should be able to distinguish easily between statements of opinions which are based first on factual information which is generally available, secondly based on factual information not generally available but which resulted from a special study by analysts and thirdly those which are not supported by any factual information. The council feels this particularly important in a circular reviewing a company from a firm which is known to be that company's broker, and where a client may presume a particularly close contact.

The letter is a useful reminder to brokers or indeed to anyone writing on investment. But surely the best way to ensure that brokers' circulars maintain a high standard is to allow broking firms to have their names identified in the press comment on such circulars. In these days, when the Stock Exchange is supposedly trying to encourage a wider interest in investment it is absurd that any comment on a broker's investment study has to be cloaked in such anonymity as "a leading firm of stockbrokers" or "a well known firm"; if *The Economist* or any other paper chooses to print the name of the firm then it is likely that the partners of that firm would incur the displeasure of the Stock Exchange. Let the council change its attitude so that any firm can if it wishes allow its name to be published in connection with its circulars and investment studies; press comment would then soon sort the wheat from the chaff.



group's large commercial vehicles, and the process will continue.

Even though sales overseas are expected to rise from £100 million to £130 million the growth is not likely to be reflected fully in the accounts. Overseas business is less profitable than the home side, where Leyland is selling its lorries on quality rather than on price—and in what has been a sellers' market for a couple of years. Up to 40% of the increase in sales abroad will come from overseas manufacture. While Leyland has always been a great exponent of this, it now has to go further and sell off a part of the equity in its overseas companies to local nationals.

At home the company is not expecting to increase its sales of commercial vehicles, always the first capital goods to suffer in a time of stringency—and this prophecy should worry other commercial vehicle companies that are more dependent than Leyland on the home market. Any possible weakness in home car sales would worry Standard-Triumph, which, with a production of only 127,000 vehicles last year, looks very vulnerable. This is particularly so with the Herald range, which is to remain in production for at least five years: but total production is only 1,250 or so a week, about a third of that normally required to make a financial success of a small car. Expansion is likely to be concentrated in sports cars, the Triumph 2000 and a possible new model between the Herald and the 2000; these should be more profitable than the Herald range, which might be a continued drag on profit margins.

But any gloom about Leyland has to be tempered with two points: that its impressive export dynamic is obviously destined to give better financial results: and that, as a result of its acquisitions, it now has an almost complete range of vehicles. Where other manufacturers are having to build bigger models, Leyland is slowly trading down: the 2-ton van, for instance, is doing much better as a Leyland than it did under the Standard-Triumph label. But it still lacks a Land-Rover type vehicle to complement its range. With the Japanese now hot in pursuit of this market Leyland may have to make a suitable vehicle soon—and in quantity: unless it were to buy Rover, of course.

Motor Business

The current issue of Motor Business examines the effects of the Resale Price Act in an article entitled:

THE FUTURE OF THE BRITISH MOTOR TRADE

Other articles in this issue examine:

THE CANADIAN MOTOR INDUSTRY AND VEHICLE MARKET

THE UK MARKET FOR IMPORTED EUROPEAN CARS

Further details from:
THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St. James's Place London SW1
Telephone HYDe Park 6711 ext 27
60 East 42nd Street New York 17 NY
Telephone Murray Hill 7-6850

UNIT TRUSTS

Knocking the Abacus

In the present investment climate it is perhaps not surprising that one or two block offers of unit trusts fail to attract a full subscription. What is encouraging is that unit trust managers are still going ahead with offers and even new trusts; for in doing so they are recognising that unit trusts should be regarded as essentially long term investments and investors should be prepared to shrug off short-term fluctuations. But in the present markets it is clearly those trusts that are offering a high income that are attracting most attention and support from investors.

This probably explains the rare failure of an offer from the Save and Prosper group—that of Trident units, where an offer of 250,000 units brought an application for only 179,000. The trust fund is invested primarily in English investment trust shares and also has some bank and insurance holdings. The offered yield of only 3½% seems to have been a deterrent, plus the fact that the units at 14s. 2d. were well above the mystical dividing line of 10s. which seems to be the limit for the smaller investor. Ironically, the price of the units has moved up sharply since the offer was made, to 14s. 6½d. This reflects largely some improvement in the prices of investment trust shares which had fallen sharply on the tax uncertainties which still surround these trusts. And, again, from the Save and Prosper group comes an offer of Investment Trust Units now yielding 3¼% at 8s. 7½d. But unlike Trident, at the time of going to press, this offer seemed assured of a full subscription. For long-term investors the trust's past record—over fivefold capital appreciation since 1954—has much to commend it, particularly at a time when investment trust shares can still be bought on a discount of at least 10% on the underlying assets.

There was never any doubt that the Unicorn Group's offer of Income Units would go well. The initial offer last October brought in applications for over 6 million units and since then the price has improved from 6s. 8d. to 6s. 10d., but helped by the current high interest rates on short-term money (nearly 10% of the fund) the yield at the higher price is still 6½%. Even though commodity shares account for almost 20% of the fund, the shares in this grouping look far less risky than some that might have been included and the portfolio appears to fit the managers' description of their investment policy as quality first.

At the end of last year another new, high yielding unit trust, High Income Priority, scored a big success with its yield of 6.8% allied to a net UK rate of no less than 7s. 3d. In its second trust the London Wall group (headed primarily by expatriates of the Save and Prosper group) has again achieved a high tax rate of 7s., which is quite an achievement for a trust specialising in major exporting companies. The offer of two million Export Priority Units at 5s. each is well timed, for it follows close on the announcement of further export incentives. The initial portfolio shows that, unlike some other so-called specialised trusts, this trust really will be investing in companies relevant to the theme on which it is based. While one may quibble with the use of "outstanding" to describe the trust's prospects of increasing income and capital value, dividends of most of the companies in the list were covered twice by earnings last year and the export rebates should enable them to improve on that. With a yield of 5½% and the units priced at 5s. the trust seems certain to succeed and London Wall looks set to prove a worthy match for any of the existing management groups.

Speaking on television this week, the new chairman of the Conservative party, Mr Edward du Cann, who is a leading figure in the unit trust world, said that Britain needed to "throw the abacus right out of the window and bring in the computers." Could Mr du Cann have had at the back of his mind the launching from Manchester this week of the Abacus Unit Trust? At least the management group can be grateful to him for explaining to the wider public that the abacus is "the thing a child counts on." The managers describe this as a "two in one" trust offering investors the choice of an income fund with an 8% yield and a growth fund with a 4% yield or a combination of the two. In the income fund metals and commodities shares account for 30½% of the portfolio, which underlines the risks element and surprisingly the net UK rate is still as high as 5s. The managers are hoping to sell initially around one million units in each of the two funds. They may find however that by giving investors a choice some will be deterred from applying at all. On the other hand 8% is a bigger return than that offered by any of the high yielding trusts.

SEA DIAMOND CORPORATION

Sammy keeps on running

DE BEERS has to get its feet wet by the end of March by taking up its option to buy 29% of the capital in the Marine Diamond Corporation, Mr Sammy Collins' romantic venture into diamond dredging off the coast of South-West Africa. Possibly discouraged by the company's erratic performance—the working profit of MDC, almost £200,000 in the first half of 1964, was down to £60,000 in the second half year—it is stiffening its terms for any possible transfer. De Beers will now get a 25% instead of a 15% discount on the price it pays compared with that asked of the public when MDC is floated. At the same time, an elaborate scheme of repayment of the money it has loaned to MDC means the shareholders of Sea Diamonds (which at the moment holds 41% of MDC) will remain without dividends.

The quarterly results show how elusive the diamonds are—and also how stormy is the coast: for gales cost eight days' production in the last quarter of 1964. Production in the four quarters went from 69,000 carats to 63,000 then soared to 86,000 then back to a figure of 68,000 which was doubly disappointing as a third production unit came into use during September; but the sea relented in January and the diamond yield was 5% more than in December.

De Beers is limiting its risks, but at the same time acting as though Mr Collins is right in thinking that these rocky shores could prove the world's most prolific source of diamonds—enough even to embarrass a world at the moment hungry for diamonds of all sorts. For the agreed guaranteed figure which the Diamond Corporation will buy from MDC is limited to 12,000 carats per month of gem stones of over one carat and up to 30% of the total amount bought from all sources of gem diamonds of under one carat. Many shareholders certainly share Mr Collins' dreams and De Beers' nightmare, for Sea Diamond with its 1s. shares down at 13s. But the dreams have faded somewhat since dealings started in April, 1964, when the shares touched 28s. 6d.

APPOINTMENTS for further announcements see pages 608, 609, 610 and 611

INDUSTRIAL ESTATES MANAGEMENT CORPORATION FOR SCOTLAND

CHIEF BUILDING EXECUTIVE

Applications are invited for the post of Chief Building Executive to the Corporation. This officer is directly responsible to the General Manager for estate lay-out and development and for all new factory construction. At present the Corporation administers about 22 million square feet involving some 360 tenancies of factories on 24 industrial estates and over 50 individual sites throughout Scotland. New factory building, which has recently averaged about one million square feet per annum, is controlled by the Chief Building Executive through outside consultants and building contractors.

Applicants, who should be appropriately qualified professionally, require to have wide administrative experience of industrial building and proven organising ability and enterprise. They must be capable of advising industrialists at top level on factory lay-out and design, or briefing consultants in all facets of estate development, and of administering large building and civil engineering contracts.

The salary range is £2,800 rising to £3,665 per annum and the commencing point will be determined in light of experience and ability. The successful applicant will be required to join the Corporation's superannuation scheme.

Applications in quadruplicate under confidential cover containing full details of the candidate's age, qualifications, record and experience, with the names and addresses of three referees, should be submitted by February 28, 1965, to:

The Secretary (Ref. RBM 3),
Industrial Estates Management Corporation for Scotland,
3 Woodside Place,
Glasgow, C.3.

UNIVERSITY OF EAST ANGLIA

SCHOOL OF SOCIAL STUDIES

Applications are invited for a GRADUATE STUDENTSHIP for man or woman wishing to undertake post-graduate studies or research in ECONOMICS, including Econometrics, SOCIOLOGY, and related subjects, or MATHEMATICAL LOGIC. The successful applicant would be expected to take part in one of the School's graduate courses, beginning in October, 1965. The value of the studentship would be equivalent to that of a State Studentship.

Further particulars and forms of application are obtainable from the Dean, School of Social Studies, University of East Anglia, Wilberforce Road, Norwich. Applications should reach him by February 28, 1965.

UNIVERSITY OF OXFORD

COMMITTEE FOR COMMONWEALTH STUDIES

Applications are invited for the post of Senior Research Officer or Research Officer (depending on qualifications and experience) at the Institute of Commonwealth Studies. The appointment will normally be for three years with the possibility of an extension for a further two years. The holder will be required to undertake approved research in the Institute under the direction of the Committee, and a limited amount of teaching within the field of comparative government or history, preferably with reference to Africa. The salary will be within the range of £1,400 (under age 28) x £85 to £1,485 (at age 28) x £85 to £2,760 (at age 43 and over) for a Senior Research Officer and £1,400 x £85 to £1,995 per annum for a Research Officer, with membership of F.S.S.U. It is hoped to fill the appointment with effect from October 1, 1965. Applications, giving the names of two referees, should reach the Secretary, Institute of Commonwealth Studies, Queen Elizabeth House, 21 St. Giles, Oxford, by April 1, 1965.

THE CHARTERED INSTITUTE OF SECRETARIES

POSTGRADUATE EXHIBITION 1965

The Institute invites applications for a university exhibition, value £450 for postgraduate study or for research in one or more aspects of the application of economics or accountancy or computational methods in business administration and management. The exhibition will be awarded for the academic year 1965-66 and will be tenable at any university in the United Kingdom.

Applicants must be nationals of a country of the British Commonwealth, or the Republic of Ireland, or of South Africa. Although the successful candidate will not normally be more than 28 years of age, there are no rigid age limits.

Further details, including the conditions of award and application forms may be obtained from the Secretary of the Institute, 16 Park Crescent, London, W.1. Completed applications must reach the Institute by April 10 1965.

BBC REQUIRES an Assistant for its Overseas Audience Research Department. Duties include responsibility to Assistant-in-Charge, Overseas Audience Research, for professional supervision and co-ordination of the work and staff of the Overseas, Arabic, African and Asian units of Audience Research; helping to organise and plan audience measurement surveys and listener panels in many parts of the world and to report on the results; writing and editing audience research reports and supervising the maintenance of statistics on radio and television overseas and of records of rebroadcasting of BBC material; responsibility for the listeners' correspondence work associated with the Overseas English Services. Essential qualifications: facility with figures; ability to undertake statistical work or to learn quickly how to analyse and interpret statistics; ability to write and present facts clearly and concisely. Desirable qualifications: knowledge of overseas territories, Overseas Service programmes and of techniques of audience research; experience in statistical work and in report writing would all be advantageous. Candidates may be required to undertake a written test. Salary £1,490 (possibly higher if qualifications exceptional) rising by five annual increments to £1,765 max. p.a.—Write for application form (enclosing addressed envelope and quoting reference 65/0/73, Pet.) to Appointments Department, BBC, London, W.1, within five days.

CITY OF BIRMINGHAM EDUCATION COMMITTEE

CITY OF BIRMINGHAM COLLEGE OF COMMERCE

DEPARTMENT OF ECONOMICS AND SOCIAL SCIENCE
GOSTA GREEN, BIRMINGHAM 4

Applications are invited for the following post, which becomes vacant on May 1, 1965:

SENIOR LECTURER IN ECONOMICS. The successful candidate will be responsible, under the Head of Department, for the co-ordination of Economics teaching in the College.

He or she will give lectures in Macro-Economics to Final B.Sc. (Economics), B.Sc. (Sociology) and B.A. (General) students and, as opportunity arises, develop research into the Principles and Practice of Economic Policy—possibly jointly with Economists, with his colleagues, and through members of professional associations.

SALARY: Minimum £1,895 per annum rising by annual increments of £55 to a maximum of £2,115 per annum.

Further particulars and application form (which must be returned by February 8, 1965) may be obtained from the Principal.

There is a Scheme for assistance with removal expenses.

M. WATTS,
Clerk to the Governors.

PUBLIC HEALTH LABORATORY SERVICE

A Statistician is required for the Epidemiological Research Unit of the Public Health Laboratory Service to assist in the planning of large scale clinical trials of vaccines, epidemiological surveys and laboratory investigations. Some knowledge of data processing is desirable. Salary according to age, qualifications and experience. Applications to The Director, Central Public Health Laboratory, Colindale Avenue, N.W.9.

WASHINGTON NEW TOWN

CHIEF ARCHITECT

Applications are invited for appointment to the position of Chief Architect on the permanent staff of the Washington Development Corporation.

The successful candidate will appoint his own staff which may increase in size to 100 within five years. He will be required to work in close consultation with the Consultant Town Planners to the Corporation, Messrs Llewelyn-Davies Weeks & Partners.

It is expected that construction of the New Town will start within twelve months of the appointment being made.

The salary scale for this position from April 1, 1965 will be £3,050 to £3,900, according to experience and qualifications, with superannuation benefits.

Application should be sent by mail only not later than February 28, 1965, with full supporting details and names of two referees, to:

The General Manager,
Washington Development Corporation,
Usworth Hall,
Washington,
Co. Durham.

UNIVERSITY OF CAMBRIDGE

UNIVERSITY LECTURESHIP OR UNIVERSITY ASSISTANT LECTURESHIP IN THE DEPARTMENT OF LAND ECONOMY

The Appointments Committee of the Department of Land Economy hopes to appoint a University Lecturer or University Assistant Lecturer. Applicants must either have graduated with honours in economics, law or sociology or have taken a higher degree after graduating in estate management. Further particulars may be obtained from the Secretary of the Appointments Committee.

The appointment will have effect from such a date as may be arranged and in no case later than October 1, 1965. It will be for three years in the first instance with a possibility of reappointment for a University Lecturer to the retiring age, or for a University Assistant Lecturer for a further period of two years. The maximum tenure of a University Assistant Lecturer is five years. An applicant for appointment as a University Lecturer should state whether, if not appointed in this grade, he would accept appointment as a University Assistant Lecturer.

The pensionable stipend of a University Lecturer is £1,740 to £2,760 per annum, for a University Assistant Lecturer £1,200 to £1,570 per annum; F.S.S.U. A contribution may be made towards removal and travelling expenses.

A candidate must send his application to the Secretary of the Appointments Committee of the Department of Land Economy, 19 Silver Street, Cambridge, so as to reach him not later than March 15, 1965. Testimonials are not required but the names of two referees should be given and if so desired one or more copies of published work or unpublished writings may be submitted.

THE LABOUR PARTY

RESEARCH DEPARTMENT

Applications are invited for the following posts:

LOCAL GOVERNMENT OFFICER
(Grade I Assistant)

Applicants should have sound knowledge of local government and its allied community services, particularly education, town planning and local health services. Some experience in public speaking an advantage.

RESEARCH ASSISTANTS
(Grades II-III)

Applicants should have a keen interest in and some knowledge of, political, social and industrial affairs. An Honours Degree, though not essential, an advantage.

Application forms and conditions of employment can be obtained from the Administrative Officer, The Labour Party, Transport House, Smith Square, London, S.W.1. Completed application forms should be returned not later than Friday, February 19, 1965.

THE UNIVERSITY OF MANCHESTER

RESEARCH FELLOWSHIP IN ECONOMIC STATISTICS

Applications are invited for the above Fellowship, tenable for one year with a possible extension to two years. The Fellowship is of a value within the range £1,900-£2,400 per annum together with approved expenses incurred in the research. The holder of the Fellowship has access to the facilities of the Manchester Computing Laboratory. Regulations governing the award of the Fellowship and application forms may be obtained from the Registrar, the University, Manchester 13, to whom all applications should be sent not later than March 7, 1965.

UNIVERSITY OF MALAYA

DEPARTMENT OF ECONOMICS

Applications are invited for appointment as LECTURERS, ASSISTANT LECTURERS in the DEPARTMENT OF ECONOMICS in the following fields:

(a) Business Administration (Industrial Relations)
(b) Rural Economics
(c) Money and Banking

Candidates should have a good honours degree. Experience, teaching and or research would be an advantage. Candidates having additional qualifications in Commerce or Business Administration would be given preference for one of the posts.

Salary scale (approximate sterling equivalents):
Lecturer: £1,338 x £56 — £1,624 £1,680 x £63 — £1,995
Assistant Lecturer: £1,120 x £56 — £1,232

In addition, the following allowances are payable:

Variable allowance: 35 per cent. of basic salary, subject to certain maxima depending on marital status; Minimum £210 per annum, maximum £560 per annum.
Inducement allowance (if awarded), varies—
(a) for Lecturers up to £420 per annum
(b) for Assistant Lecturers up to £280 per annum.

Housing will be provided, if available, for which a rent of £117 to £175 per annum will be charged.

Provident Fund: Staff member contributes 5 per cent. and University 15 per cent. of basic salary.

Further particulars and application forms are obtainable from the Association of Commonwealth Universities (Bragan Office), Marlborough House, Pall Mall, London, S.W.1.

The closing date for the receipt of applications from candidates outside Malaya is *March 22, 1965.*

COMPANY MEETINGS

COLVILLES LIMITED

A YEAR OF FULL ACTIVITY

RECORD IMPORT OF IRON ORE

IMPROVED RETURN FROM STRIP MILL

THE THREAT OF NATIONALISATION

SIR ANDREW McCANCE ON THE FUTURE OF STEEL INDUSTRY

The Annual General Meeting of Colvilles Limited was held on Friday, February 5th, at Glasgow.

The following is the Statement by the Chairman and Managing Director, **Sir Andrew McCance, DSc, LLD, FRS, DL,** for the year ended September 30, 1964:

DIRECTORATE

I have advised the Board that the time has come for me to relinquish my appointment as Chairman and Managing Director of the Company and the directors have nominated Mr T. R. Craig, the Deputy Chairman, to succeed me after the Annual General Meeting. I acknowledge gratefully the honour which the directors have rendered me by electing me Honorary President of the Company.

I retired during the year as Chairman and Managing Director of The Clyde Alloy Steel Co. Ltd., which I founded and with which I have been closely associated since 1919. Dr R. Hunter, the Deputy Managing Director, has been appointed Chairman and Managing Director. I have accepted with pleasure an invitation from the directors of the Clyde Alloy Steel Company to become President of the company.

The Board of Colvilles Limited have appointed Dr Hunter a director.

Following a reorganisation of the Strip Division, Mr R. P. Towndrow has relinquished the position of Managing Director (Sheets) but continues as a member of the Board in charge of the Labour and Training Department.

ACCOUNTS

The accounts are again as full as possible so that little additional explanation is needed. The Profit and Loss Account has been simplified by concentrating the details in the notes rather than on the face of the Account. Income from sales this year at £89,171,037 is the highest in the history of the Company, the major part coming from the traditional heavy steel products. The greater activity explains the increase in the Group trading profit before depreciation: it also explains the greater investment in debtors and stocks.

The strip mill this year made a substantial contribution to its own depreciation, but it has not yet reached the point of contributing to its interest charges. This position was foreseen at the time we agreed with the Government to develop a semi-continuous strip mill in Scotland and that is why the right to postpone interest was included in the terms of the agreement. This right continues until May 1, 1966, and we have every reason to expect by that date to have expanded the sales of the strip mill trade sufficiently to enable this project to contribute to the profits of the Company. In that expectation the sum of £2,500,000 was paid to the Government this year in repayment of postponed interest.

I must again comment on the heavy burden of local rates that is peculiar to Scotland. Even after the benefit of continued derating relief, we are bearing a burden of rates which in some cases is as much as 25 per cent greater than that of our English contemporaries. So far as we can establish, the basis of valuation of steel works is substantially similar in the two countries and the difference is attributable largely to differences in policy regarding the extent to which local rates are used to meet shortfalls in housing income.

THE YEAR'S TRADING

All departments of the Company and its subsidiaries have enjoyed a year full of activity. How great that improvement in activity has been can be indicated by our import of 2,098,635 tons of iron ore during the year—a record tonnage to date and 65 per cent more than last year. A particularly heavy demand for constructional steels has continued throughout the year. New uses for lightweight wide flanged beams which are developing indicate a permanent widening of the market for such products.

Continued demand for small bars has also been a noticeable feature and our billet supply for the small mills has frequently been heavily pressed.

The plate mills have been able to cope with the increased output necessary and the new plant has greatly improved the technical standard of the product. Concessions granted to customers in the price structure with the approval of the Iron and Steel Board and the heavy depreciation charges on the new mill plant have made plates one of the less profitable sections of our trade.

In the field of lighter sections other than beams, there appears to be a marked change taking place in the type of demand and this is being closely watched. The main markets for these products are for steel frame structures and for shipbuilding. In the structural trade, the lightweight beams encourage the demand for correspondingly lighter sections, whereas on the shipbuilding side the increasing number of very large ships has thrown the emphasis on the heavier weight sections. In consequence, there is a scarcity of orders for the medium range in the mill programme.

Mention should be made of the case brought during the year by the Registrar of the Restrictive Practices Court in examination of the pricing system used by the industry. The judgment of the Court was curiously based. The decision against the steel industry was not that its system of pricing was wrong but that it was unnecessary. The opinion was founded on the view that future recessions in the steel industry would never be so severe as they had been in the past and that a major break in prices was therefore improbable. How unfortunate it would be if the supposition behind this judgment proved to be wrong.

STRIP MILL

Our experience with the strip mill this year has been mixed and progress has not been as rapid as had been expected. Whilst the returns from the Strip Division are better than those of last year, which was the first year the strip mill operated, they are insufficient as already mentioned to meet the interest on the Government Loan. Although this has been due in part to slowness in building up production with crews not yet fully accustomed to high speed

mills, the attitude demonstrated by the labour force has aggravated the problems we have encountered.

After all the publicity and the credit claimed for the introduction of the Strip mill to Scotland, one would have expected an encouraging and helpful attitude from everyone who found employment in the venture. I am sorry to report that this has not been the case with certain groups both of engineering craftsmen and production workers. Between May 1st and September 30th, we have had thirty-two strikes at Ravenscraig and Gartcosh, some of them from causes of unbelievable triviality. Demarcation disputes, which were no concern of the Company, have often stopped production. Again, shop stewards demanded a meeting, stating at the same time that they would attend only if the Company were represented by senior officials. When told they had no right to make such stipulations affecting Company organisation, the engineering craftsmen staged a token strike in protest.

When interruptions of this kind interfere with production, the length of the stoppage cannot be foreseen and we are deprived of the power to promise a definite delivery date for orders that are offered to us—so orders go elsewhere.

It is not claimed that the steel industry is suffering in this matter any more than other industries throughout the country. It is an attitude which has come to be recognised in Britain as one of the weapons which some trade union members use in industrial disputes. In spite of the advice of their leaders, they seem to believe that the more discomfort, the more disruption they can create, the better their chances of success. So there are strikes at Christmas or during holidays, and bus strikes which make it difficult for people with no possible connection with the dispute to get to their work.

TRADE UNIONS AND THE TRADES DISPUTE ACT

The trouble is that today trade unions enjoy a privileged position under the Trades Dispute Act. They have taken advantage of this position far beyond the original intention and that advantage is now damaging British industry and is damaging British prestige abroad.

The principle that those engaged in national or industrial activities should act in a responsible way and be accountable to the public for their actions has been frequently and widely emphasised. It is a principle which demands no one-sided application. The instances I have quoted are only a few of many occurrences in which public accountability has been flagrantly disregarded.

Amendments to the Trades Dispute Act are overdue. Trade unions who have been the strongest critics of privilege in other spheres have not been averse to taking advantage of all the privileges which favour them. If they do not recognise it, they must be made to recognise that wage agreements are contracts in no way different from other commercial contracts and entitled to the same protection. This logical point of view has already been recognised in other countries in which the freedom from industrial stoppages has been envied. If Britain's difficulties are to be overcome, it must also be accepted in Britain.

It will be recalled that the mill was constructed under strong pressure to keep the cost as low as possible and the minimum of plant and equipment was installed. The demand for motor car sheets is a seasonal one and in addition there are variations caused by the normal fluctuations in the market. It is necessary in consequence to have capacity somewhat in excess of the average production planned in order to cope with these changes. Also, in the event of a mechanical breakdown, certain units are better duplicated to avoid the risk of a complete cessation of production.

A scheme to take care of these matters was prepared and has been accepted by the Iron and Steel Board and by the British Iron and Steel Federation. The average production target remains the same, but account has been taken of the weekly and seasonal changes in demand from our customers. The estimated cost of these additions is around £4,500,000 and the orders for the plant required have been placed.

We have recently appointed Mr H. H. Ascough to be General Production Manager of the Strip Mill Division. He took up his appointment in October and brings with him a wide experience of strip mill operation and control.

BASIC OXYGEN STEEL PRODUCTION

This plant came into operation in February, 1964 and has gradually built up its production as the staff and crew became proficient in the details of its control. From the results to date the quality of the steel produced is at least equal to that of our open hearth production. Unfortunately after a good start, difficulties were experienced with the vessel linings and the yield of ingots from the materials charged was lower than anticipated. The costs in consequence have been far from favourable and have not compared well with those of the longer established open hearth process. This experience naturally has had its effect on the financial results for the second half of the year.

Attention has been directed to a change in metallurgical practice by the use of low phosphorous ores and the decision to do so has entailed a substantial changeover in the ore stocks at the works. This change is now in process and, although further experience is required, already better results can be reported. The traditional methods of steelmaking in Scotland, however, are going to be very difficult to displace on economic grounds.

SUBSIDIARY COMPANIES

I have already referred to the strong demand for wide flanged beams, which has kept The Lanarkshire Steel Co. Ltd. at full production throughout the year. Plans for extending the production have now been completed, but any intentions concerning the mills must be matched with the provision of additional steel from the melting shop.

The Lanarkshire melting furnaces are fired by producer gas from a plant which has reached the end of its useful life and must be replaced. The requirements of the Clean Air Act make it impossible to operate any longer such a system using coal so steps are being taken to convert the furnaces to oil firing and to rebuild them suitably for this change. Substantial increases in steel output will result when the conversion is completed and the improvement in the mill operations will be matched in this way.

A busy year has also been experienced by The Clyde Alloy Steel Co. Ltd. and the tonnage of special and alloy steels despatched has been a record. This production has been greatly helped by the output from the electric furnace at Hallside, which is now operating well. A steady growth in demand can be foreseen and plans for the installation of a second 100-ton electric furnace are under consideration. Efforts are being made to develop the Hallside Foundry for the production of large castings of special type. Originally, the main business of this Foundry was in the field of heavy castings for the shipbuilding industry, but since these are now imported at prices which are below our cost of production, we are being reluctantly forced out of this trade.

Since the Govan Shafting and Engineering Works was transferred to the management of the Clyde Alloy Steel Company, many improvements in production methods have been instituted and these should continue to show an increasing return on the capital expenditure as the production extends.

It is with regret that we record the death last year of Mr William McLachlan, who was Director and Secretary of the Clyde Alloy Steel Company and was a most helpful colleague for a period of thirty-four years. He devoted himself with great success to the development of the internal systems of control and administration which are of such vital importance to a growing and competitive business.

I am glad to report the continued progress of Shapfell Limestone Ltd. where the output of limestone is currently running at approximately 9,000 tons per week. The second stage of the scheme which will increase the capacity to 16,000 tons per week should be operating early next year. Beneficial savings in the cost of the limestone used at the steel works are being realised from this development.

Whilst the situation in regard to constructional business has not changed and, in general, prices remain unremunerative, Colville Constructional Co. Ltd. has maintained operations on the same level as during last year.

A substantial contract has been received through Davy-Ashmore Ltd. for the supply of buildings for a large steelworks extension in Finland and this will make a welcome addition to the level of activity in the ensuing months.

Our increasing steel production has meant a corresponding increase in the demand for ingot moulds and the Fullwood Foundry Company Ltd. has been kept busy meeting the requirements. Normally this increased demand would entail some extension to the present facilities but, in the hope of avoiding this, experiments involving a radical change in foundry methods are in progress. Since changes of this kind must be tried out with caution, it may be some time before conclusive results can be established.

The froth flotation plant at the Blanchland Mine is now producing high grade fluor for which a ready market has been found both in this country and abroad. Much of this quality of product is used in the welding industry and the increasing application of welding methods should present extending opportunities to our subsidiary, Blanchland Fluor Mines Ltd.

THE FUTURE OF THE STEEL INDUSTRY

The election of a Labour Government committed to the nationalisation of the steel industry makes any forecast of our future industrial prospects a problematic and unrewarding exercise. The narrowness of their majority would indicate to the unbiassed observer that divided opinions were held by the electorate on the need or the wisdom of nationalising this highly technical industry. One feels that even prominent members of the Labour Party had

no great enthusiasm for their own proposals which were put forward more in the hope of recovering a prestige supposed lost than to bring any benefit to the prosperity of the country.

As in other things, the aim is not to bring ownership of an industry into the possession of the nation, but to bring ownership under the control of the Labour politicians who, as a class, are the least qualified to promote industrial efficiency. No policy that needs incorrect statements and innuendo to hide its weaknesses can be well founded. Nationalisation is demanded because it is alleged *inter alia* that the steel industry is owned by a few wealthy shareholders. How absurdly wrong that is can be seen from the ownership of Colvilles:

Shareholding (Ordinary Shares)	*Shareholder (Percentage*
1—100	47.44
101—500	43.21
501—1000	5.79
	96.44

There are no large holdings in private hands. Holdings of more than 5,000 shares are held to the extent of 98.6 per cent by pension funds, universities and religious institutions, insurance and investment companies.

Most of the smaller holdings are owned by widows, pensioners and retired people who have invested their savings in the Company. The development of trade and industry needs those savings. If such holdings are forcibly taken away at much less than their true value, the Government will have undermined confidence in home investment as they have undermined confidence in British currency abroad.

NATIONALISATION: A VERY DISQUIETING THOUGHT

The business of the steel companies has been built up over many decades by hard effort and by the reputation which each company has created for itself by efficient attention to its work. All this can be destroyed if the steel trade is concentrated under the control of a large amorphous nationalised office lacking knowledge and the will to make decisions. That has been the noticeable experience which followed the nationalisation of other industries and services and the steel industry will be no different.

Look at the position today; the man in the street is supposed to own the railways, the air services and other national activities, but so nebulous is his stake or interest in these concerns that he has no voice in the running of their affairs. That was not what was promised when he was asked to support nationalisation. Nor was it ever indicated that if would be out of his pocket the money would be taken to meet the enormous losses brought about by the change in ownership.

Such losses, taken from the nation's resources, have weakened the competitive power of Britain abroad and our continued financial plight is but a reflection of their consequences. We have only avoided severe unemployment by continuous inflation. That cannot continue much longer without losing its power as a preventive.

To threaten now to add the prosperous and efficient steel industry to the list of sacrifices to an ideal that is only held in communist countries is a very disquieting thought. Is it too late to hope that more sensible counsels may still prevail?

RADIO RENTALS LIMITED

IMPORTANCE OF MERGER WITH RENTASET LIMITED

MR C. E. M. HARDIE FORECASTS CONTINUED EXPANSION OF EARNINGS

The twenty-eighth Annual General Meeting of Radio Rentals Limited was held on February 3rd in London, **Mr C. E. M. Hardie** (The Chairman) presiding. The following are extracts from his circulated Statement:

Two major events have occurred in the financial year ended August 31, 1964. The first was the sad and sudden death of Mr P. Perring-Thoms, Founder of Radio Rentals Limited, the second was the merger with Rentaset Limited which has nearly doubled the size of the Group.

The Consolidated Profit and Loss Account shows a Group profit of £5,398,000, before charging taxation, which includes eight months' profit of Rentaset. The net profit after taxation amounts to £3,727,000. A satisfactory rate of growth is being maintained.

The dividend level for the year to August 31, 1964, will be 40 per cent, less tax, compared with 27½ per cent, less tax, for the previous year. Apart from the effects of changes in taxation, the indications are that there will be no difficulty in maintaining this rate in future.

The Consolidated Balance Sheet reflects the result of the merger whereby capital and reserves are increased from £10,564,000 to £19,064,000.

To comply with the Companies Act, 1948, it is now proposed to alter the year-end of both companies to February 28th.

GROUP ORGANISATION

Radio Rentals Limited is now the Group Holding Company. On September 1, 1964, the television rental business of Radio Rentals Limited was transferred to a new company, Radio Rentals (UK) Limited to operate in parallel with Rentaset Limited. Both companies will continue as independent organisations for some considerable time to retain the benefit of the goodwill which has been built up.

After the merger, Mr J. W. C. Robinson, Chairman and Managing Director of Rentaset Limited, joined the Board and was appointed Chief Executive of the Group with the various Managing Directors of the operating companies responsible to him.

I intend to retire from the Board immediately after the Annual General Meeting when Mr J. W. C. Robinson will assume the Chairmanship. This step is strongly commended to the shareholders who will be well aware of Mr Robinson's leading position in television rental, and I am certain the Group may now look forward, under his leadership, to a period of enhanced prosperity.

RENTASET SUBSIDIARY COMPANIES

The main subsidiary is Goodmans Industries Limited, one of the best-known manufacturers of high fidelity and commercial loud-speakers.

Another, Metal Developments (1960) Limited, is concerned with the manufacture of aluminium lighting columns.

The Rentaset Group was originally primarily concerned with distribution by wire of sound and television programmes, and these services are expanding.

FUTURE PROSPECTS AND POLICY

Prospects of the Group for the next few years appear quite good. Firstly, the economies and improved efficiency which should ensue out of the merger should have a marked effect on profits, but it would not be realistic to expect such results to be apparent under two to three years.

Secondly, it is believed that about 40 per cent of sets in use in the country are rented. In due course the remaining 60 per cent of sets will require replacement and it is expected that around 60 per cent to 70 per cent of such replacements will be rented. We hope to gain a share of this market equivalent to that proportion we now have of the total sets rented.

Thirdly, although the response to B.B.C.2 has fallen short of expectations we still hope that there will be an improved interest during the next year or two. When there is a second I.T.A. programme we shall feel happier about the prospects of an expanding demand for 625-line sets.

But the reverse side of this picture is that there now seems every prospect that we shall be able to utilise our 405-line only sets profitably to the end of their usefulness.

Fourthly, we expect to be able to provide out of our own facilities all the finance needed for the growth and expansion of the business contemplated. Eventually we expect to increase the number of sales outlets from the present total of about 750 to something approaching 1,000 to achieve complete national coverage.

STAFF

In conclusion I would, on your behalf, wish to express my thanks to all the employees of our now enlarged Group for the part each has played in enabling these results to be achieved.

NATIONAL PROVINCIAL BANK LIMITED

Favourable outcome of year's operations
Measures to combat balance of payments crisis
Mr D. J. Robarts on the problem of international liquidity

The one hundred and thirty-second Annual General Meeting of National Provincial Bank Limited, will be held on February 25th, at the Head Office, 15, Bishopsgate, London, EC2. The following is the statement by the Chairman, David John Robarts, Esq, which has been circulated with the Report and Accounts for the year ended December 31st, 1964.

STATEMENT OF ACCOUNTS

The Balance Sheet and Accounts of the Bank together with the Directors' Report are before you.

It will be seen that the liabilities of the Bank to its Current, Deposit and other Account holders at £1,050,005,777 exceed last year's figures by £23,697,058. Over the year as a whole our Deposits were, on average, £50 million higher than in 1963.

The total of our liquid assets—Cash, Money lent at Call and Short Notice, Bills and Refinanceable Credits—represents 32.6 per cent of our deposit liabilities. This compares with 35.8 per cent twelve months ago but it will be recalled that we were then required to maintain a minimum liquidity ratio of 30 per cent as against 28 per cent at the present time.

Investments in securities of, or guaranteed by, the British Government continue to be shown at a figure which is below their market value. The Balance Sheet value of £148,841,554 gives a ratio of 14.2 per cent to Deposits as against 13.7 per cent last year. We hold no undated Government securities and the majority of our holdings mature within ten years.

Our Advances stand at £498,450,514 which represents 47.5 per cent of our Deposits. The corresponding figures at December 31st, 1963, were £468,635,136 and 45.7 per cent.

PROFIT AND LOSS ACCOUNT

The account shows that the profits of the parent bank before bringing in the dividends receivable from the subsidiary companies amounted to £4,080,193 as against £3,767,823 in 1963. The dividends brought in total £1,546,750 against £1,326,250 in the previous year so that the total net profit available to the parent bank is £5,626,943 as compared with £5,094,073 in 1963.

Together with the amount brought in of £1,876,606 there is a balance for disposal of £7,503,549. An interim dividend of 7½ per cent has been paid. This took £1,778,376, leaving available £5,725,173.

It is now proposed to deal with this balance as follows:—

To pay a final dividend of 8½ per cent	£2,015,493
To appropriate to Contingencies Account ..	£ 750,000
To appropriate to Reserve Fund	£1,000,000
This will leave to be carried forward ..	£1,959,680

The outcome for the year has proved more favourable than was anticipated in July last. A final dividend of 8½ per cent is therefore proposed as against 7½ per cent then forecast.

The proposed final dividend of 8½ per cent makes, with the interim dividend paid in August last, a total dividend of 16 per cent in respect of the year 1964.

SUBSIDIARY COMPANIES

The Balance Sheets of District Bank Limited, Coutts & Company and Isle of Man Bank Limited, as at December 31st last and their respective Profit and Loss Accounts for the year ended December 31st, 1964, accompany our own Report and Accounts together with a Consolidated Statement of Assets and Liabilities of North Central Finance Limited and its subsidiary companies as at September 30th, 1964, and of Profits for the year ended at that date.

In view of the continued expansion of District Bank Limited, it was decided during the year to increase the issued capital to £12 million by the issue of 3,000,000 £1 shares to National Provincial Bank Limited at par. The issued ordinary capital of North Central Finance Limited has been increased to £3,750,000 by the capitalisation of £450,000 from reserves.

We congratulate the Directors and management of these companies on the excellent results achieved in the past year which are, to some extent, reflected in the increased dividends received by the parent bank.

BOARD OF DIRECTORS

It is with the deepest regret that we have to record the death of our distinguished colleague The Rt Hon. Sir Percy James Grigg, KCB, KCSI. Widespread tributes have been paid to Sir James Grigg's services to the country during his career in the Civil Service, his war-time office of Secretary of State for War and his period as British Executive Director of the International Bank for Reconstruction and Development. To these we would add our personal tribute to the service which he rendered to the Bank as a Director since 1949 and as a Deputy Chairman from 1958 until his untimely death last May. His vigour in business affairs, his experience of public service, and his brilliance of mind are greatly missed both in our counsels and as a personal friend.

As foreshadowed at our last Annual General Meeting, we have also to announce the retirement from the Board of The Rt Hon. Sir Alexander George Montagu Cadogan, OM, GCMG, KCB, who has felt it necessary to lighten his commitments. We extend to him our good wishes and our sincere thanks for his valuable advice and administrative experience upon which we have been able to draw since his election to the Board in 1951.

In May last, Sir Ivan Arthur Rice Stockford, GBE, who joined our Board in 1948, was elected a Deputy Chairman of the Bank.

During the past year we have welcomed to the Board Mr John Foster Robinson, Viscount Sandon, TD and the Rt Hon Lord Riverdale, DL, JP. Mr Robinson is well known as the Chairman and Managing Director of E S & A Robinson (Holdings) Limited, and Viscount Sandon as a Director of Coutts & Company. Lord Riverdale, who is Chairman of Balfour & Darwins Limited, the well-known steel group, joined our Local Board in Sheffield in 1949. We are also pleased to announce that Mr James Hugh Neill, who is also closely associated with the steel industry, has been elected a Local Director of the Bank for Sheffield. The knowledge and experience which these gentlemen have accumulated in their respective spheres of industry and banking will be of much value to our business.

We regret that, owing to ill health, Mr J. H. Farmer, OBE, has been obliged to relinquish his appointment as a Local Director for Guernsey.

MANAGEMENT AND STAFF

During the year, Mr S. B. Heys, a Joint General Manager, retired after more than 43 years of honourable service. We would like to place on record our deep appreciation of Mr Heys's very valuable services to the Bank throughout his career, for six years of which he held the appointment of Joint General Manager. The Directors have been pleased to appoint Mr C. W. M. Young a Joint General Manager.

Our management and staff are kept at full pressure in dealing with the rising volume of business. Considerable progress was made during the year in the introduction of electronic and mechanical book-keeping and voucher-handling systems. The transition from the old methods to the new has itself brought many problems which could never have been surmounted without the full co-operation of a loyal and efficient staff. In the new salary scale introduced last year, which provided an all-round improvement in salaries with further emphasis on rewards for merit, we have endeavoured to give recognition of the demands made upon them. I would, moreover, like to take this opportunity of expressing on behalf of the Shareholders and Directors of the Bank our gratitude to all members of the staff for their excellent work during the year, without which the favourable results we are able to place before you could not have been achieved.

HEAD OFFICE REBUILDING PROJECT

In my Statements to Shareholders of January, 1960, 1962 and 1963 I referred to the intention of the Bank to rebuild its Head Office premises on the site of approximately two-and-a-half acres lying between Bishopsgate, Threadneedle Street and Old Broad Street. This site was acquired in eighteen separate parcels of land over a period of more than a hundred years.

We had been able to come to a mutually satisfactory arrangement with the City of London Club, subject to appropriate planning permission, to include their site in the redevelopment and to rehouse them in modern premises on another part of our site.

On May 14th, 1963, we applied to the Planning Authorities for permission to rebuild on the whole site, including the City of London Club and the banking hall at 15, Bishopsgate. After the expiration of the statutory period allowed, we appealed to the Minister against the failure of the Planning Authorities to give a decision and against the application by the Planning Authorities for confirmation of Building Preservation Orders on the banking hall at 15, Bishopsgate, and the City of London Club premises in Old Broad Street. The Minister thereupon ordered a public inquiry, which was held on twelve days between February 18th and March 4th, 1964.

On August 6th, 1964, we received the Minister's decision on our appeal together with a copy of his Inspector's report following the public inquiry. The Inspector, having heard all the evidence produced to the inquiry over a period of twelve days, and having spent a full day examining the site and the existing premises thereon, recommended to the Minister:

(1) that neither of the Building Preservation Orders be confirmed;

(2) that outline planning permission for the proposed development be refused without prejudice to a fresh application.

The Inspector's reason for recommending the refusal of planning permission was to enable the Bank to adjust the position of the proposed tower block to eliminate some infringement of the complicated lighting code applicable to the site.

Had the Minister followed the recommendation of his Inspector we should have had no serious problems since the Corporation of London had indicated during the course of the inquiry that should neither Preservation Order be confirmed outline planning permission would be granted subject to certain conditions which were readily acceptable to the Bank. The Minister, however, did not accept his Inspector's recommendation in relation to the banking hall and he confirmed the Preservation Order on that building, stating that it appeared to him to be 'of such importance in relation to the architecture of its period and of the City of London that he would be most unwilling to concur in its destruction', and further stating 'it will in any event be necessary for the scheme to be worked out afresh' and he invited the Bank 'seriously to seek a solution that would retain the banking hall'.

Since there is no appeal from the Minister's decision, the Bank's architect has been requested to prepare plans for the redevelopment of the remainder of the site and for the preservation of the banking hall. It is only right that I should point out to Shareholders that this Preservation Order will have the result of adding substantially to the cost of our new Head Office building.

In recent months our plans have received a further setback through the Government's proposals to introduce legislation requiring, in addition to planning permission, Office Development Permits for new office building. We are in touch with the Board of Trade but no decision can be made until the necessary Act has been passed by Parliament.

The Minister's decision and the further delays are a great disappointment to me and to your Directors and, in view of the importance of this matter to the future of the Bank, I have felt it necessary to acquaint you with the facts as fully as possible.

THE ECONOMIC SCENE

The dominant financial problem in recent months has been the maintenance of the sterling exchange. The crisis of confidence in November showed how precarious the position is. It was well known that we were running a substantial adverse balance of payments and that the Conservative Government had not taken any action to redress it, in the desire not to stop the expansion of trade. Shortly before the election, sterling began to lose ground and the drain increased when the new Government came into power. They decided that action needed to be taken to support the exchange, but, unfortunately, one of the principal measures they adopted was to impose a surcharge on imports, which created much resentment abroad. When faced with charges that the surcharge was contrary to various international engagements, the Government defended themselves by emphasing the magnitude of the deficit. On the other hand, the projects to which they gave priority in their legislative programme embodied substantial increases in expenditure on the social services which would not tend to relieve the strain on our economy. On top of all this, the Chancellor of the Exchequer announced his intention of imposing a new Corporation tax and Capital Gains tax next April without giving any adequate indication as to the principles which would be embodied in such new taxes. The uncertainty as to the Government's intentions deeply disturbed the security markets and, for the time being, caused an almost complete stoppage of new investment. With all these adverse factors, it is not surprising that the strain on sterling became a very serious threat to our currency as foreign holders got the impression that Britain was set on a 'rake's progress'. What is surprising is that the Government should have taken so many hasty decisions without apparently any conception of their effect on sentiment either at home or abroad.

The most helpful action taken by the Government up to the present is the success of the Minister for Economic Affairs in obtaining the agreement both of the Trades Union Congress and of the employers' organisations to a 'Statement of Intent' in regard to incomes policy. If the objectives on this document can be realised it will certainly be a most important breakthrough on a matter of vital importance to the national economy. It must however be recognised that this is a long-term project which will not be easily carried into practical effect. Meanwhile, the problem of restoring confidence in sterling is immediate and pressing.

Happily, sometimes a country's liabilities are its best assets. When the crisis became serious, all the more important foreign central banks—despite the feeling which had been aroused abroad by the surcharge—readily agreed to provide credits on an unparalleled scale to support our exchange. It was clear to them that any devaluation of the pound would have immediate and unpredictable repercussions on practically all the other currencies in the world, and it was in their own interests to do everything possible to secure the maintenance of the existing parity. These credits, though arranged for a comparatively short term, ought to give the Government a respite in so far as a part of the recent weakness of the exchange was due to what are called 'leads and lags', i.e. premature buying by British importers of foreign exchange before it is actually due and premature selling of sterling by foreign traders before they have actually received it. However, these credits—like the drawing from the International Monetary Fund—will need to be repaid and confidence will not be restored unless there are definite indications that the adverse balance of payments is being redressed

HOME DEMAND AND EXPORTS

The Government, rightly, have announced that they will take steps to encourage exports. They have not made their task easier by refusing, on ideological grounds, to allow exports to a number of countries which could have given valuable and much-needed orders to our shipyards and aircraft manufacturers. Apart from this, the question arises whether, in regard to many types of goods, some further restraint on domestic demand will not be necessary. There is no doubt that in recent months much of the domestic market has been a sellers' market and, when their output can be disposed of without difficulty and at a good price at home, manufacturers have less inducement to seek export markets. Moreover, the effect of a surcharge on imports, so long as it is maintained and is effective, will be to create additional demand on domestic supplies. The Government claim that their tax proposals will reduce the total purchasing power available in the country but, in so far as this reduction applies to companies and to the saving sections of the community as

a whole, additional income will be transferred to other sections which are much more likely to spend it on increased consumption. An indication of the expansion of domestic purchasing power is the fact that the note issue last Christmas was over £150 million more than it was in the preceding year, and about 50 per cent above the average increase in recent years. It seems evident that action will have to be taken to deal with this problem before long. Two things however should be avoided. We do not want to hold back production—indeed, it is the declared policy of the Government to make every effort to improve it. For this purpose more should be done to restore the confidence of private investors so that the tempo of investment, necessary for the modernisation of industrial plants, is not slowed down. Secondly, we must not be tempted to give artificial stimulants to exports which will falsify their real costs and attract anti-dumping duties abroad. What is needed is a sufficient restraint on home demand to prevent prices being raised and to provide room for an expansion of exports. The increase in the Bank rate to 7 per cent was not likely to secure this unless accompanied by some restriction also of spending power. In this connection the Governor of the Bank of England has requested the banks to curtail their lending to the 'personal and professional' categories of borrowers, for hire-purchase, and for building and property development, unless related to productive manufacturing investment. He has also asked the banks to give priority to exports and to loans for increasing productivity in industry.

We are, of course, complying with this request but it is worth pointing out that, because of balance sheet considerations, the banks would have been obliged to adopt a more restrictive lending policy in any case.

INTERNATIONAL LIQUIDITY

These measures follow the traditional lines of policy adopted to deal with a balance of payments crisis. At the annual meeting of the International Monetary Fund in Tokyo, however, the former Chancellor of the Exchequer, Mr Maudling, declared that he did not regard the causes of the imbalance of international payments as due solely to conditions of inflation in the deficit countries and that some additional form of liquidity was needed so as to ensure that 'no unnecessary brake is placed on the proper expansion of the world economy'. This raises a very wide question. Undoubtedly, the great expansion of world trade since the war has been very largely aided by the continuous outflow of dollars from the United States and, if the United States succeeded in its declared aim of balancing its international payments, the other countries of the world would certainly find the creditor positions which they have been enjoying rapidly altered. Already there is a general tendency in Europe for money rates to rise and there is a danger that, if each country tries to defend its currency reserves by increasing rates and restricting credit, a general depression may supervene. Indeed, there are uncomfortable symptoms that the present position bears some resemblance to that of 1928, when also an outflow of dollars from the United States, which had been a prime factor in the reconstruction of Europe during the preceding four years, was suddenly stopped, with the most serious consequences not only for the rest of the world but for America itself. Moreover, the economic collapse which then occurred was followed by several years of currency chaos owing to a different [illegible] financial policies pursued by the principal European [illegible] on the one hand, and by Br[illegible] on the other hand—a difference which, to [illegible] extent, still persists.

The analogy between the present situation and that of the thirties is, happily, far from complete but it certainly seems desirable that the monetary authorities should consider every possible method of creating sufficient international liquidity to support the present and, if possible, an increased volume of international trade, without excluding any arrangement which would have the desired effect. Some means must be devised to relieve the capital problem which has haunted us since the war, viz. the inadequacy of our reserves as compared with our foreign liabilities. Otherwise, with the continued and almost universal inflation which has taken place in recent years, few countries are likely to be able to maintain full convertibility for long unless some adjustment is made either in the gold value of their currencies or in the currency value of gold. But nothing will relieve us of the inescapable need to live within our means as a nation.

BRITISH SUGAR CORPORATION LIMITED

The twenty-ninth Annual General Meeting of the British Sugar Corporation Limited will be held on February 23rd in London.

The following are extracts from the circulated statement by the Chairman, **Sir Edmund Bacon, BT, KBE, TD, JP:**

Under the new financial arrangements approved by the shareholders at the Extraordinary General Meeting held on March 25, 1964, and referred to in the Directors' Report, it was proposed that the Corporation's financial year should in future end on September 30th. My report to shareholders, therefore, deals with the half-year to September 30, 1964, during which time little processing of beet took place.

Lord Champion, one of our Government Directors, has resigned from the Board upon being appointed Deputy Leader of the House of Lords and Minister without Portfolio. We warmly congratulate Lord Champion on his appointment. At the same time we are extremely sorry to lose the benefit of his wisdom and experience which have been of such great value to us during the five years he has been with us.

We welcome Mr A. V. Hilton, JP, who has succeeded Lord Champion as a Government Director. Mr Hilton was Member of Parliament for South-West Norfolk from 1959 to 1964, and is acting President of the National Union of Agricultural Workers.

During the period under review Mr J. Campbell Macdonald, after serving the industry for nearly forty years, ceased to be a member of the Management Committee upon reaching normal retiring age. Mr Macdonald has given outstanding service as Chief Technical Officer and his contribution to the technical development of the Corporation over the past sixteen years has been of the highest order. I am glad to say that he will continue to serve as a member of our Board.

The crop grew under excellent weather conditions during the exceptionally good summer, and in spite of some loss of yield during the drought period, on the whole the long spell of warm weather was ideally suited to root development and sugar production.

The National Spring Demonstration was held near Boroughbridge, Yorkshire, and over 4,500 visitors attended. More than forty machines were operated, including precision drills, down-the-row thinners, tractor hoes and specialised equipment used in disease and weed control. This valuable demonstration was again organised jointly by our agricultural development department and the National Agricultural Advisory Service under the auspices of the Sugar Beet Research and Education Committee.

During the summer Mr Oswald Rose and I made a most interesting and worthwhile visit to Canada and the USA. We were given access by the Canadian and American beet sugar industries to a great deal of valuable information on recent developments, particularly on the agricultural side, and a most useful exchange of ideas took place.

We continued to install new equipment at our factories aimed at giving a higher daily production capacity and increasing efficiency. The programme included the replacement of obsolete plant where necessary. Among the new installations were beet reception facilities at five factories, a large boiler unit and a new extraction plant at Spalding, two automatic lime kilns at Cantley, and a modern sugar packeting plant at Cupar. A bulk white sugar silo was erected at Cupar and an additional silo at King's Lynn.

On January 1, 1964, the price of raw sugar cif UK was 88s. per cwt. By March 31, 1964, it had fallen to 62s. 6d. per cwt., but by the end of September it had declined to 32s. 6d. per cwt. and further reductions have occurred since that date.

The main cause of the decline has been the anticipation of substantial increases in sugar production which are now actually taking place. It is not generally realised how quickly cane and beet producers can increase their output when stimulated by a period of shortage and high prices. The International Sugar Council estimate that in 1965 world production will be considerably in excess of demand, but at the same time suggest that some of the excess may easily be absorbed in replenishing stocks which had been reduced to very low levels.

I would like to refer to the letter addressed to public quoted companies by the Chairman of the Stock Exchange, in which Lord Ritchie points out the desirability of disclosing more information to shareholders and making interim reports. I am very sympathetic with this request and in the accounts published with the Directors' Report we have implemented, so far as possible, the recommendations of the Council of the Stock Exchange. We are in certain difficulties in implementing other recommendations of the Council and we are in correspondence with the Stock Exchange on this matter.

I am glad to say that our relations with the Trades Unions, the National Farmers' Union, the Sugar Board and Government departments continue to be excellent. I wish also to thank our employees for their good work during the period.

THE ROYAL BANK OF SCOTLAND

SATISFACTORY OUTCOME OF YEAR'S OPERATIONS

POLICY OF MODERNISATION CONTINUES

The Annual General Court of Proprietors of the Royal Bank of Scotland will be held on February 23rd in Edinburgh.

The following is extracted from the circulated statement by **His Grace The Duke of Buccleuch and Queensberry, KT, PC, GCVO, LLD,** Governor of the Bank:

THE YEAR'S RESULTS

In announcing the Results for 1964 and the Dividend proposed for consideration at the Annual Court of Proprietors on February 23rd, your Directors this year gave the main features of the Consolidated Profit and Loss Account of the Three Banks Group as a whole instead of, as hitherto, those of The Royal Bank of Scotland only, as the parent Company.

Your Directors felt that since a measure of the strength of The Royal Bank of Scotland Balance Sheet is due to the ownership of the two English Clearing Banks, Williams Deacon's and Glyn, Mills & Co., the Proprietors would be better informed of the progress of The Royal Bank by publishing, as early as possible, together with the recommendation for a final dividend, the principal features of the experience of trading of the Group as a whole. It is now a matter of history that 'The Three Banks Group' was formed by our acquisition of Williams Deacon's Bank Limited in 1930 and Glyn, Mills & Co. in 1939. The Three Banks have widely different histories: each has a different background and each its own individual characteristics. They have, therefore, been maintained as separate trading entities and no change in this is contemplated.

The Group Profit for 1964 was £1,996,663 as compared with £1,665,915 for 1963. The increase of £330,748 is equivalent to a rise of 19.8 per cent and stems partly from the higher profitability of banking in 1964 and partly from the use of larger resources, a higher level of lending and greatly increased activity. To the Group Profit for the year there falls to be added the balance of £544,855 brought forward from 1963, making available a total of £2,541,518. Your Directors recommend that there be paid a final dividend at the rate of 9½ per cent actual, making with the interim dividend of 7½ per cent paid on September 15th last, a total of 17 per cent for the year which is an increase of 1½ per cent over that paid out of the Profit of 1963. If the recommendation is approved the dividends for the year will involve a disbursement of £1,187,025. Allocations which it has been decided to make to Pension and other Funds absorb £550,000 and it is proposed to carry forward to 1965 the balance of £804,493.

DEPOSITS AND ADVANCES

The Deposits of the Group at the end of the year amounted to £381 million, an increase of just over £14 million as compared with the 1963 figure. The Advances were £185.5 million, an increase of almost £20 million from the previous year.

The value of the Group's investments in British Government Securities was approximately £49.5 million. Each member of the Group adopts the practice of quoting the value of these investments at or under market value and this is carried through to the Group valuation.

Turning now for a moment to our own Balance Sheet, which is shown separately, you will see that our Deposits at £151.5 million show a very acceptable increase over the corresponding figure of £143.2 million of the previous year. The Note Issue showed a slight contraction as compared with 1963. During the year we reduced the sizes of our £1 and £5 notes to the new sizes of the Bank of England Notes which have been adopted as the future uniform sizes for all Bank Notes of these denominations, and we hope that this change is acceptable both to our customers and to the public at large. It is our intention to introduce in due course fresh designs for our Notes. The ratio of our liquid assets to these deposit and note liabilities was 35.6 per cent.

Our Advances at the end of the year were £75.3 million, approximately £3.6 million higher than at the end of 1963; investments in British Government Securities at almost £24 million were some £3 million lower.

In 1964, and particularly in the latter months of the year, we and the other Banks in our Group experienced exceptional activity in our Foreign Exchange transactions and this is reflected in the substantial increase as compared with 1963 in the amounts outstanding on contracts for the sale and purchase of Foreign Currencies. The Group figure was £140.3 million and our own £48.9 million. These contracts are, of course, covered by compensating contracts with international Banks of undoubted standing.

I think that, taking everything into consideration, the result of the year's operations was satisfactory. The higher profit is attributable, as already indicated, in great measure to the higher return obtained on the average of the resources available and to the larger proportion of these resources advanced to customers. The higher level of activity also made a contribution to the higher earnings, which were more than adequate to compensate for a considerable rise in Staff and other costs. The demand for advances persisted at a high level throughout the year and with the commitments already undertaken for the future, including a number of medium term export credits, there is not much room left for manoeuvre.

NEW BRANCHES AND SERVICES

In order that we may best serve the community, our Branch system is constantly kept under review, having regard particularly to movements of industry and of population. In the past year new Branches have been opened in the West End of Paisley and at 9 Clifton Place, west of Charing Cross, Glasgow, to serve the needs of these developing districts and, in the months immediately ahead, we shall be opening a Branch in Fraserburgh, a second Office in Hamilton and a further one in Aberdeen, the most heavily banked city in Scotland but in which our representation has been very thinly spread.

Williams Deacon's Bank, continuing its policy of expansion, further increased its Branch representation during the year with the opening of new Branches at Cambridge, Croydon, Guildford, Shrewsbury, Winchester, Manchester Royal Infirmary, Withington Hospital and a second Branch in Wilmslow.

We have also been reviewing the service to our customers in the less populous areas. In this connection I am pleased to say that the Mobile Bank service recently introduced in Strathspey has been well received and we are contemplating an extension of this type of service to other parts of the country. We

already have a mobile service operating in the north-west of Scotland from Tain and one in Arran.

The latter half of the nineteenth century saw a large increase in our Branch system and in furtherance of our policy of modernisation of Branch premises a number of our Offices are now scheduled for major reconstruction.

The formation by Glyn, Mills & Co. of a new finance company at the beginning of the year made, of course, no contribution to the profit of the past year, but it is nevertheless of sufficient importance to justify a reference to it in this Statement. The new company—Glyn Mills Finance Company—which has been incorporated with unlimited liability and an Authorised and Issued Capital of £500,000, is a fully-owned subsidiary of Glyn, Mills & Co. and as such its figures will, next year, fall to be included in our Group Accounts.

COMPUTER INSTALLATIONS

Last year I reported that a contract had been entered into for the installation in Edinburgh, in the spring of this year, of a Leo III Data Processing System. A new building is being erected at the rear of our Head Office and connected to it, and the computer and ancillary equipment will be housed in this extension, which is scheduled to be completed in April.

We are planning to bring the computer into operational use by midsummer, when we will be transferring to it the Current Account work of the first of our Branches. By the end of the year we expect to have the Current Accounts of at least fifteen Branches in the Edinburgh area processed by the computer and we shall continue thereafter to extend the system to other Branches throughout the country. The first of our Glasgow District Branches is scheduled for transfer to the system in the spring of 1966 and a London Branch will follow later in that year. The equipment will include a Cheque Sorter/Reader which will bring to our clearing operations mechanical methods of sorting the mounting volume of cheques that are handled each day and will, at the same time, read from these documents the information required to make the relative entries in customers' Current Accounts processed by the computer.

It is also our intention to transfer to the computer before the end of this year our Register of Stockholders and to use the equipment to record transfers of Stock, prepare Stock Certificates, calculate Dividends and to perform the other accounting and calculating processes relevant to the maintenance of the Register. In due course, other Share Registers maintained by our Registrar's Department will be processed in this way and we shall be applying electronic methods to a number of other banking activities. All this work will not, however, use up the whole of the computer's capacity and we shall willingly place any unused time at the disposal of customers who wish to avail themselves of these facilities. Indeed, we are at present in contact with a number of our customers who have expressed an interest in having work done for them.

The project is being carried out by a team of Systems Analysts, Computer Programmers and Operators recruited from our own Staff, who have undergone intensive training for this work. All our plans are well advanced and the preliminary arrangements at Branches are progressing satisfactorily, including the introduction of personalised cheques bearing the E13B magnetic characters which make possible the mechanical sorting and the automatic processing of these vouchers.

The use of high speed electronic machinery will improve the efficiency of our accounting operations and will provide us with greater capacity to deal with the steadily increasing volume of transactions on customers' accounts. As a further contribution to operational efficiency we established during the year an Organisation and Methods Department whose principal function will be the critical examination of methods and procedure to ensure that they are in line with modern practice and to eliminate unnecessary operations.

Williams Deacon's Bank have also a computer on order—an I.B.M. System 360—which they plan to have installed and in operation in London by the spring of 1966 in replacement of the punched card installation which they have been operating there successfully since 1960.

PUBLICITY PROGRAMME

Designed as a measure to reinforce the Bank's publicity programme, a twenty-minute colour sound film has been made for us by Park Film Studios Ltd. of Glasgow. This film, with script by Robert Kemp and commentary by Bryden Murdoch, covers every aspect of the Bank's services to the public in an interesting and informative way.

The film opens with scenes of Edinburgh in the spring, followed by interesting and unusual views of the principal cities of Scotland. Lots of tantalising glimpses of the Scottish countryside, a visit to a cattle mart, a golf tournament and the Royal Highland Show follow in quick succession. Tracing the activities of the Bank and its associates, there are scenes in London, Manchester and New York.

Also in our general field of publicity, we published in the autumn a booklet entitled *Your Royal Bank Account*. The aim of this booklet is to provide a brief description of the services which the Bank offers. Copies of this publication are available at all our Branches.

Our Staff College continues to fulfil its useful function in the training of our Staff at all levels from young men in their first year of service up to and including Branch Managers who are catered for by a series of Managers' Conferences. In selecting the Managers for these Conferences great care is exercised to secure a grouping together of Managers from Branches of totally differing natures and with a wide geographical spread so that in addition to the practical benefit they derive from the official meetings their outlook may be broadened through the informal discussions which take place among them. Another feature of these Managers' Conferences is the visits paid to farms and to industrial and other concerns. We should like to thank all those who help us by making these visits possible. The college courses have in the past year been extended to include courses for Ladies.

COUNTRY'S PROBLEMS

It is disappointing that the country has again drifted into Balance of Payments difficulties, severely undermining confidence in Sterling. This has resulted in a return to a 7 per cent Bank Rate and other short term measures to alleviate the immediate pressures and give us another breathing space for the introduction of more lasting remedies.

The problems that confront us are very much the same problems as those that have reared their heads only too frequently in the past and, in my view, they can be solved only by (i) a significant increase in the productivity of our industries, (ii) a soundly based policy on prices and incomes, and (iii) a better export performance. It is, however, easier to suggest the solutions than to say how they can be achieved.

The Joint Statement of Intent on Productivity, Prices and Incomes promises a greater measure of co-operation in this field than hitherto and while the obstacles to the introduction of a workable policy still appear formidable, the progress already made is encouraging.

Much effort has been expended in recent years to encourage an expansion in exports and while this has had a certain measure of success the hard fact remains that our share of the world export trade has declined. It therefore seems that some further incentives are required to make manufacturers more export minded and more willing to expend time and money in a sustained attack on overseas markets.

THE SCOTTISH ECONOMY

Looking more particularly at Scotland the indications last year were that a major breakthrough to better times was in process of being achieved and it would be regrettable if the fruition of the plans were to be retarded by the measures introduced to deal with the balance of payments situation. The placing of the order for the building of the new Cunarder on the Clyde and the other shipbuilding contracts secured by Scottish yards in recent months has given a great fillip to our shipbuilding industry and all the other industries whose prosperity in large measure depends on shipbuilding. At the same time, the prospect of a quickening of economic growth in Scotland still hinges on securing a greater diversification of the industrial structure and we must, by redoubling our efforts, do everything possible to further this.

The Government announced early in November proposals for the creation of new regional planning machinery under which, in Scotland, a new Advisory Council—to be known as the Scottish Planning Council—composed of members drawn from industry, the local authorities and other bodies, is to be set up to work in association with a Scottish Planning Board of Government Officials, in the shaping of measures to strengthen the Scottish economy.

One thing which would help to create a better balanced industrial structure and be fruitful in producing greater and more rapid growth would be the allocation to Scotland of a greater share than hitherto of Government Research and Development contracts and of Government laboratories because of the influence which the placing and siting of these has on the ultimate location of the newer industries based on scientific and technological change.

We have for many years now, through our Officials and through our Representative Office in the United States, placed great emphasis on attracting new industries to Scotland. In furtherance of this policy, the Bank issued in December a booklet entitled *Establishing a Business in Scotland* which contains chapters on forms of business organisation in the United Kingdom, sources of finance, choice of location and the inducements available in development and growth areas, labour, premises and basic services such as fuel, power and transport, business practices and controls and taxation. Designed primarily as a guide to American businessmen interested in starting a business in this country, the booklet has been widely circulated both at home and abroad. The demand for this publication has been so great that a second impression has already had to be printed.

RANKS HOVIS McDOUGALL

Group turnover exceeds £250,000,000

Extracts from the Review of the Chairman, The Lord Rank, J.P., presented to members at the Annual General Meeting held on January 28th in London

"*The year under review* [to 29th August, 1964] *has been one of continued expansion, both by development and acquisition, and has also seen further consolidation of the Group's interests,*" said Lord Rank.

The Company, through its many subsidiaries is one of Britain's leading groups in the field of food manufacture and distribution. Besides being the largest flour milling concern, manufacturing bakers', biscuit and household flours, it is of outstanding importance in the bakery trade and also manufactures biscuits, health foods and rusks. It has extensive interests in the agricultural sphere through its animal foods manufacturing businesses and its agricultural merchant companies. The Group's diversified activities include wholesale groceries, blending, packaging and distribution of butter and cheese, as well as motor engineering and coach-building.

Since the merger between Ranks Limited and Hovis-McDougall Limited in 1962, considerable progress has been made towards securing the maximum economic advantages for the enlarged Group. This has involved organisational changes which have been taking place since that time and resulting from this, we have re-organised the Group's top management structure.

The trading operations are now grouped into five Trading Activities—Flour Milling, Marketing, Agricultural, Bakery, Specialised Trades—each having a Chairman, who is a member of the Group Executive Committee, and a Controller which is a position equivalent to Managing Director. Within each Trading Activity are the operating companies appropriate to it.

The overall company structure of the Group is somewhat complex and we are giving consideration to the whole question of effecting simplification. At the end of the year there were 330 active subsidiaries within the Group, the majority of which have been acquired through the very large expansion which has taken place during the last 10 years.

Finance

Last year I reported that our plans for expansion and the modernisation of existing bakeries and flour mills made it desirable to raise additional long-term capital.

It was decided therefore to issue £13,000,000 of 6% Convertible Unsecured Loan Stock 1985/88 and I am pleased to say the issue was successful.

Substantial increases in funds have thus become available for prospective developments.

Flour Milling Activity

Competition in the Flour Milling Industry has, for many years, been extremely keen, and there is no change in this state of affairs. I have often referred, in particular, to the unfair competition from imported flour, much of which is sold in the United Kingdom at prices considerably below those ruling in the country of origin, but it is possible that the Government's measure for a minimum import price may help to alleviate this.

During the year, the policy of continual modernisation in our mills has been pressed forward and it will go on. I am confident that no group of flour mills in this country is more efficient or better placed to face the problems of the future.

Marketing Activity

The marketing of our leading brands of packaged self-raising and plain flour has faced fierce competition throughout the year in a contracting total market. We have reacted vigorously to the problems confronting us and I am pleased to say that our brands have retained the lead in their respective fields.

McDougall's self-raising flour continues in its premier role of national brand leader and sales of Hovis flour continue to show a healthy increase. Energen "Terms" achieved national distribution, and sales of starch reduced Crispbreads continued to make very satisfactory headway.

Agricultural Activity

The trade in compound animal foods of the National compounders is extremely competitive and, in order to expand, it is essential to provide a service to the farmer through the agricultural merchant backed by the most up-to-date advisory service on animal nutrition. This we continue to do with our Blue Cross animal foods with satisfactory results.

We have expanded our interests in agricultural merchant companies. They provide a vital service to agriculture and, in spite of very competitive conditions, satisfactory trading results have been maintained.

Bakery Activity

The past twelve months have shown a continued development in our bakery interests. Further businesses have been acquired and an intensive programme of modernisation continues.

Our aim is to continue to improve the quality of our products and our service to the public and this is being achieved by modernisation and automation of our production plants and by the application of modern quality control methods. In the growing packaged cake market, we are taking the necessary steps to obtain our full share of the trade; to this end we have extended our production of high quality cakes through the introduction of the Pandora range of packaged cakes. I am pleased to say that sales are progressing satisfactorily.

The year has seen heavy increases in costs in the baking industry, particularly in respect of raw materials and wages, and these have necessitated increased prices for our goods, but these increases have been kept to a minimum through higher efficiency and greater mechanisation.

Specialised Trades Activity

The wholesale grocery companies and the butter and cheese blending and packaging companies continue to do well. The rusk companies operate in a very competitive field, but further progress has been made in rationalisation of production and delivery services.

The motor trade companies have had a successful year and expansion and progress continues.

Ranks (Ireland) Limited

This has been another difficult year for the companies in the Republic of Ireland and it is disappointing that the results are not as good as last year.

Turnover

It has not hitherto been the practice to disclose turnover primarily because, in a complex Group such as ours, there are various ways of expressing turnover any of which, to some extent, could be misleading.

However, The Stock Exchange, London has now recommended that companies should disclose turnover as the total external group net sales, thus disregarding sales made within the Group, and, on this basis, the turnover of the Group during the year was £254,000,000. If sales made within the Group involving further processing were included the total would be increased by £30,000,000.

The Financial Year

	1964	1963
Trading Profit (subject to Depreciation, Interest and Taxation)	£20,882,289	£19,718,539
Depreciation ...	5,424,931	5,010,690
Interest ...	1,068,954	932,161
Taxation ...	7,232,610	6,860,201
Profit after taxation ...	6,955,794	6,915,487

The final dividend is 10½% making 16% for the year. (1963 10% making 15%).

Prospects

The results for the current financial year to date are not unfavourable. But, having regard to the provisions of the Autumn Budget and the uncertainty of the fiscal possibilities in the Spring Budget, it is difficult to forecast what the results for the whole trading year will be.

rhm

THE MESSINA (TRANSVAAL) DEVELOPMENT COMPANY, LIMITED

(Incorporated in the Republic of South Africa)

The fifteenth Annual General Meeting of members of The Messina (Transvaal) Development Company, Limited, will be held on February 25th, in Johannesburg.

The following is an extract from the circulated statement of the chairman, **Commander H. F. P. Grenfell, DSC, RN (Retd.)**:

COPPER MARKET

In striking contrast to its stability in 1962 and 1963, the behaviour of the Copper Market in 1964 was turbulent in the extreme. Throughout the year it was the scene of violently fluctuating and sharply rising prices which have undoubtedly created difficult trading conditions throughout the industry. The cash price of electro wirebars on the London Metal Exchange, which at the end of January stood at £240, reached £277 per ton on February 24th, £296 by the end of March, and £319 on April 13th. In retrospect it now seems probable that dealers greatly overestimated the amount of saleable stocks held by the producers, and that the sudden and uncomfortable realisation that further supplies would not be forthcoming from this source was the primary cause of the sharp increase in prices during February. Thereafter, throughout the year the situation was aggravated by strikes in the USA, the Congo and Zambia, and the price increased progressively but with intermediate fluctuations to a peak of £531 in November. At the time of writing this review (end November) the current price is £510, and the situation may be summarised as follows. Consumption is still running at a high level and seems likely to continue to do so during 1965. Productive capacity throughout the world is fully employed but remains subject to interruption from labour stoppages, which, as we have seen in the past year, can seriously affect supplies to the market. Further substantial expansion of output is planned in Chile and Zambia, and to a lesser extent elsewhere, but this is unlikely materially to affect the issue in the near future. In the past, high L.M.E. prices have carried the seeds of their own destruction in that copper was priced out of many products, and thus excess demand was taken off the market. This time, however, the existence of so large a proportion of "Producer Price copper" has enabled fabricators to mix with it an element of copper bought at L.M.E. prices, and to charge their customers on a weighted average formula. In this way most fabricators have been able so far to obtain the volume of metal they need, and copper itself probably has not yet lost any significant markets to other materials. Nevertheless, the danger exists, and there can be no doubt that excessively high prices must, in the end, operate as much against the primary producers as against the consumers.

FINANCIAL RESULTS

The net profit of the Group, after providing for taxation and the interests of minority shareholders, was R3,520,000 which is attributable to higher copper prices and greater production from our mines. This increased profit made it possible not only to relax our temporary policy of dividend restriction and increase the distribution from 10 per cent to 15 per cent for the year, but also to transfer over R2,600,000 to Capital Reserve. In my statement last year I mentioned, as the objects of our conservative dividend policy, the reduction in our bank overdraft and the early redemption of the balance of our 6½ per cent Unsecured Sterling Loan Stock. You will see from the Balance Sheet that the latter has now been completely eliminated and that the overdraft has again been reduced. This now stands at R1,700,000, which, although substantial, is not excessive in relation to our turnover. Your Board intends, however, to pay it off as soon as convenient, while at the same time to distribute a greater proportion of profits by way of dividends. During the last decade our Company structure has changed from that of a company owning a single mine to that of a small but progressive mining group. In accepting group status we also accept the concept of continuity, which means that we should be able to continue to pay dividends after those mines which at present provide our revenue have ceased production. Although it is many years away, it is clear that we cannot wait passively for that day, and that we must in fact always be on the look out for new sources of revenue and opportunities for expansion. Capital is a scarce commodity these days, and it is obviously unwise to be too dependent on conventional sources for raising funds when required. We must therefore aim to achieve, and to maintain in the future, a degree of financial independence commensurate with the nature of our business. We should certainly put ourselves in a position, for example, to carry a new enterprise to the stage where its success is sufficiently assured to attract our Members and the public to the venture. In view of the risks inseparable from mining prospects and the high cost of their exploitation, it is clear that we ought to set aside a substantial sum each year to strengthen our resources against future requirements. The percentage of our profits which we hope to distribute in future years will, therefore, be conditioned to some extent, by our intention to strengthen our cash position and build up our reserves to an adequate level.

OPERATIONS

From the technical aspect we had a successful year. Messina milled a record tonnage, and copper production increased at Messina, Mangula and Alaska, while at Umkondo production was maintained at a satisfactory level. Likewise working costs, although generally yielding somewhat to rising prices and wages, were on the whole satisfactory. South Africa is at present enjoying a very high level of industrial activity, prosperity and employment. Despite immigration on a large scale, there is a shortage of skilled labour, and this was felt at Messina, particularly during the first half of the year. Production and mine development consequently suffered, and while the position is now much improved, we are still not quite up to required complement. The recently discovered mineralised area at Artonvilla, to which I referred last year, continued to show up well in boreholes and in limited development on 7 and 11 levels. This area, the Reggie Lode, contains an indicated reserve of 1 million tons of ore at a grade of 1.4 per cent copper. During the past year political developments in Rhodesia have received widespread and, on occasions, unfavourable publicity overseas. While there is undoubtedly some degree of uncertainty about the future, I have been impressed, during my visits, by various substantial development projects which demonstrate the resolution of the people and their faith in the country. In March, 1961 I hazarded a guess that Umkondo had about two years' life. Now, three years later, the outlook is not much different. Today, proved ore reserves are sufficient for a year's production. Nevertheless with the continued initiative and enthusiasm of our Resident Manager, Mr Hutton, backed up by a loyal and tenacious team of employees, I hesitate to forecast the date of its closure. Alaska has at last come into its own, and, as a result of the higher copper price, increased production, and lower working costs, returned a profit of R254,000. The mine is at present being worked as an open pit but a programme of shaft sinking and development has been put in train. There are indications that underground development will reveal sources of ore outside the known mineralised area, and the outlook is, therefore, encouraging. The Alaska Smelter also had a better year and produced 14,086 long tons of fire refined copper compared with 11,981 long tons in the previous year. At Mangula the main feature was the improvement in production grade, as forecast in my statement last year, which resulted in a greater output of copper at a lower cost. This factor, combined with the higher copper price, enabled the mine to show a substantial increase in profit which was, in fact, the highest yet achieved. Good progress is being made in mining the capping of oxide ore which overlies the Molly sulphide orebodies, and also with the erection of the new Leach Plant which it is hoped will be in production by the middle of 1965. Its initial capacity will be 1,000 tons of ore per day but we intend to double this as soon as the plant is working satisfactorily. As soon as the plant has settled down on a routine basis Mangula should materially benefit from this additional copper production.

ORGANISATION

A new appointment to the Board is that of Mr W. I. Spence who has been our General Manager for the past four years. He has also been appointed Managing Director in place of Mr D. E. Cox and myself. Mr P. O'B. Frost will retire from the Board on December 31, 1964. His career with the Company has been long and honourable, and I cannot let his retirement pass without paying this tribute to the outstanding value of his service to us.

OUTLOOK FOR CURRENT YEAR

I have earlier referred to the dangers inherent in excessively high prices for copper, and I remain in sympathy with the efforts which have been and are being made by the major producers to maintain prices on a reasonable and stable basis. Nevertheless, it cannot be denied that each individual company must necessarily face the situation in the light of its own problems. The duty of its Directors must always be to act in what they believe to be the best interests of their shareholders. With this in mind, and having regard to all the circumstances, your Board decided last August to sell a proportion of the future output at prices in excess of what has come to be called the Producer Price. This decision, together with the increased production from our mines to which I have already referred, is likely to result in higher profits for the current year.

JUTE INDUSTRIES LIMITED

GOOD TRADING CONDITIONS

SUBSTANTIAL EXPORT SALES

SIR WILLIAM G. N. WALKER'S STATEMENT

The forty-fourth Annual General Meeting of Jute Industries Limited will be held in Dundee on February 22nd. The following statement by the Chairman, **Sir William G. N. Walker**, has been circulated with the Report and Accounts for the year ended September 30, 1964:

I am glad to say that the good trading conditions, which I mentioned in my last statement, continued throughout the whole of 1964. Our mills and factories have been under constant pressure to meet the demands of our customers. We have continued to direct our production towards those outlets which offer the best long-term prospects. During the year under review almost three-quarters of our total group sales of £12½ million were to the floorcovering and furnishing industries.

In export markets—in the face of ever-increasing competition—we have continued to do well; our overseas sales were valued at nearly £3 million. Frequent visits have been made to our major markets in support of local sales agents, and, whilst we have continued to do the greater part of our business in our traditional export markets, it is perhaps noteworthy that we have made sales during the year in no less than 48 different countries.

LABOUR SHORTAGE

The shortage of certain types of labour in Dundee, which has been a feature during the past year, prevented us from making full use of our machinery and, in consequence, we were unable to take advantage of all the opportunities available to us, particularly in export markets.

NEW DEVELOPMENTS

Last year I told you of the spinning mill which we were re-equipping. This is now coming into operation, and represents our first installation of a new type of machinery which will enable us to make a significant step forward in the quest for increased productivity and will keep us in the van of technological advance in the spinning of jute yarns. This improvement in quality will help us to meet the more exacting demands which developments in our customers' plants are making on our products.

I informed you last year of the arrangement whereby we act as selling agents for the wide cloth production of Peoples Jute Mills Ltd., Pakistan. Whilst their new wide looms did not come into production quite as quickly as anticipated, they are now operating satisfactorily on a multi-shift basis and advantage should accrue to us in the ensuing year.

RAW JUTE

Last August saw the end of a long and unusual period of price stability in the raw jute market, which was reflected in our own prices. The confidence which this engendered in our customers must have played a significant part in the high level of demand for many jute products.

Severe flooding, coupled with hitherto unheralded estimates of a short crop, caused prices to advance about 50 per cent. As jute is such a vital part of the economy of Pakistan, there would appear to be an increasing necessity to devise means whereby a more reliable assessment of the extent of the jute crop can be ascertained. The present weight of offers being made to this market does not support the short crop contention, and prices have fallen back half-way from their high point. It was fortunate that your company had bought good quantities of raw jute before the price rise, and so was able to show resistance to the high prices which were asked.

WORKING GROUP

The Jute Industry Working Group to which I made reference last year completed its deliberations in August. On September 1, 1964, the Board of Trade, after consultation with the Scottish Office, announced certain changes in their arrangements for the protection of the home manufacturing jute industry. Their revised scheme was more discriminatory than the proposals of the year before, and more favourable to your company. The reduction in protection announced on September 1st was mainly confined to the types of goods which were of less concern to Dundee and district as a whole. Nevertheless, the uncertainty of the eventual outcome of the protracted enquiries had a depressing effect on the recruitment and retention of labour.

A very high percentage of the products of your company comes within the categories on which the Board of Trade has given a guarded assurance of continuing protection.

Today the UK jute producing industry enjoys no protection at all from the types of Asian goods which two years ago formed 80 per cent of the country's imports from India and Pakistan In saying this, I am discounting the much-regretted 15 per cent import surcharge, which must be considered a temporary expedient and certainly not as one imposed for protective reasons. Over one-third of the UK home demand for cloth and bags is now, in fact, met by goods imported by private purchase from these countries.

HALF-YEARLY RESULTS

To meet with the recommendations of the Stock Exchange, it is the intention of your Directors to announce unaudited half-yearly results. They will, however, delay the publication of these until the end of July in each year, by which time they would hope to be in a better position to advise shareholders as to the significance of the figures. As far as your Company is concerned, six-monthly figures are seldom a true guide to annual results. They can, in fact, be most misleading, as so much depends on the raw jute market and the price level ruling at September 30th—the Company's balancing date.

FUTURE PROSPECTS

It is nearly always difficult to make any forecast of the future and this is true on this occasion. We look forward to the improvement in quality resulting from the new plant and new developments; we value the high degree of co-operation which exists between our customers and ourselves on technical matters. Within the Company we are paying a great deal of attention to training at all levels. At this moment demand for our products is good, and, were it not for the uncertainties about the country's economy, I would expect that the Company's general level of output and profitability could be maintained for some months to come.

In putting these improved results before you, I acknowledge the heartening response, often in difficult conditions, which has been received from employees throughout the Group.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail, UK £6; overseas £6 10s.

By air see below

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. Airmail is invariably more expensive but usually quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended.

	Airmail	Air Freight
Australia	£13 10s.	
Canada:—		
Quebec & Ont. Provs.	£12 10s. or Can. $38	£9 15s. or Can. $30
Other Provs.	£12 10s. or Can. $38	£10 10s. or Can. $31·80
Ceylon	£12 10s.	£10 0s.
China	£13 10s.	—
East Africa	£12 10s.	£10 0s.
Egypt	£11 0s.	
Europe	£10 0s.	
Ghana	£12 10s.	£9 10s.
Gibraltar		
Malta	£7 5s.	—
Hongkong	—	£12 10s.
India	£12 10s.	£10 0s.
Indonesia	£12 10s.	—

	Airmail	Air Freight
Iran & Iraq	£11 0s.	£9 10s
Israel	£11 0s.	
Japan	£13 10s.	
Jordan	£11 0s.	
Lebanon	£11 0s.	
Malaya	£12 10s.	
N. Zealand	£13 10s.	
Nigeria	£12 10s.	£9 10s
Pakistan	£12 10s.	
Philippines	£13 10s.	
Rhodesia	£12 10s.	
S. Africa	£12 10s.	£10 0s.
Sth. & Cen. America	£12 10s.	
Sudan	£11 0s.	£9 10s.
USA	£12 10s. or $35	£10 10s. or $29·50
W. Indies	£12 10s.	

MUIRHEAD & CO. LIMITED

PRECISION ELECTRICAL INSTRUMENTS

Extracts from the Statement by the Chairman, Mr J. V. Foll, O.B.E., for the year ended 30th September 1964

Turnover of the Group is disclosed for the first time and at £4,440,000 shows an increase of almost 16% over the figure for the previous year. The Group Profit has increased to a new record, but not at the rate which we have become accustomed to expect, based on the results of 1963 and 1962, as illustrated below:

Years to September—£'000	1964	1963	1962	1961	1960
Group Turnover	4,440	3,831	3,228	2,326	2,060
Group Profit	978	941	754	438	367
Percentage of Turnover	22.0	24.6	23.4	18.8	17.8

Muirhead England

A considerable increase was made in our research and development programmes and a larger increase has been initiated for the future. Further manufacturing space has been acquired by the purchase of a neighbouring factory, and the leasing of other factory premises in Beckenham.

The interest in our high speed newspaper page facsimile equipment to which I referred in my last report has continued to expand and we are now fulfilling orders to many parts of the world. We have also developed new facsimile equipments, one of which is a completely automatic high quality photographic receiver which has aroused considerable interest and for which we have received substantial orders.

The vast majority of ships fitted with stabilizing fins use Muirhead control systems which we pioneered and have improved year by year. For the past five years we have been experimenting with another type of control with the object of stabilizing vessels proceeding at low speeds or at anchor. Patents have been registered covering the novel features involved and it is anticipated that the first installation will be demonstrated early in 1965.

Exports

The vital importance of exports has been recognised at all levels throughout our organisation ever since we resumed normal trading after World War Two. Our North American subsidiary companies were created to ensure that we obtained the maximum possible business in those areas. In the year under review we exported directly 38% of the total Beckenham production and it is estimated that a further 15% was exported in our customers' equipment. Addison export sales amounted to 80% of their total production. We are export minded.

Future

The backlog of orders on 1st December 1964 was 80% of that on the same date in 1963. This reflects the improvements we have brought about in our production facilities and manufacturing efficiency, which have enabled us to quote shorter deliveries. The future growth of the Company is dependent on the pursuance of vigorous research and development. The appropriations necessary for this will be considerable and it is difficult for me to give shareholders any detailed information of the lines we are following without disclosing our intentions to our competitors. However, I must add that your Directors are personally concerned with the regular review and control of all research and development programmes. I believe your Company will reap the benefit in the years ahead.

With the Board appointments recently announced you now have a young team of executive directors eager to take full responsibility for the conduct of your business. They are confident, enthusiastic and ready to grapple with any problems that may lie ahead. I have therefore decided to retire at the end of the current financial year, 30th September 1965. The opportunities for our industry are immense and I wish continued success to all concerned with your affairs.

MUIRHEAD

Continuing success

Extracts from the Report and Accounts and the Statement of Mr. B. H. S. Martin for the year ended 27th September, 1964.

	1964	1963	1962
Group Turnover	£5,848,000	£5,088,000	£4,418,256
Profit before Tax	£300,114	£233,616	£201,904
Taxation	£172,392	£122,976	£109,601
Ordinary Dividends	£47,331	£35,060	£33,658
Branches	168	153	146

The year has been one of further progress. The size of our Merchandise Department has been increased, we have closed one branch, purchased 11 established businesses and opened 7 new branches. Our internal warehouse, distributing goods to our own branches, continues to flourish and our wholesale stationery subsidiary—P. G. Hicks & Son Ltd.—has improved its trading profit.

The Board recommends the distribution of one Ordinary share for every five shares held on 26th January 1965.

Prospects—The policy of the Board continues to be one of expansion. With regard to the rescinding of resale price maintenance we are taking every step to see that the company holds its own. The Board expects to make further progress providing that general trading conditions remain the same.

ALLIED RETAIL TRADES (LONDON) LIMITED

Newsagents, Tobacconists, Confectioners and Stationers, trading principally under the name 'Martin'.

EDUCATION: BUSINESS AND PERSONAL

Home Study Courses
B.Sc.(ECON.), LLB.

and other external degrees of the University of London. Also Accountancy, Secretaryship, Law, Costing, Banking, Insurance, Marketing, G.C.E., and many (non-exam.) courses in business subjects including the new Stockbrokers and Stockjobbers course.

Write today for details or advice, stating subject in which interested, to

METROPOLITAN COLLEGE

(Dept. G9/2), St. Albans, or call at 30 Queen Victoria Street, London, E.C.4. City 6874. (Founded 1910)

TUITION AT HOME

Wolsey Hall (est. 1894) provides successful courses for G.C.E. (all Examining Boards) and for London University External B.Sc.(Econ.), B.A., B.D., B.Sc., LL.B. Degrees; also Diplomas and Certificates. 1,944 Wolsey Hall students passed B.Sc.Econ. since 1950. Tuition also for Law, Statistical, Secretarial and other Professional Exams., R.S.A., etc. Moderate fees, instalments if desired. Prospectus from E. W. Shaw Fletcher, C.B.E., LL.B., Principal, Dept. P 17

WOLSEY HALL OXFORD

AIMEZ-VOUS LIRE? Ask your bookseller about the *Livre de Poche* series. A wide choice, a modest price. If distant from shops ask us for list—Hachette, 4 Regent Place, adjoining 130 Regent Street, W.1

UNIVERSITY OF EAST ANGLIA

SCHOOL OF SOCIAL STUDIES

M.A. COURSES

The School's programme of Graduate Courses will begin in October, 1965. Courses leading to the Degree of M.A. will be offered in:

(1) ECONOMICS: Techniques of Applied Economics
(2) SOCIOLOGY: Advanced General Sociology
(3) PHILOSOPHY: Mathematical Logic; Philosophy of Mind; The British Empiricists

Further particulars and forms of application can be obtained from the Dean, School of Social Studies, University of East Anglia, Wilberforce Road, Norwich.

FALCONBRIDGE NICKEL MINES LIMITED

DIVIDEND Number 83

Notice is hereby given that a quarterly dividend of Seventy-Five Cents (75c) per share has been declared by the Board of Directors of Falconbridge Nickel Mines Limited, payable in Canadian funds on February 26, 1965 to shareholders of record at the close of business on February 1, 1965.

By Order of the Board
G. T. N. Woodrooffe
Secretary

Toronto, Canada
January 20, 1965

BENGUELA RAILWAY COMPANY

The following preliminary traffic results for the year 1964 compared with the year 1963 have been issued.

	1964 Tons	1964 Escudos	1963 Tons	1963 Escudos
Kilometres run		7,158,025		6,924,375
Passenger Traffic:				
Journeys	—	20,514,000	—	18,592,000
Luggage	1,491	1,684,000	1,369	1,295,000
Local Traffic:				
Minerals	310,205	42,453,000	288,931	38,764,000
Other	797,525	106,645,000	709,752	102,864,000
Transit Traffic:				
Minerals	534,537	262,815,000	505,343	257,063,000
Other	166,717	115,385,000	164,373	110,379,000
Miscellaneous Receipts	—	10,059,000	—	15,715,000
Total	1,810,475	559,655,000	1,669,868	550,974,000
Working Expenses in Africa		346,818,000		336,680,000
Net Operating Receipts		212,837,000		214,294,000

Tanganyika Concession Limited owns all the Debentures and 90 per cent. of the equity of the Benguela Railway.

WOOL INDUSTRY TRAINING BOARD
APPOINTMENT OF TRAINING ADVISERS

The Wool Industry Training Board is to increase its staff of Training Advisers to meet the work load created by the implementation of the Industrial Training Act, 1964.

Applications are invited from men who have had a good education, who preferably hold a degree or similar qualification and have had experience of training within an industrial undertaking. This involves the ability to assess training needs, standards of attainment and to plan training schemes over a wide range of activities. EXPERIENCE IN ECONOMIC MANPOWER PLANNING AND STATISTICS would be a useful attribute.

There are three appointments to be made as set out below:

Area Training Advisers: Two required, aged 30-45 years. Salary will be paid within the range of £1,600-£2,100 p.a.

Training Adviser: One required, aged 25-35 years. Salary will be paid within the range of £1,200-£1,600 p.a.

A car, or car allowance in lieu, will be provided for each appointment.

The successful candidates will join the Board's existing team of Training Advisers and will be directly responsible to the Chief Training Adviser. The appointments are based on Bradford.

A job description and application form will be sent to suitable applicants, who should send brief details, in confidence, to:

Frank Hill,
Director,
Wool Industry Training Board,
55 Well Street,
Bradford 1.

for further announcements see pages 595, 607, 609, 610 and 611

Statistician

UNILEVER (RESEARCH BUREAU LIMITED)

A vacancy has arisen in Unilever for a Statistician to assist in work on basic statistical problems connected with the consumer testing of the company's wide range of products. The successful candidate will initially be expected to develop new techniques of design and analysis using the novel and complex data arising in this field: computer facilities are available.

The work will be closely associated with that of other statisticians and scientists engaged in research into product properties, together with researchers working on psychological aspects of consumer testing. It will quickly lead on to other statistical projects on broader marketing problems.

A high degree of imagination as well as mathematical skill will be called for, and the commencing salary offered will be commensurate with these qualities. Minimum qualifications are a second class honours degree in statistics (or mathematics with post graduate statistics) and some experience in statistical research is desirable. Age 24-30. This post should lead to a well-paid, progressive career in Unilever.

Please apply in confidence to:
Personnel Manager (S), Research Bureau Limited, Lever House, New Fetter Lane, London, E.C.4.

MITCHELL COTTS GROUP LTD

PROJECTS DIVISION

Applications are invited to join a highly qualified team in Projects Division. The Division has wide terms of reference, principally with responsibility for the investigation of possible acquisitions and the control of Projects throughout the Group. The Ideal applicant will be in his thirties and British. He will have had business school training and/or be qualified in financial analysis and control procedures. Salary £2,000-£2,500 according to experience. Overseas travel will be involved, working with Associated Companies mainly in Africa.

Apply, in confidence, to:
Personnel Officer, Mitchell Cotts Group Ltd.
Cotts House, Camomile Street, London, E.C.3.

BBC

TELEVISION PRODUCERS

BBC requires Television Producers for Features and Science Department to work on the programmes "Horizon" and "Time Out."

A mastery of all techniques of television production, including film, and good educational qualifications are essential.

For "Horizon" a considerable knowledge of current affairs and natural events is necessary, particularly in the fields of Industry, Technology, Economics, Science or Medicine

For "Time Out" good educational qualifications are required with knowledge of leisure subjects and their presentation.

In both posts, extensive journalistic feature experience of the subjects covered by the programmes would be an advantage.

The salary range is £2,185 to £2,835 and may be higher for short term engagements.

Write for application form (enclosing addressed envelope and quoting reference 65 G.74. Ect.) to the Appointments Department, BBC, London, W.1. within five days.

RESEARCH LIBRARIAN

A leading firm of Management Consultants requires a young lady to be Research Librarian in its Dusseldorf Office.

Candidates should have an honours degree in Economics and be bi-lingual in English and German. In addition they should have experience in library research and editing and translating economic and technical papers.

Candidates between 25-35 years of age should send a résumé of their education and experience to Box 1894.

ROYAL MILITARY ACADEMY SANDHURST

CAMBERLEY, SURREY

LECTURERS/SENIOR LECTURERS

At least seven posts in Chemistry, Languages, Mathematics, and Modern Subjects [illegible] aged 21 or over.

QUALIFICATIONS: 1st or 2nd class honours degree or equivalent in appropriate subject. Final year students may apply.

SALARY: £809 to £1,377 or £1,403 to £2,091 according to age, qualifications, and experience. Starting salary may be above minimum on either scale. Prospects of pensionable appointment; superannuation rights preserved where possible.

WRITE (preferably by postcard) to Civil Service Commission, Savile Row, London, W.1, for application form quoting 6082/65. Closing date February 21, 1965.

(18)

BOWATERS ASSISTANT ECONOMIST

An immediate vacancy exists in the Economic Intelligence Unit for an Economist who will assist in investigations of specific projects and the interpretation and forecasting of economic trends.

The successful applicant should have recently graduated in economics and preferably have had some experience in business economics.

Starting salary in the range £960-£1,350 depending on age and experience.

Applicants should write giving full details of experience to date to Personnel Officer, The Bowater Paper Corporation Limited, Bowater House, Knightsbridge, London, S.W.1

UNIVERSITY OF OXFORD

COMMITTEE FOR COMMONWEALTH STUDIES

Applications are invited for the post of Research Officer at the Institute of Commonwealth Studies. The appointment will normally be for three years with the possibility of an extension for a further two years. The holder will be required to undertake approved research at the Institute under the direction of the Committee and a limited amount of teaching within the field of the economics of developing territories, preferably with reference to Africa. The salary will be within the range of £1,400 to £1,885 to £1,995, with membership of F.S.S.U. It is hoped to fill the appointment with effect from October 1, 1965. Applications, giving the names of two referees, should reach the Secretary, Institute of Commonwealth Studies, Queen Elizabeth House, 21 St. Giles, Oxford, not later than April 1, 1965.

DIRECTOR

Electricity Council Research Laboratory

Applications are invited from suitably qualified persons for the position of Director of a substantial new Research Laboratory which the Electricity Council is to establish to undertake research in the Distribution of electricity, and in Appliances and Methods of utilisation of electricity. The location of the new Laboratory has not been finally settled but the initial appointment will be in London.

The salary will be within a range the maximum of which exceeds £5,000.

Applications stating age, present position, salary, qualifications and experience, should be forwarded to Mr. K. H. Hughes, Assistant Secretary (Establishments), The Electricity Council, 30 Millbank, London, S.W.1, by February 26, 1965.

Quote Ref. ECO/418

BBC

REQUIRES A BERLIN REPRESENTATIVE (British subjects only) for its German Service. Three years' contract beginning with up to six months' training period in London. Duties include provision of material for use in German Service programmes, direction and administration of local office, liaison duties and the provision of occasional news despatches. Essential qualifications: good political judgment and the ability to broadcast in German. Desirable qualifications: journalistic and administrative ability and a familiarity with conditions in East Germany. Salary while in Berlin, £2,474 p.a. plus an Overseas Allowance of £450 p.a. (for a married man) and children's allowances where applicable. Salary and allowances free of U.K. income tax during tour in Berlin. Rent-free accommodation is provided.—Write for application form (enclosing addressed envelope and quoting reference B.G.70, Pet.) to Appointments Department, BBC, London, W.1, within five days.

RESEARCH APPOINTMENTS

PENSIONABLE appointments as (a) Senior Research Officer; (b) Research Officer; (c) Assistant Research Officer for men and women.

DUTIES involve collection and analysis of information, and the preparation of reports bearing on a wide variety of subjects (e.g. land use, crime, manpower requirements, N.H.S., redistribution of industry, etc.) in the following Departments: Economic Affairs, Home Office, Department of Scientific and Industrial Research, Scottish Development Department, Scottish Home and Health Department, Board of Trade, and Ministries of Agriculture, Fisheries and Food, Defence, Health, Housing and Local Government and Labour. Some posts involve travelling; others a liability to serve overseas.

QUALIFICATIONS: normally 1st or 2nd class honours degree (or post-graduate degree) in geography, economics, statistics, sociology or another appropriate subject and, additionally for some posts, research or other relevant experience.

FINAL YEAR STUDENTS MAY APPLY.

SALARIES (interim national): (a) £1,961-£2,610; (b) £1,404-£1,828; (c) £803-£1,338. Starting salaries may be above minimum in each case. Promotion prospects.

WRITE (preferably by postcard) to Civil Service Commission, Savile Row, London W.1, for application form, quoting 517/65. Closing date February 25, 1965.

(18)

HUMAN RESOURCE DEVELOPMENT FELLOWSHIPS

THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, PARIS,

again proposes to grant a number of Fellowships to persons interested in pursuing a career in the field of allocation of resources in education and science. The Fellowships will include training and research in the countries where work in this field is being carried out by Governments in co-operation with the OECD.

The Fellowships will be for a period of twelve months, beginning approximately July 1, 1965, and awards will include an honorarium together with allowances for lodging, dependants and transport.

Prerequisites are a university degree in economics or other disciplines appropriate for work related to the development of plans and policies for investments in education and science, and professional experience.

Fellowships will be limited to nationals, under 35 years of age, of OECD Member countries. Candidates must be able to work in either English or French; knowledge of other languages would be an advantage.

Letters of application and detailed curricula vitae written in either English or French should be sent to the Directorate for Scientific Affairs (Fellowships), OECD, 2 rue André Pascal, Paris 16e, before March 15, 1965.

A Swiss based organisation

with world-wide interests in the

Consumer Goods Industry

seeks to engage a

HEAD OF CORPORATE PLANNING

to take charge of long term industrial, financial and commercial planning of the Company and its subsidiaries. The successful candidate will work in close collaboration with the divisional manager, and be responsible for the creation of planning systems for international application, corporate planning, special surveys and the co-ordination and direction of central and regional planning bodies.

Applicants, who will probably be aged between 40 and 50 years, should preferably have a suitable professional or academic background. They should have already held responsible posts in industry and have been accustomed to presenting their proposals to Top Management. Experience of economic research and analysis in the international field, and a knowledge of long term sales, production and financial planning procedures is essential; familiarity with operations research and other modern forecasting and planning methods is also desirable. Candidates must have a good knowledge of French and be prepared to travel abroad.

This is a post offering a dynamic and creative minded personality an excellent opportunity of exploiting his talents to the full.

Applications will be dealt with in the strictest confidence and should be sent to **Box 1895.**

LONDON BOROUGH OF HARINGEY

DEPARTMENT OF TOWN PLANNING

The London Borough of Haringey has set up a separate Town Planning Department under the control of the Borough Planning Officer, D. W. Firth, Dip.T.P., A.M.T.P.I., A.R.I.C.S. The office will be divided into four groups dealing with:

1. Research and Survey.
2. Development Plan.
3. Civic Design and Redevelopment
4. Development Control.

Each group will be under the control of a Group Planning Officer.

Applications are invited from suitably qualified applicants for the posts set out below.

The office will afford many opportunities for creative planning with a wide experience in urban renewal and its associated problems.

This advertisement is published with the consent of the London Government Staff Commission and preference will be given to candidates who are at present employed within the Greater London area.

1. **RESEARCH AND SURVEY GROUP.**
   Group Planning Officer, Lettered Grade F, £2,215-£2,705 plus London Weighting
   Senior Planning Officer, Lettered Grade D, £1,885-£2,280 plus London Weighting
   Planning Officer, Lettered Grade B, £1,555-£1,940 plus London Weighting
2. **DEVELOPMENT PLAN GROUP.**
   Planning Officer, Lettered Grade B, £1,555-£1,940 plus London Weighting
3. **CIVIC DESIGN AND REDEVELOPMENT GROUP.**
   Group Planning Officer, Lettered Grade F, £2,215-£2,705 plus London Weighting
   Senior Planning Officer, Lettered Grade D, £1,885-£2,280 plus London Weighting
   Planning Officer, Lettered Grade B, £1,555-£1,940 plus London Weighting

A car allowance of a type yet to be decided will probably be attached to all these posts.

Applicants for the posts in the Research and Survey Group should have a university degree in an appropriate subject and preferably experience in urban planning research. For the senior posts, preference will be given to candidates who are also qualified in town planning.

For the Development Plan Group applicants must be Chartered Town Planners and for the Civic Design Group, preference will be given to qualified architect-planners.

Applications should be submitted on forms obtainable from the undersigned and returned not later than MONDAY, FEBRUARY 22, 1965.

C/o Town Hall
Wood Green, N.22.

K. W. ROBBINS,
Town Clerk

UNIVERSITY OF EAST ANGLIA

SCHOOL OF SOCIAL STUDIES

Applications are invited for one or two posts of RESEARCH ASSISTANT. An honours degree in Economics, Sociology or some related subject and some knowledge of statistical method is required.

Further particulars and forms of application may be obtained from the Dean, School of Social Studies, University of East Anglia, Wilberforce Road, Norwich. Applications should reach him by March 15, 1965.

UNIVERSITY COLLEGE OF SWANSEA

CHAIR OF APPLIED ECONOMICS

Applications are invited for the newly-established CHAIR OF APPLIED ECONOMICS, which will be tenable from October 1, 1965.

Further particulars may be obtained from the Registrar, University College of Swansea, Singleton Park, Swansea, by whom applications should be received by *Monday, March 1, 1965.*

INDUSTRIAL ECONOMIST

Plessey-UK wishes to engage for its Central Sales Department a trained ECONOMIST aged 28-35 with experience in engineering industry or commerce. The Central Sales Department plays a major part in the development of commercial policy. In its planning for the longer term it needs to observe and analyse the political and economic trends affecting a wide sector of rapidly changing technical industry.

The successful candidate, who would be based in Ilford, would be expected to make a personal contribution to the further development of methods of longer term planning and industrial market research. He is likely to be a graduate economist who is looking for increased scope in an activity where imagination and analytical ability are basic requirements. Please reply, giving details of age, education and experience, and quoting ref. 8024 to the Manager, Staff Recruitment, Plessey-UK Limited, Ilford, Essex.

Plessey

NATIONAL FOUNDATION FOR EDUCATIONAL RESEARCH IN ENGLAND AND WALES

STATISTICIAN

Applications are invited for a post as Assistant Research Officer in the Foundation's Statistical Service to work on the analysis of survey and experimental data in the educational field. Candidates should be graduates and/or members of the Institute of Statisticians.

Salary scale: £900 to £1,375 and superannuation.

Placement according to qualifications and experience.

Further particulars and application forms from Personnel (S93), N.F.E.R., Upton Park, Slough, Bucks.

ECONOMICS FACULTY UNIVERSITY OF CAMBRIDGE

The Appointments Committee of the Faculty of Economics and Politics hope soon to appoint a number of Lecturers or Assistant Lecturers. Applications are invited from candidates whose interests lie in any field of Economics. (Please say whether for Lectureship or Assistant Lectureship.) In filling at least one of these posts preference will be given to candidates who, among their abilities, are qualified to lecture on theoretical or applied statistics. Appointments will be for three years in the first instance with in the case of Lectureships the possibility of re-appointment to the retiring age. Appointments would be on the scale, Lecturers £1,740-£2,760; Assistant Lecturers, £1,200-£1,570. All applications (eight copies) and further enquiries should be addressed to the Secretary, Faculty of Economics and Politics, Sidgwick Avenue, Cambridge. The closing date for applications is March 12th, 1965.

UNIVERSITY OF ST. ANDREWS

Applications are invited for the post of Lecturer in Political Economy in St. Salvator's College. Salary scale £1,400 x £85 to £2,505; starting salary according to qualifications and experience. F.S.S.U.; grant towards expenses of furniture removal. FIVE copies of applications, with the names of three referees, should be lodged by February 28, 1965, with the Secretary of the University, College Gate, St Andrews, from whom further particulars may be obtained.

NATIONAL FOUNDATION FOR EDUCATIONAL RESEARCH IN ENGLAND AND WALES

RESEARCH AND ASSISTANT RESEARCH OFFICERS

Applications are invited for posts as Research Officer and Assistant Research Officer to assist in a development of the Foundation's Test Services. Candidates should either be graduates or have post-graduate qualifications in Psychology. In addition candidates for Research Officer posts should have some knowledge of educational statistics, particularly in the field of Psychometrics. An acquaintance with computer programming and some practical experience of test construction or research administration would be an advantage. For the post of Assistant Research Officer a working knowledge of Card Sorting and Tabulating machinery would be desirable.

Salary scales:
Research Officer (I) £1,910 to £2,305
Research Officer (II) £1,400 to £1,910
Assistant Research Officer £900 to £1,275
all plus superannuation

Placement according to qualifications and experience for all posts.

Further particulars and application forms from Personnel (CPO), N.F.E.R., Upton Park, Slough, Bucks.

UNIVERSITY OF NEWCASTLE UPON TYNE

DEPARTMENT OF ECONOMICS

The University invites applications for two Lectureships in Economics tenable from October 1, 1965. For one of the Lectureships, candidates whose main interests are in Modern Economic History will be considered.

The salary in each case will be at an appropriate point on the Lecturers' scale £1,400-£2,505. Membership of F.S.S.U. required.

Further particulars may be obtained from the Registrar, The University, Newcastle upon Tyne 2, with whom applications (three copies) together with the names and addresses of three persons to whom reference may be made should be lodged not later than February 27, 1965.

UNIVERSITY OF THE WEST INDIES

Applications are invited from economists and statisticians for appointment to (a) Senior Research Fellowship or (b) Research Fellowship and (c) two Research Assistantships in the Institute of Social and Economic Research (Eastern Caribbean Branch) in Barbados. Appointments for two years initially with eligibility for renewal for a third year. Salary Scales: (a) £1,950 x £90 — £2,940 p.a.; (b) £1,450 x £60 — £1,810 x £80 — £2,290 p.a. (c) £850 p.a. Senior Research Fellows and Research Fellows are entitled to: Child allowance, F.S.S.U.; housing at 10 per cent. of salary, if available, or allowance in lieu; family passages.

Detailed applications (six copies) naming three referees, by March 11, 1965, by persons living in the Americas and Caribbean area to Registrar, University of the West Indies, Kingston, Jamaica, and by all others to Secretary, Inter-University Council for Higher Education Overseas, 33 Bedford Place, London, W.C.1. Further particulars may be obtained similarly.

OPERATIONAL RESEARCH

The PHILIPS Group of Companies have a number of vacancies for Operational Research Scientists in Central London and the Croydon area. Successful candidates would join existing teams actively involved in applying O.R. techniques to a wide range of management problems in both commercial and production areas.

Applicants should preferably have industrial experience in operational research, specialist knowledge of statistics, stock control, simulation, linear and dynamic programming or econometrics would be an advantage.

Applications should be addressed to the Personnel Officer, Philips Industries, Waddon House, Stafford Road, Croydon, Surrey.

THE UNIVERSITY OF SHEFFIELD

DEPARTMENT OF ECONOMICS

Applications are invited for a post of LECTURER or ASSISTANT LECTURER in ECONOMIC STATISTICS to begin duties on October 1, 1965. An application from an economic theorist prepared to make economic statistics his main interest will be considered. Initial salary according to qualifications and experience on the scales: Lecturer, £1,400 x £85 — £2,505; Assistant Lecturer, £1,050 x £75 — £1,275, with F.S.S.U. provision. Further particulars may be obtained from the Registrar, to whom applications (ten copies), including the names and addresses of three referees should be sent by February 26, 1965.

AUSTRALIAN NATIONAL UNIVERSITY

INSTITUTE OF ADVANCED STUDIES
RESEARCH SCHOOL OF SOCIAL SCIENCES

DEPARTMENT OF LAW

Applications are invited for appointment as SENIOR FELLOW, FELLOW or RESEARCH FELLOW in the Department of Law, Research School of Social Sciences.

The Department is concerned with research in depth into legal problems with an emphasis on the relation of legal studies to other social studies and in active collaboration with the other departments of the Research Schools of Social Sciences and Pacific Studies. It is intended that the Department will eventually cover all main branches of legal research. At present the emphasis is on International Law, Constitutional and Administrative Law and Mercantile Law, but any specialisation will be suitable if carried on in depth and with some regard for comparative law and general theory. Some supervision of Ph.D. students working in appropriate fields will be required.

The salary and range of a Senior Fellow are determined within the limits £A3,800-£A4,400, and a Fellow £A2,810-£A3,800. Appointment is made for an initial period of five years thereafter he may be re-appointed until retiring age. A Senior Fellow is entitled to one year's study leave on full pay, plus a contribution towards travel and other expenses, in every six years of service, and a Fellow in every seven years.

The salary of a Research Fellow is determined in the range £A2,400-£A3,150. Appointment is usually for three years with a possible extension to five years.

Superannuation is on the F.S.S.U. pattern with supplementary benefits. Reasonable travel expenses are paid and assistance with housing is provided.

Further particulars may be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on *March 5, 1965.*

Tarmac

Commercial & Financial Analyst

A unique opportunity exists, for a man of 25/30, within the small national commercial organisation of the largest U.K. manufacturer of coated road materials, based at Wolverhampton.

The work immediately involved would include the direct examination, analysis and solution of a wide variety of the commercial and financial problems encountered by a vigorously expanding company: opportunities for the future from this position are excellent.

A few years experience in industry would be a useful background for the right man who will probably hold accounting and statistics qualifications in addition to his B.Sc. (Econ). There is no rigidity in the "job specification", however, since versatility and flexibility are primary assets.

Enquiries to:
The Commercial Manager
Tarmac Roadstone Limited
Ettingshall
Wolverhampton

FULL SPEED AHEAD

In spirit, you can partner the coxswain as he steers his boat on her errand of mercy. Your donations are in the true tradition of the life-boat service and its sole support.

Donations and legacies to:
ROYAL NATIONAL LIFE-BOAT INSTITUTION
42 GROSVENOR GARDENS · LONDON · S.W.1.
Treasurer: The Duke of Northumberland, K.G. *Secretary: Stirling Whorlow, Esq.*

RNLI

knowledge
through close contact with Dominion affairs

information
on all aspects of commercial and industrial activity

experience
gained during one hundred years of banking

service
first-class and up-to-date

Bank of New Zealand

Incorporated with limited liability in New Zealand in 1861

London Main Office: 1 Queen Victoria Street, London, EC4
Piccadilly Circus Office: 54 Regent Street W1
Haymarket Office: 30 Royal Opera Arcade SW1
Head Office: Wellington New Zealand

Over 385 Branches and Agencies

From Feb. 1st

MORE FOR YOUR MONEY

with TEMPERANCE PERMANENT

SAVINGS ACCOUNTS 4 1/4 %

SHARE ACCOUNTS 3 3/4 %

DEPOSIT ACCOUNTS 3 1/2 %

● INCOME TAX PAID BY THE SOCIETY

Assets over £66 million. Reserve ratio exceeds 5%

TEMPERANCE PERMANENT BUILDING SOCIETY

(Member of the Building Societies Association)
223/227 Regent Street, London, W.1.
Phone: REGent 7282 (10 lines)
Branches and Agencies throughout the country.

You won't get "The Antiquary" unless you ask for it

The "Antiquary" is a de luxe whisky, costing a copper or two more. It is very much worth the extra, but the barmen will only pour it for you when you ask. You will be well rewarded, and he will appreciate your discrimination. Happily, you will see "The Antiquary" after you ask for it.

The Antiquary
De Luxe
Old Scotch Whisky
J. & M. Nardie Edinburgh Limited

GIVE US A HAND!

Almost every week we hear of children seeking admission to the Shaftesbury Homes & 'Arethusa' Training Ship, where over 700 children find a home life—and a career. Thorough training for the professions, technical trades, and the Services—together with general education to G.C.E. standard—is *given*. It will always be given—provided sufficient financial blessing is forthcoming—will you please give a hand? Neither Nationalised nor subsidised, we depend solely on your generous support. Sadly, there will always be many children needing a home and the chance to develop the talents God gave them. In the name of humanity, will you please help us?

Please send as much as you can, as soon as you can, to the General Secretary, Lt. Commander A. D. England, R.N.

SHAFTESBURY HOMES & 'ARETHUSA' TRAINING SHIP

Patron: H.M. The QUEEN

164 Shaftesbury Avenue, London, W.C.2.

Why the Westbury extends a special welcome to all Economists, Chartists and Analysts . . .

Because primarily they are perfectionists

They demand only the very best in food, comfort and service. As a member of the Knott chain, which has just celebrated its 75th anniversary of successful management of 16 hotels on two continents, the Westbury has achieved gratifying acceptance on the part of a large clientèle.

They appreciate our Continental Cuisine, prepared under the watchful eye of a distinguished Maître Chef . . . a wine cellar filled with excellent vintages . . . an ambience of gay décor that combines old world charm with new world efficiency—air conditioning throughout and international television in every room.

HOTEL WESTBURY
6 rue Cardinal Mercier, Brussels
Telephone: 13 64 80 Telex 22872 Cables: Westburyhotel, Brussels

And in London, the Westbury on Bond Street, in the heart of Mayfair, offers the same 'hospitality unlimited', to an ever-increasing number of guests who return year after year to their favourite haunt in London.

For Reservations, Telephone MAYfair 7755

WHAT JAPANESE BANK IS OLDER THAN THE BANK OF ENGLAND?

The 282-year old Mitsui Bank.

The first Mitsui Exchange House was founded in 1683. From it has grown a vast complex of industries, embracing every aspect of modern business life.

Because the Mitsui Bank still occupies a central position in this great business group, it can be of special help to you in your dealings with Japan.

We are experts in foreign trade and exchange. We are modern, fast, and conscientious. You'll find our branches or correspondent banks in every major city of the world.

THE MITSUI BANK, LTD.

HEAD OFFICE: YURAKU-CHO, TOKYO, JAPAN

LONDON BRANCH:
No. 35, King Street, London, E.C. 2

OTHER OVERSEAS BRANCHES:
NEW YORK AGENCY · BANGKOK BRANCH · BOMBAY BRANCH · SINGAPORE BRANCH

YOU CAN STOP

A CHILD BEING FRIGHTENED

Ignorance, neglect and stupidity are still the cause of much distress amongst young and helpless children. Their unhappiness can often be stopped by the intervention of the National Society for the Prevention of Cruelty to Children. *But* the N.S.P.C.C. is not a government department which you can take for granted, it is a private organization which relies entirely on legacies and donations in order to continue its work. Through the N.S.P.C.C. you can contribute to the happiness and welfare of children all over the country.

Please send your donation to the N.S.P.C.C. *today*.

Cheques, Postal Orders and Bankers Orders should be sent to:
The Director,

NSPCC

ROOM 2L, 1, RIDING HOUSE STREET, LONDON, W.1.

TEL: LANGHAM 8812

YOU ARE ALWAYS NEAR THE 'ROYAL'

A 'phone call to the nearest 'Royal' office—the Company has a network of branches countrywide — and all your insurance needs can be speedily met.

ROYAL INSURANCE COMPANY LIMITED

HEAD OFFICE: 1 North John Street, Liverpool, 2

LONDON HEAD OFFICE: 24/28 Lombard Street, E.C.3

EASIER THAN YOU THINK

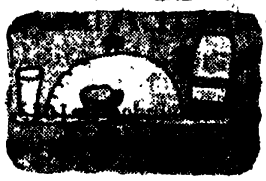
The **EUROPEAN COMMON MARKET** is a potential you can't afford to overlook if you're interested in expanding your present business or in investing in a new industrial enterprise. It's easier, much easier than you think to get into the Common Market. The secret is Southern Italy. For not only does Southern Italy offer you an immense variety of possible plant sites, attractive financial and fiscal incentives (low-interest long term loans, tax exemptions, capital grants, etc.), unparalleled resources of labour and raw materials, but it is also part and parcel of the European Economic Community. This means that by investing in the Italian Mezzogiorno, you reap all the benefits offered by the Common Market and at the same time have the up-and-coming markets of the Middle East and Africa at your fingertips. If you want detailed information, get in touch with us, the Institute for Assistance to the Development of South Italy (IASM). Our main purpose is to show you just how to go about making your business future inside the Common Market. It's easier, much easier than you think.

For information write to:

INSTITUTE FOR ASSISTANCE TO THE DEVELOPMENT OF SOUTHERN ITALY

In Italy: Via Collina, 27 - ROMA - teleph. 482901 - **In the U.K.:** A.I.C. Associated Industrial Consultants, Knightsbridge House, 197 Knightsbridge, LONDON SW 7 - **In W. Germany:** Terra International Services, Talstrasse 22/24, DUESSELDORF - **In the U.S.A.:** Commercial Offices of the Italian Embassy 2401, 15th Street N.W., WASHINGTON, 9 D.C. - 666 Fifth Ave NEW YORK, 19 N.Y. - 785 Market Street, Room 604, SAN FRANCISCO, CALIFORNIA - Italian Trade Commissioners: 67, East Madison Street, Suite 1601, CHICAGO 3, ILLINOIS - LOS ANGELES 67, Gateway West Bldg., Suite 727 Century City Cal. - 131, International Trade Mart, Camp. Street, NEW ORLEANS 12, La - **In Japan:** Coral Inc. 12-15 Takagi-Cho, Aoyama, Minato-Ku, Tokyo

Enjoy a carefree U.S. visit at Sheraton Hotels



When you come to the U.S. for a visit, Sheraton Hotels and Motor Inns will do all they can to make your stay a pleasant one.

All Sheratons from New York City to Waikiki Beach, Hawaii, have large comfortable rooms with private baths. Plenty of Sheraton extras—free TV, free radio. All Sheratons have Family Plan—children share your room free.

For Insured Reservations at Guaranteed Rates: In London, call the Kensington Palace Hotel, London W.8 WEStern 7536 or 9822. In Brussels call Willy De Bruyn, Balsa Hotels Sheraton Affiliated, 5, Rue de Ligne, Brussels 1: 18-26-24.

95 Sheraton Hotels & Motor Inns

Problems of Refrigeration and Air Conditioning

We design and supply complete refrigerated stores, refrigeration equipment in various capacities for general and specialized purposes, and refrigeration equipment for ships and rolling stock and also act as consultants in this sphere. We offer a wide range of air-conditioning equipment in various capacity ratings for installation in new and existing buildings, for rolling stock, ships and special-purpose air-conditioning equipment for research.

The latest developments of our manufacturers of refrigeration and air-conditioning plant will be on show at the Leipzig Jubilee Fair from February 28th to March 9th, 1965, in Hall 9B of the Technical Fair Grounds.

1965 1965

CHEMIEAUSRÜSTUNGEN

Deutscher Innen- und Aussenhandel 108 Berlin, Mohrenstrasse 33/51
German Democratic Republic

Our main business rooms in Leipzig:
Technical Fair Grounds, Hall 6, Telephone: 84066

STOCK PRICES AND YIELDS

LONDON STOCK EXCHANGE INDICES

1965	THE ECONOMIST-EXTEL INDICATOR (1953=100) Noon	Close	Yield %	FINANCIAL TIMES (1935=100) Ord. Index	Yield %	FT-ACTUARIES INDICES (April 10, 1962=100) 500 Shares	Yield %	2½% Consols Yield	Bargains Marked
Jan. 27	398·8	399·8	5·03	345·9	5·28	109·14	5·15	6·26	10,866
" 28	400·2	401·0	5·01	347·3	5·26	109·39	5·14	6·26	10,188
" 29	402·5	405·0	4·97	351·2	5·23	110·38	5·09	6·25	11,248
Feb. 1	405·1	404·3	4·98	351·7	5·23	110·39	5·09	6·25	13,404
" 2	402·9	402·5	4·99	350·6	5·24	110·23	5·10	6·25	12,006
" 3	402·1	401·7	5·02	349·7	5·25	110·09	5·11	6·25	11,104
	High, 431·5 (October 1, 1964) Low, 371·6 (December 18, 1964)			High, 377·8 (Oct. 1, 1964) Low, 322·6 (Feb. 3, 1964)		High, 118·77 (August 13, 1964) Low, 103·24 (December 18, 1964)			

Prices, 1964/65 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS		Price, January 27, 1965	Price, Feb. 3, 1965	Net Red. Yield, February 3, 1965§ £ s. d.	Gross Red. Yield, February 3, 1965 £ s. d.
98 11/16	97 5/16	Savings Bonds 3%	1955–65	98 1/32	98 1/16	5 13 2	6 17 4
93 9/16	90 11/16	Savings Bonds 2½%	1964–67	91 19/32	91 5/8	5 7 4	6 11 10
92¼	[illegible]	Funding 3%	1966–68	88 21/32	88 13/16	5 6 5	6 13 11
94¾	88 7/16	Conversion 3½%	1969	89 7/32	89 1/8	5 1 7	6 11 11
98½	94¼	Victory 4%	1920–76	94 3/8*	94 3/8*	3 8 4	5 1 9‡
89 9/16	83 5/16	Savings Bonds 3%	1960–70	83 3/8*	83 9/16*	5 3 5	6 10 6
95¼	90	Funding 4%	1960–90	90¼	90 1/8	3 12 1	5 8 6
81 15/16	73¼	Savings Bonds 3%	1965–75	73 9/16*	73 11/16*	5 0 1	6 9 7
79 13/16	72¼	Treasury 3½%	1977–80	72 11/16	72 13/16	4 11 4	6 6 11
96¼	88⅞	Funding 5½%	1978–80	88 15/16	89	4 1 11	6 9 4
78 13/16	71	Treasury 3½%	1979–81	71 7/16*	71 9/16*	4 11 6	6 6 10
98 15/16	90 3/16	Funding 5½%	1982–84	90 11/16	90 11/16	3 19 0	6 7 8
97 3/16	92 7/16	Funding 5¾%	1987–91	93⅛	93¼	3 17 3	6 8 10
63⅝	56¾	Redemption 3%	1986–96	58	58¼	4 3 11	6 1 0
67⅛	60¼	Funding 3½%	1999–2004	61⅛	61 7/16	4 0 5	6 2 4
95⅜	86 3/16	Treasury 5½%	2008–12	88 7/16	86 3/16*	3 17 1	6 7 11
67	61¼	Consols 4%	after Feb. 1957	62¼*	62 3/16	3 15 5	6 8 6
60	54 3/16	War Loan 3½%	after 1952	55 3/16	55¼	3 14 11	6 8 2
59¾	54½	Conv. 3½%	after Apr. 1961	55½	55⅝	3 14 11	6 8 8
51⅜	46⅜	Treasury 3%	after Apr. 1966	47¾	47¾	3 14 9	6 8 5
43⅝	39⅜	Consols 2½%		40 1/16	40⅛	3 13 5	6 5 3
43½	39⅜	Treasury 2½%	after Apr. 1975	40 1/16	40⅛	3 14 2	6 7 5
85 3/16	78 7/16	British Electric 3%	1968–73	79	79 3/16	5 0 0	6 9 11
80⅝	73	British Electric 3½%	1976–79	73½	73⅝	4 11 6	6 7 3
64⅛	57½	British Gas 3%	1990–95	58 1/16	58 1/16	4 4 3	6 0 9
67	60¼	British Transport 3%	1978–88	61 3/16	61¼	4 9 2	6 3 6

Prices, 1964/65 High	Low	DOMINION AND CORPORATION STOCKS		Price, Jan. 27, 1965	Price, Feb. 3, 1965	Red. Yield, February 3, 1965 £ s. d.
90¼	85⅞	Australia 3¼%	1965–69	86¼*	86⅜*	6 13 6
103	97¼	Australia 6%	1974–76	98	98¼	6 7 6
70	65½	Ceylon 4%	1973–75	67	67	9 5 0
102¾	97¼	New Zealand 6%	1976–80	97¾	95¼*	6 8 0
85	69	Northern Rhodesia 6%	1978–81	81½	81¼	8 2 0p
95¼	92½	South Africa 3½%	1965–67	93½	93¾	6 18 0
66	53½	Southern Rhodesia 4½%	1987–92	54*	54¼*	8 19 6
89	79¼	Agricultural Mortgage 5%	1959–89	79¾	80	6 12 0
94¾	88¼	Birmingham 4¼%	1967–70	88¾	89	6 13 6
97	89	Bristol 5%	1971–73	89¾	89¾	6 12 0
98¼	87½	Corporation of London 5¼%	1976–79	88¼	88½	6 10 6
49¼	41⅞	LCC 3%	after 1920	45½	45¼*	6 10 6
94	84	LCC 5%	1980–83	85	85⅛	6 10 6
98⅜	88	Middlesex 5¼%	1980	89	89	6 11 6

Prices, 1964/65 High	Low	ORDINARY STOCKS		Last Two Dividends (a) (b) (c) %	%	Price, Jan. 27, 1965	Price, Feb. 3, 1965	Yield, Feb. 3, 1965 %	Cover
		BANKS, DISCOUNT & HP							
59/-	45/-	Barclays	£1	3 a	6½ b	55/3	55/3	4·16	...
45/6	37/7½	Lloyds	£1	3·9 a	5½ b	42/6	42/-	4·48	...
19/9	16/7½	Martins	£/-	7 a	8 b	17/7½	17/9	4·23	...
59/-	44/6	Midland	£1	6 a	6 b	53/6	53/3	4·51	...
72/7½	59/6	Nat. Provincial	£1	7½ a	8½ b	66/3*	65/6*	4·89	...
56/-	42/6	Westminster 'B'	£1	5⅝ a	7½ b	55/-	55/9	4·68	...
54/6	44/7½	Australia & N. Z.	£1	4 a	8 b	47/9	48/-	5·00	...
39/9	34/-	BOLSA	£1	9·1 c	3½ a	36/3	36/3	5·24**	...
£25 11/16	£22 7/16	Bank of Montreal	$10	$2·15 c	$2·20 c	£25⅛	£25⅛*	2·92	...
58/9	49/3	Bank of New S. Wales	£1	5‡‡a	5‡‡b	52/9	52/3	3·06	...
39/9	32/7½	Barclays DCO	£1	5 a	6 b	39/-	39/3	5·61	...
54/3¾	47/-	Chartered	£1	7½ b	7½ a	49/3	50/9	5·91	...
£24¼	£19¾	Hongk'g. & Shang.	$25	11/- b	5/- a	£23⅛	£23 1/16	3·45	...
35/4½	27/4½	Nat. Com. Bk. Scot.	10/-	5 a	7 b	28/3	28/9	4·17	...
£30 13/16	£26 1/16	Royal Bk. Canada	$10	$2·55 c	$2·60 c	£30	£30*	2·89	...
57/9	43/9	Standard Bank	£1	17½ c	7½ a	57/6	57/9	6·06	...
36/-	24/9	Hambros	£/-	16½ b	7½ a	28/9	28/9	4·17	...
34/-	28/9	Mantagu Trust	£/-	13 c	21 c	29/9	29/9	3·53	...
68/6	53/-	M. Samuel	£1	5½ b	4 a	57/3	58/3	3·26	...
71/-	50/-	Schroders	£1	9 c	3½ a	54/6	55/-	3·27	...
54/9	48/-	Union Discount	£1	6¼ a	6¼ b	49/3	49/3	3·08	...
15/4½	10/3	Bowmaker	£/-	4 a	11 b	11/-	10 10½	8·90	1½
19/3	12/10½	Lombard Banking	£/-	12½ b	5 a	17/1½	16/9	5·22	...
17/3	12/-	Mercantile Credit	£/-	5 a	12½ b	13/9	14/-	6·25	1¾
24/-	14/6	United Domins. Tst.	£/-	30 c	9 a	17/3	17/3	5·80	1½
		BREWERIES, Etc.							
16/3	13/-	Allied Breweries	£/-	5 a	9½ b	14/4½	14/4½	5·04	1½
18/3	15/6	Bass, Mitchells & B.	£/-	4 a	12 b	17/4½	18/1½	4·41	1¾
16/3	13/6	Charrington United	£/-	13½ c	5 a	14/9	15/-	4·67	1½
29/1½	22/4½	Distillers	10/-	5 a	6½ b	23/10½	24/-	4·79	1¾
24/3	18/9	Guinness	£/-	8 a	13 b	21/3	22/-	4·77	1¾
20/9	15/10½	Harveys	£/-	5 a	11½ b	17/6	17/4½	4·75	1¾
69/-	59/6	Scottish & Newc. Brew.	£1	5 a	8 b	63/9	64/3	4·05	2
19/2¼	16/2¼	Watney Mann	£/-	4⅔ a	11⅓ b	16/10½	17/7½	4·54	2
19/-	15/-	Whitbread 'A'	£/-	11 b	5 a	16/11½	16/6	4·85	1¾
		BUILDING, PAINT, Etc.							
62/3¾	52/9	Associated Portland	£1	8·6 c	3½ a	55/-	56/6	3·06	2¼
28/4½	22/7½	British Plaster Bd.	10/-	3½ c	4½ a	26/4½	26/6	3·96	1¾
35/-	23/-	Richard Costain	£/-	18 c	8 a	26/-	26/-	3·46**	2
13/6	9/-	Crittall Mfg.	£/-	8½ b	3½ a	9/10½	10/-	6·00	2
17/3	13/-	International Paints	£/-	24 c	8 a	14/1½	14/1½	6·80	1¾
25/-	20/6	London Brick	£/-	14·6 c	5 a	23/3	24/6	2·98	2½
28/6	23/3	Rugby Portland	£/-	12½ c	5 a	26/6	26/10½	2·33	3
23/7½	17/1½	Wall Paper	£/-	7½ a	12½ b	20/1½	19/10½	5·03	2¼
		CHEMICAL							
24/4½	17/10½	Albright & Wilson	£/-	15·8 c	6 a	22/1½	22/3	3·55	1¾
22/6¾	17/-	Borax Defd.	£/-	5 a	11 b	19/6*	19/-*	4·21	2
53/6¾	39/6	Fisons	£1	4½ a	7½ b	52/3	52/3	4·59	1¾
49/6	41/3	I C I	£1	10 c	5 a	43/4½	44/10½	4·46	1¼
19/7½	14/-	Monsanto	£/-	8¼ b	3¾ a	14/10½	16/-	3·91	1½
		DRAPERY & STORES							
18/-	14/2¼	Boots Pure Drug	£/-	10 c	4 a	16/-	16/1½	3·10	2¼
34/6	21/-	Montague Burton	10/-	2 a	6 b	25/7½	25/-	3·20	1½
46/4½	35/-	Debenhams	10/-	6¼ a	15 5/12 b	37/3	37/10½	5·72	1½
48/9	34/6	Grattan Warehouses	£/-	47 c	11¼ a	39/6	40/-	3·75**	1¾
47/11¼	39/9	GUS 'A'	£/-	31·8 c	10 a	44/-	45/-	3·53	2
33/9¾	23/10½	House of Fraser	£/-	18½ b	14⅛ a	24/9	25/-	6·50	1¼
15/10½	12/10½	Lewis's Invest. Tst.	£/-	9½ b	5 a	13/2¼	13/2¼	4·40	2
48/1½	32/9	Marks & Spencer 'A'	£/-	25⅚ c	8¾ a	34/9	35/-	4·11**	1½
36/9	27/6	United Drapery	£/-	24 c	8 a	29/3	29/10½	4·02	1¾
33/-	20/-	Woolworth	£/-	5 a	14½ b	20/4½	20/3*	4·94	1½
		OIL							
64/4½	46/8¼	British Petroleum	£1	†8½ b	†3½ a	55/9	55/3	6·57	2¾
61/10½	48/9	Burmah Oil	£1	†11½ c	†4 7/12 a	50/10½	51/-	7·25**	1
£19	£16 5/16	Royal Dutch	20 fl.	29·1 c	13 a	£17 7/16	£17¾	3·27	2¼
42/1½	32/9	Shell Transport	£/-	†18½ b	†11½ a	35/3	35/4½	6·93	2¼
31/-	23/9	Ultramar	10/-	...	...	26/9	26/3	...	...

NEW YORK PRICES AND INDICES

	Jan. 27 $	Feb. 3 $		Jan. 27 $	Feb 3 $		Jan. 27 $	Feb. 3 $
Atch. Topeka	33⅛	33¾	Chrysler	59¾	59½	Inter. Paper	33⅜	33⅛
Can. Pacific	64⅛	62¾	Col. Palmolive	51⅝	52¾	Kennecott	98⅜	102
Pennsylvania	40¾	39½	Crown Zeller.	58½	59⅛	Litton Inds.	80⅛	82½
Union Pacific	43⅞	43½	Distillers Seag.	33	33⅛	Monsanto	86⅛	90*
Amer. Electric	46¼	47	Douglas	31½	31⅞	Nat. Distillers	28⅝	29⅞
Am. Tel. & Tel.	67¾	67½	Dow Chemical	78½	81¼	Pan-American	29	28½
Cons. Edison	98⅜	97⅝	Du Pont	251	256	Procter Gamble	78⅜	78½
Int. Tel. & Tel.	62⅛	63	East. Kodak	151⅝	154¼	Radio Corpn.	31⅞	32¼
Western Union	33¾	35½	Ford Motor	56¼	55¼	Sears Roebuck	128¾	129¾
Alcoa	63⅜	63¾	Gen. Electric	97¾	99¾	Shell Oil	60⅜	60⅛
Aluminium	31½	30	General Foods	83⅛	83¼	Socony-Mobil	91¼*	90¼
Amer. Can	44	43½	General Motors	101⅝	100¾	Stand. Oil Ind.	43⅝	43⅞
Am. Smelting	55	56⅝	Goodyear	47	48½	Stand. Oil N.J.	89⅝	86¾*
Am. Viscose	91	92½	Gulf Oil	59½	59¾	Union Carbide	132⅛	134½
Anaconda	59⅛	61⅜	Heinz	46¼	47⅛	U.S. Steel	53⅛	52
Beth. Steel	37½	36⅞*	Int. Bus. Mach.	448½	442¼	West. Electric	43¾	46¼*
Boeing	65½	65⅛	Int. Harvester	80½	78⅞	Woolworth	28½*	27⅛
Celanese	78¼	80	Inter. Nickel	83	81⅝	Xerox	110⅝	111⅞

	Jan. 27 Frcs.	Feb. 3 Frcs.		Jan. 27 %	Feb. 3 %		Jan. 27 %	Feb 3 %
FRANCE			**GERMANY**			**HOLLAND**		
Air Liquide	679	668	A.E.G.	495	497	A.K.U.	526½	530½
Banque de Paris	324	325·5	Bad'che. Anilin.	587	583	Amster. Rot. Bk.	Fl. 68·5	Fl. 69
Citroen	141·5	140	Bayer	607	602	Bijenkorf	792	787½
C. F. Petrole.	186·5	186·5	Commerzbank.	477	478	Heinekens	477	479½
Cie G. d'Elect.	505	490	Deutsche Bank.	544	542	Interunie (Fl.50)	Fl.212	Fl.214
Machines Bull.	116	120·5	Hoechst Farb.	546½	533¼	K. N. Hoogoven	523¾	547
Pechiney	204	201	Kundenkredit.	390	395	Kon. Zout-Ket.	989¾	988½
Printemps	237	226	Loewenbrau.	1,100	1,105	Philips (Fl.25)	Fl.155	Fl.157·5
Rhone-Poulenc	316	317	Mannesmann	215	216½	Robeco (Fl.50)	Fl.236	Fl.237
S.I.M.	316	321·5	Siemens	569	575	Thomassen & D.	665	663
Saint-Gobain	256	257 5	Thyssen-Huette	196½	196¾	Valeurop	Fl. 68·0	Fl. 68·4
Usinor	127·5	126	Volkswagen	548	553	Zwanenberg	1,060	1,072
Index	*96·8*	*95·8*	*Herstatt Index*	*103·47*	*102·95*	*Index*	*364·2*	*366·6*
High	*99·8*	*(4.1.65)*	*High*	*111·46*	*(6.4.64)*	*High*	*366·6*	*(3.2.65)*
Low	*95·8*	*(3 2.65)*	*Low*	*99·88*	*(2.1.64)*	*Low*	*326·5*	*(23.7.64)*
Dec. 31, 1964=100.			*Dec. 31, 1959=100.*			*1953=100.*		
CANADA	$	$	**AUSTRALIA**	£A	£A	**JAPAN**	Yen	Yen
Abitibi Pr. & P.	14	13⅞	Ampol Pet.	11/6	11/6	Ajinomoto	277	277
Aluminium	34	32¼*	Ass. Pulp & P.	34/-	32/6	Fuji Iron	61	63
Bell Tel.	63⅝	64	Aust. Con. Inds.	63/-	63/9	Hitachi	95	95
Can. Brewer's.	11¼	11⅜	Aust. Oil & Gas	33/-	35/-	Honda Motor	202	201
Can. Imp. Bank	71½	72⅞	Brit. Tobacco	34/-	34/9	Kirin Brewery	217*	220
Can. Pac. Rly.	68¾	67⅞	Broken Hill Pty.	54/3	53/9	Mitsub. Chem.	128*	125
Hiram Walker	38⅝	38⅞	G. J. Coles	15/9	15/8	Mitsub. Elect.	71	73
Imperial Oil	59	59	Colonial Sugar	67/9	67/9	Mitsub. Heavy	92	92
Noranda Mines	56	56⅛	Felt & Textiles	9/-	9/-	Nippon Elect.	214	212
Power Corpn.	16⅛	15⅞	I.C.I., A.N.Z.	56/6	55/6	Sony	326	319
Steel of Canada	29	28¾	Myer Emporium	34/10	35/9	Toyo Rayon	168	168
Trans.Can.Pipe	40¾	39⅜	Woolworth	15/9	15/11	Yawata Iron	61	61
Montreal Ind.			*Sydney Ind.*			*Dow Jones*		
Index	*169·5*	*169·0*	*Index*	*354·61*	*354·42*	*Average*	*1258·21*	*1248·03*
High	*169·7*	*(28.1.65)*	*High*	*379·21*	*(27.2.64)*	*High*	*1369·00*	*(3.7.64)*
Low	*131·9*	*(2.1.64)*	*Low*	*352·98*	*(29.1.65)*	*Low*	*1202·69*	*(9.11.64)*
1956=100.			*1937/39=100.*					

Standard and Poor's Indices (1941–43=10)

1965	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Jan. 6	89·76	2·98	46·05	4·36	74·66	3·19	87·06	4·17
" 13	90·74	2·94	46·71	4·30	75·68	3·16	87·06	4·17
" 20	91·50	2·93	47·16	4·26	76·62	3·13	87·16	4·16
" 27	92·21	2·90	47·30	4·24	76·88	3·12	87·36	4·14
Feb. 3	92·64	2·90	47·16	4·26	77·33	3·11	87·16	4·16

425 Industrials :—High, 92·64 (Feb. 3, 1965). Low, 79·74 (Jan. 2, 1964).

* Ex dividend. † Tax free. ‡ Assumed average life, 7 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. Ex rights. ‡‡ Equivalent to 8·0 sterling.
(a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Ex all. (h) After Rhodesian tax. (l) To latest date. (h) Interim since reduced or passed.
(p) Resulting from split of Federation of Rhodesia & Nyasaland Stock. Japanese prices supplied by Daiwa Securities, Tokyo. Canadian 65 Stock Industrial Index supplied by the Montreal Stock Exchange.

MONEY AND EXCHANGES

LONDON : NEW YORK : FRANCE GERMANY : HOLLAND : CANADA AUSTRALIA : JAPAN

Prices, 1964/65 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Jan. 27, 1965	Price, Feb. 3, 1965	Yield, Feb. 3, 1965 %	Cover
				ELECTRICAL & RADIO				
51/3	36/-	6¼ b	3¾ a	AEI ... £1	45/-	45/-	[illegible]	[illegible]
78/6	65/3¾	12½ c	6 a	BICC ... £1	70/-	72/9	4·12**	2
15/9	12/-	5 a	6 b	Crompton Parkinson 5/-	13/9¾	13/8¼	4·09	2¼
82/-	60/6	7½ a	20 b	Decca ... 10/-	[illegible]	[illegible]	[illegible]	1¾
30/11¼	19/7½	12½ c	5 a	EMI ... 10/-	26/6	27/7½	4·52	2¼
24/9¾	16/6¾	[illegible]	4 a	Elliott-Automation ... 5/-	17/7	17/10½	2·46	1¾
50/-	40/3	7 b	3 a	English Electric ... £1	45/-	47/-	4·26	2¼
45/9	28/6	5·91 c	3 a	General Electric ... £1	34/9	45/-	[illegible]**	2¼
69/8	43/9	8¼ b	4½ a	C. A. Parsons ... £1	45/6	48/6	[illegible]	1
145/-	122/6	10 b	6 a	Philips Lamp Works 10fl.	134/-	136/6	2·34	2
44/9	30/-	5½ a	6½ b	Plessey ... 10/-	37/6	36/9	3·29	2½
26/3	18/7½	11·4 c	20 c	Pye (Cambridge) ... 5/-	17/9	18/7½	5·37	2
51/-	36/1½	15 a	25 b	Radio Rentals ... 5/-	40/-	40/6	4·94	2
50/7½	41/3	4⅞ b	2⅞ a	A. Reyrolle ... £1	44/3	45/6	3·69**	2½
93/3	58/-	22½ a	15 a	Thorn Electrical ... 5/-	73/6*	76/-	1·48	4½
				ENGINEERING				
45/9	30/3	4½ b	4½ a	Babcock & Wilcox ... £1	32/6	31/9	8·67	[illegible]
41/3	32/-	7 b	4 a	John Brown ... £1	34/6	35/-	6·29	1¼
10/-	7/-	8 b	4 a	Cammell Laird ... 5/-	7/9¾	7/8¼	7·80	2
38/4½	22/3	20 b	10 a	Internat. Combust. ... 5/-	23/9	24/9	6·06	1¼
29/3	19/3	7½ b	2½ a	Swan Hunter ... £1	25/3	26/3	7·62	[illegible]
10/6	7/-	5¾ b	3 a	John Thompson ... 5/-	7/6	7/7½	5·74**	1¾
34/6	27/7½	12¾ a	16¼ b	Coventry Gauge ... 10/-	33/-	34/6	4·73	2
51/-	40/-	14½ b	12 a	Alfred Herbert ... £1	43/-	44/9	4·86	1½
32/-	21/6	12½ a	11¾ b	Acrow (Eng.) 'A' ... 5/-	27/6	27/3	4·24**	1½
32/3	22/9	17½ b	7½ a	Allied Ironfounders ... 5/-	23/10½	24/10½	5·03	2
24/0¾	19/1½	15 b	5 a	Averys ... 5/-	20/11¼	21/5¾	4·66	1¾
19/6¾	14/1½	4 a	6 b	BSA ... 10/-	18/9	19/4½	5·16	1¼
10/0¾	7/8¼	9·3 c	4 [illegible]	George Cohen ... 5/-	9/9‖	10/-‖	5·33**	1¾
14/-	10/1½	6 b	5 a	Davy-Ashmore ... 5/-	12/7½	12/6	4·40	...
52/-	44/10½	11⅓ c	5 a	Guest Keen ... £1	47/3	47/9	4·75	2
21/1½	14/3	12 b	4 a	Head Wrightson ... 5/-	16/-*	17/3*	4·64	2
63/5¼	52/7½	11⅓ c	5 a	Metal Box ... £1	56/6	57/9	3·88	1½
19/6	15/9	4 a	13 b	Ransome & Marles ... 5/-	16/4½	16/1½	5·27	2
41/9	33/1½	8¼ c	4½ a	Renold Chains ... £1	37/3	39/-	4·62**	1¾
67/3	58/-	7 a	8 b	Tube Investments ... £1	62/6	62/9	4·78	2
31/1½	21/4½	7½ b	2⅓ a	Vickers ... £1	23/6	23/4½	8·56	1
50/-	40/8¼	2½ a	9⅙ b	Ward (Thos. W.) ... £1	47/-	47/-	7·45	2
21/6	10/7½	17½ c	7 a	Wellman Smith Owen 5/-	10/7½	11/-	6·82**	1
18/6	12/6	16 b	5 a	Woodall-Duckham ... 5/-	14/6	14/6	7·24	1½
				FOOD & TOBACCO				
32/-	26/10½	12⅓ c	14 c	Allied Suppliers ... 10/-	30/6	30/9	4·55	2¼
8/1½	6/4½	28½ c	16 a	Assoc. British Foods 1/-	7/6	7/8¼	3·71	2
46/6	35/-	8 b	4 a	Bovril ... £1	38/9	38/9	6·19	2
13/-	10/4½	†2½ a	†5 b	Brooke Bond 'B' ... 5/-	12/3	12/1½	5·05	2¾
8/11¼	7/-	13¾ c	7 a	Fitch Lovell ... 2/6	8/1½	8/4½	4·18**	2½
11/1½	8/8¼	8⅓ b	1⅔ a	International Stores ... 5/-	10/3¾	10/3¾	4·85	2
93/3	72/6	12½ b	5 a	J. Lyons 'A' ... £1	80/-	82/6	4·24	2
36/4½	30/6	5½ a	10½ b	Ranks Hovis ... 10/-	33/9	32/6	4·92	2
36/6	30/-	14 c	7 a	Reckitt & Colman ... 10/-	31/6	31/-	4·52	2
15/9	12/10½	11½ c	3½ a	Spillers ... 5/-	15/4½	15/3	4·10**	2¼
39/3	30/6	8 a	2 b	Tate & Lyle ... £1	33/9	33/9	5·93	2
9/6	6/1½	25 c	[illegible] d	Tesco Stores ... 1/-	9/1½	9/6	2·63	2¼
14/11¼	10/10½	13·6 c	5 a	Unigate ... 5/-	13/10½*	13/9*	4·95	1¾
56/-	47/9	†9⅔ a	†10⅚ b	Brit. Amer. Tobac. ... 10/-	53/9	52/9	6·35	2½
25/4½	20/5¼	11·4 b	5 a	Gallaher ... 10/-	24/6	24/3	7·01**	2¼
54/9	39/-	15⅔ c	6 a	Imperial Tobacco ... £1	53/9	53/-	5·91	2
				INSURANCE				
6¼	5⅛	91⅔ c	43⅓ a	Britannic ... 5/-	5¼	5⅝	4·07	...
48/3	37/3	25 b	20 a	Commercial Union ... 5/-	38/3	39/3	5·73	...
6 3/16	4⅞	†26⅔ c	†26⅔ c	Equity & Law Life ... 5/-	4⅞	4⅞	2·23	...
68/9	42/3	25 b	12½ a	General Accident ... 5/-	44/3	46/9	4·01	...
40/3	27/3	15 b	11⅔ a	Guardian ... 5/-	28/9	30/9	4·33	...
12⅛	8⅝	50 b	50 a	Legal & General ... 5/-	9 3/16	9 3/16	2·72	...
162/6	105/-	13 b	11 a	Northern & Empl. ... £1	107/6	115/-	4·17	...
11¼	9 3/16	†95 b	†20 a	Pearl ... 5/-	9¼	9¼	5·08	...
26½	21	†291⅔ c	†125 a	Prudential 'A' ... 4/-	24⅛	24½	3·89	...
40/-	33/6	16⅔ b	15 a	Royal ... 5/-	35/9	35/6	4·46	...
95/-	69/9	11¼ b	7½ a	Royal Exchange ... £1	69/9	71/3	5·26	...
				MOTORS & AIRCRAFT				
17/10½	11/9	5 a	5 b	Birfield ... 5/-	13/9	13/10½	3·60	3½
18/-	13/8¼	20 c	20 c	British Motor ... 5/-	14/10½	14/9¾	6·75	1¾
47/6	26/9	10 c	12½ c	Jaguar Cars 'A' ... 5/-	32/3	32/-	1·95	6¾
11/9	6/11½	4 c	4 c	Rootes Motors 'A' ... 4/-	7/1½	7/-	2·29	3
56/-	37/2¼	2½ a	8½ b	Leyland Motors ... £1	53/6*	53/9*	4·09	1¾
24/-	15/-	8½ b	5 a	Bristol Aeroplane ... 10/-	16/3	15/6	8·71	2
39/6	27/4½	7 b	5 a	Hawker Siddeley ... £1	30/7½	30/6	7·87	1¾
39/-	23/8¼	7½ b	2½ a	Rolls-Royce ... £1	35/10½	36/9	5·44	2
37/-	27/3	†8 c	†3¼ a	Dowty Group ... 10/-	33/-*	33/9*	3·87	2
31/6	25/7½	13·8 c	5 a	Dunlop Rubber ... 10/-	29/6	30/4½	4·54	1½
40/3	32/9	2½ a	5⅚ b	Joseph Lucas ... £1	35/-	35/3	4·73	2½
22/10½	13/3	20 c	9 a	Pressed Steel ... 5/-	18/3	18/6	5·41	¾
35/3	27/7½	4 a	8½ b	Triplex Holdings ... 10/-	29/7½	30/1½	4·15	2½
				PAPER & NEWSPAPERS				
49/6	38/-	20 b	5 a	Financial News ... 5/-	43/6	44/6	2·81	2¾
72/-	56/-	30 b	7½ a	Financial Times ... 5/-	63/6	64/-	2·93	2½
20/6	15/-	14 b	6 a	Internat. Publishing ... 5/-	16/10½	16/7½	6·02	1½
31/6	26/-	16 b	14 a	News of the World ... 5/-	29/9	30/9	4·88	2
64/6	49/-	11 c	4 a	W. H. Smith & Son 'A' £1	53/9	54/-	4·07	2
24/3	16/-	14 b	10 a	Thomson Org'n. ... 5/-	19/-	20/1½	5·96	1½
51/9	40/-	6¼ b	5 a	Bowater Paper ... £1	44/-	43/3	5·20	1½
25/3	19/6	22½ a	10 a	British Printing ... 5/-	21/6	21/-	5·96	1¾
36/-	27/6	10 c	13⅛ c	Bunzl Pulp ... 5/-	30/-	29/9	2·52**	4¼
65/7½	52/3	11 b	5 a	Reed Paper ... £1	55/9	55/9	5·74	1½
61/6	43/-	10 b	4 a	Wiggins Teape ... £1	45/6	45/6	6·15	2
				STEEL				
38/-	26/-	6 a	10 b	Colvilles ... £1	31/-	30/6	10·49	1½
30/3	21/3	4 a	10 b	Dorman Long ... £1	26/-	27/-	10·37	1½
27/-	19/3	3½ a	6½ b	Lancashire Steel ... £1	20/9*	20/3*	9·88	1
27/-	14/4½	4 a	8 b	South Durham ... £1	18/9	18/6	12·97	1
25/6	17/9	3¾ a	6¼ b	Steel Co. of Wales ... £1	19/10½	19/6	10·26	...
39/6	24/9	5 a	12½ b	Stewarts & Lloyds ... £1	34/3	34/-	10·29	1½
38/4½	27/6	6 a	10 b	John Summers ... £1	31/1½	30/3	10·58	1¼
37/9	23/9	6 a	9 b	United Steel ... £1	31/3	30/3	9·92	1

Prices, 1964/65 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Jan. 27, 1965	Price, Feb. 3, 1965	Yield, Feb. 3, 1965 %	Cover
				MISCELLANEOUS				
26/6	18/9	20 b	10 a	Assoc. British Picture 5/-	25/7½*	24/10½*	6·03	1
14/11¼	8/2¼	10 a	12½ b	Assoc. Television 'A' 1/-	14/11¼	14/11¼	[illegible]	2
28/9	25/1½	3 a	6½ b	Wm. Baird ... £1	28/6	28/9	[illegible]	2
25/4½	19/3	18 c	9 a	Beecham Group ... 5/-	20/4½	19/10½	4·53	1¾
23/3	17/3	[illegible]	[illegible]	Bookers ... 10/-	18/9	19/-	[illegible]	2½
[illegible]	[illegible]	7½ b	3½ a	British Match ... £1	41/4½	42/4½	[illegible]	2
13/-	8/9	3 a	7 b	British Oxygen ... 5/-	9/7½	9/10¾	[illegible]	1¾
12/-	9/1½	[illegible]	3 a	British Ropes ... 5/-	10/4½	10/6	[illegible]	1¾
16/1½	9/10½	45 a	[illegible] a	Butlin's ... 1/-	10/9	10/7½	[illegible]**	1
39/10½	28/9	10 b	5 a	De La Rue ... 10/-	30/3	30/-	[illegible]	1½
28/6	[illegible]	[illegible]	12 c	Drages ... 5/-	19/-	18/9	[illegible]	2¼
24/10½	20/-	13¾ c	6 a	Gestetner 'A' ... 5/-	23/6	[illegible]	[illegible]	[illegible]
34/6	27/9	[illegible] a	8 b	Glaxo ... 10/-	32/-	31/9	[illegible]	2¼
57/-	43/4½	2·14 a	12 b	Harrisons & Cr. Defd. £1	46/4½	45/6	[illegible]	2
51/3	43/3	55 b	15 a	Hoover 'A' ... 5/-	46/1½	45/7½	[illegible]	2
114/-	95/6	12·04 b	8·04 a	Hudson's Bay ... £1	97/9	98/-	[illegible]	2¼
58/9	39/3	4¼ a	7½ b	ICT ... £1	48/-	48/-	7·69	2
33/3	17/9	12 b	11 a	Mecca 'A' ... 5/-	19/3	18/10½	6·09	1
48/9	31/9	13·4 c	12½ a	National Canning ... £1	32/10½	34/-	7·35	1
24/9	19/10½	7 b	3 a	Powell Duffryn ... 10/-	20/6	20/7½	4·85	2
45/9	26/9	7½ a	11¼	Rank Organisation ... 5/-	29/9	29/6	3·18	2½
16/7½	11/7½	12½ c	4 a	Schweppes ... 5/-	12/1½	12/4½	5·06	1½
29/9¾	17/3¾	25 c	25 c	Sears 'A' ... 5/-	21/3	20/11¼	[illegible]	[illegible]
22/9	19/-	15 c	5 a	Steetley ... 5/-	22/-	22/6	3·33	2½
25/-	21/-	24 c	10 a	Thomas Tilling ... 4/-	22/3	22/-	[illegible]**	1½
47/-	37/6	[illegible] c	7 b	Turner & Newall ... £1	40/-	40/-	5·38	1¾
36/9	32/1½	22½ c	9⅝ a	Unilever ... 5/-	33/4½	33/4½	3·37	3
[illegible]	8 1/16	18·9 c	7·65 b	Unilever NV ... 12fl.	[illegible]	[illegible]	2·50	3
15/-	10/9	10 b	5 a	United Glass ... 5/-	10/10½	10/10½	6·90	1¼
42/6	23/3	†4⅙ a	†10⅚ b	United Molasses ... 10/-	28/6	27/-	9·07	1¼
				MINES				
248/9	196/3	60 b	40 a	Anglo-American ... 10/-	245/-	246/3	4·06	1¾
98/3	79/-	10 a	20 b	Consolid. Gold Fields £1	94/6	92/-	6·52	2¼
146/3	118/1½	20 b	15 a	General Mining ... £1	135/7½	132/9	5·23	2
106/9	71/6	136 c	40 a	Union Corporation ... 2/6	105/3	104/-	3·27	3¾
136/3	98/1½	70 a	120 b	Free State Geduld ... 5/-	126/3	123/9	7·68	1¼
109/4½	83/9	33 a	33 b	W. Driefontein ... 10/-	103/9	101/10½	6·48	2
66/3	41/3	6¼ a	8¾ b	Western Deep 'A' ... £1	61/10½	60/7½	4·95	6¾
210/7½	152/6	115 a	160 b	Western Holdings ... 5/-	205/-	199/4½	6·90	1¼
66/-	46/3	36⅔ b	13⅓ a	Chartered ... 15/-	61/6	61/9	6·48**	...
72/6	55/7½	30 a	40 b	Rhod. Anglo-Amer. 10/-	60/-	[illegible]	14·81h	1¼
51/7½	38/9	7½ a	14 7/16 b	Roan Selection Tst. ... £1	39/6	41/3	10·64h	2
15/4½	10/3	7½ c	7½ c	Tanganyika Cons. ... 10/-	12/-	11/9	6·38	1¼
151/3	111/3	150 c	60 a	De Beers Defd. Reg. ... 5/-	144/4½	145/-	5·17	2
$178	$136	$2·25 c	$2·75 c	Internat. Nickel ... n.p.v.	$160½	$158½	3·10	...
24/1½	16/1½	30 b	7½ a	London Tin ... 4/-	18/7½	18/4½	8·16	1½
35/6	27/4½	17½ c	5⅝ a	RTZ ... 10/-	30/4½	30/-	5·83	1¾
26/6	18/-	50 c	32½ a	Tronoh ... 5/-	20/-*	19/9*	12·66	1
				SHIPPING				
50/9	40/3	2 a	5½ b	Anglo Norness ... £1	41/9	43/-	3·49	4
21/9	17/-	10·7 c	4 a	Brit. & Com'wealth 10/-	18/7½	18/9	5·71	1¼
17/10½	13/9¾	4 c	5 c	Cunard ... £1	15/2¼	17/0¾	5·86	...
37/-	26/-	8 c	10 c	Furness Withy ... £1	36/-	32/9	6·11	...
33/6	22/10½	10·7 c	3 a	P & O Defd. ... £1	29/1½	29/9	6·72	...
17/-	10/3	3 c	3 c	Royal Mail ... £1	14/9¾	14/5¼	4·16	...
				TEXTILES				
11/11¼	7/10½	10⅛ c	6 a	English Sewing Cotton 5/-	10/3	10/3	5·85**	1¾
23/4½	16/11¼	20 c	8⅓ a	Courtaulds ... 5/-	21/10½	21/9	4·60**	1¾
72/9	57/6	6 a	12 b	West Riding Worsted £1	57/6	58/-	6·21	2
29/-	19/4½	7½ b	2½ a	Woolcombers ... £1	19/10½	20/1½	9·94	1
11/8¼	7/9¾	4 a	10 b	Calico Printers ... 5/-	10/11¼	11/2¼	6·26	2½
50/7½	37/9	12½ c	4⅜ a	Coats, Patons & B. ... £1	43/4½	43/7½	6·19**	1½
23/-	10/11¼	5 c	15 c	Viyella Int. ... 5/-	19/3	20/-	4·38**	1¾
				TRUSTS & PROPERTY				
26/3	21/-	15 c	7 [illegible]	Alliance Trust ... 5/-	23/4½	23/4½	3·21	1¼
59/9	47/10½	37½ b	25 c	BET 'A' Defd. ... 5/-	53/1½	52/1½	6·00	1½
20/4½	15/4½	6¼ a	7⅛ b	Cable & Wireless ... 5/-	16/10½	17/1½	3·94	1¼
23/-	15/6	9½ b	5½ a	Philip Hill ... 5/-	19/-	18/3	4·11	1½
33/3	25/9	23 c	11½ a	Industrial & General ... 5/-	28/9	29/3	3·93	1¼
44/-	23/-	17½ b	12½ a	City Centre Props. ... 5/-	27/1½	25/4½	5·91	1
78/-	53/-	16 c	6 a	City Lond. Real Prop. £1	58/-	57/6	5·57	1
21/8¼	15/-	5¼ b	2 a	Land Securities ... 10/-	17/10½	17/8¼	4·10	1
33/-	23/6	16⅔ c	4⅙ a	Lond. Cnty. Freehld. 10/-	26/10½	27/1½	6·15	1
				TEA & RUBBER				
53/6	43/-	†17½ b	†2½ a	Cons. Tea & Lands ... £1	46/3	47/-	13·90	1½
28/9	23/9	†3 a	†5 b	Jokai (Assam) ... £1	23/9	23/9	11·00	...
3/10½	3/-	20·8 c	8⅓ a	Highlands & Lowlands 2/-	3/3¾	3/4½	12·33	1½
4/3¾	3/2¼	23⅔ b	5 a	London Asiatic ... 2/-	3/7½	3/6¾	15·91	1½
60/7½	45/9	24 b	8 [illegible]	United Sua Betong ... £1	51/-	49/6	12·93	1½

UNIT TRUST PRICES

	February 3		Yield
A. E. & G. Un. Tst.	16/6½	17/4½	4·03
Bank Insurance	6/5½	6/9½	3·72
Bank Units	10/6	11/1*	3·[illegible]
Brit. Ind. Flex, 1st	6/4½	6/8¼	5·68
" " " 2nd	23/1	24/2	5·80
" " " 3rd	6/7	6/11	5·58
" " " 4th	27/-	28/2*	5·60
British Life Units	5/7½	5/11½	3·65
B. S. International	12/11½	13/7*	3·82
Brit. Shareholders	14/8	15/5½	4·35
Capital Units	7/10½	8/3½	3·29
Commonwealth	11/6½	12/3½	[illegible]
Community Un.	3/4¾	3/6¾	[illegible]
Consol'd. BITS	13/11	14/8	[illegible]
Domestic Unit Fd.	5/4¼	5/7½	4·53
Elect. & Ind. D.	12/11½	13/7	5·50
Falcon Trust	5/3	5/7	5·23
First Prov. 'Res.'	14/4	15/1*	4·08
Income Units	6/-	6/4	5·32
Insurance Units	6/9½	6/7½*	[illegible]

	February 3		Yield
Investment Trust	8/3½	8/7½	3·25
M. & G. Gen. Tst.	13/11	14/6½*	4·98
Second M. & G.	11/3½	11/9½*	5·12
Metals & Mins.	17/5	18/3	6·72
Mid. Ind. & Gen.	11/8½	12/3*	4·82
Nat. B.I.F.S.	7/5¾	7/10½	4·08
New Issue	5/2	5/6*	4·05
Orthodox Unit	14/5	15/3	5·43
Overseas Units	5/3½	5/7½	4·05
Prolific	4/1½	4/4½	4·30
Scotbits	5/0½	5/3½*	3·17
Scotshares	5/10½	6/2½	4·41
Scot-Units	7/8	8/0¾	4·72
Security 1st	9/3½	9/9¼	5·28
Shield Unit Fund	5/3¼	5/6½	[illegible]
Southern Units	5/-	5/4	4·71
T.E.T. Cap.	22/-	22/6	3·47
T.E.T. Inc.	24/3	24/9	5·45
Unicorn Trust	7/1	7/6	4·18
Welsh Dragon	5/1½	5/5½	4·07

** Yields based on assumed dividends :—Acrow (Eng.) 'A', 23·1%. BICC, 15%. BOLSA, 9½%. Bunzl Pulp, 15%. Burmah Oil, 11⅓%, tax free. Butlin's, 55%. Chartered, 26⅔%. Coats, Patons & B., 13½%. George Cohen, 10⅔%. Richard Costain, 20%. English Sewing Cotton, 12%. Fitch Lovell, 14%. Gallaher, 17%. General Electric, 7½%. Grattan Warehouses, 30%, after scrip issue. Marks & Spencer 'A', 28¾%. Renold Chains, 9%. A. Reyrolle, 8·4%. Spillers, 12½%. John Thompson, excludes special bonus, 4%. Thomas Tilling, 27½%. Viyella Int., 17½%. Wellman Smith Owen, 15%.

MONEY AND EXCHANGES

KEY MONEY AND ARBITRAGE RATES

February 3

London

	%		%
Bank rate (from 5%, 23/11/64)	7	**Market discount rates (3 months')**	
Deposit rates		Treasury bills	$6\frac{21}{32}$
7 days' notice:		Bank bills	$6\frac{3}{4}$–$6\frac{13}{16}$
Clearing banks	5	Fine trade bills	$7\frac{3}{4}$–8
Discount houses	5		
Local authorities	$7\frac{1}{2}$	**Euro-dollar deposits:**	
3 months' fixed.		7 days' notice	$3\frac{3}{4}$–$4\frac{1}{4}$
Local authorities	$7\frac{1}{4}$–$7\frac{3}{8}$	3 months'	$4\frac{1}{4}$–$4\frac{3}{4}$
Finance houses'	$7\frac{3}{8}$		
Call money:		**Euro-sterling deposits (in Paris):**	
Clearing banks' minimum	$5\frac{3}{8}$	2 days' notice	$7\frac{1}{8}$–$7\frac{3}{8}$
Day-to-day spread	$5\frac{5}{8}$–$6\frac{3}{8}$	3 months'	$7\frac{1}{8}$–$7\frac{3}{8}$

New York

Treasury bills:		**Market paper:**	
January 27	3 85	Bank bills	4 13
February 3	3·89	Certs. of deposit	4 13
Forward cover (3 months'):			
Annual interest cost, US dollars			$2\frac{19}{32}$–$2\frac{25}{32}$

Covered Arbitrage Margins

	In favour of	
Treasury bills	New York	$\frac{1}{32}$
Prime bank bills	New York	$\frac{1}{32}$
Euro-dollar/UK local authority loans	London	$\frac{1}{8}$
Euro-dollars/Euro-sterling	London	$\frac{1}{16}$

These covered arbitrage margins show the differentials in rates on the particular sterling and dollar assets, as adjusted for the cost of forward exchange cover, shown above

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91-Day Average Rate of Allotment	Allotted at Max Rate*	Tender Issue Outstanding
1964	*91-Day*		s d	%	
Jan 24	210 0	363 3	74 3·81	36	3,100 0
Oct. 30	250 0	458 3	93 11 61	30	3,330·0
Nov 6	250 0	457·5	93 5 09	41	3,330 0
,, 13	240·0	422 6	93 3·71	33	3,320 0
,, 20	240·0	395 0	94 8·31	46	3,300·0
,, 27	220 0	327 9	132 7 25	63	3,260 0
Dec 4	200 0	335 1	132 4 62	37	3,200·0
,, 11	230·0	388 2	132 5·45	33	3,170·0
,, 18	200·0	332 9	132 5 83	40	3,070·0
,, 24	220·0	336 7	132 6·52	52	3,070 0
1965					
Jan. 1	190 0	336 7	132 5 39	28	3,000 0
,, 8	180 0	310 5	132 5 81	31	2,930 0
,, 15	170 0	321·2	132 5 68	20	2,850·0
,, 22	160 0	306 0	131 10·84	57	2,750·0
,, 29	160 0	324 7	130 10·29	41	2,660 0

* On January 29th tenders for 91-day bills at £98 7s 4d. secured 41 per cent, higher tenders being allotted in full. The offer for this week was for £160 million 91-day bills.

MONEY MARKET REPORT

At last Friday's Treasury bill tender the syndicate of discount houses raised its agreed bid for the second week in succession—this time by 3d. to £98 7s. 4d. As a result the average rate of discount fell by 1s. 0.55d. per cent to £6 10s. 10.29d. per cent., a fall of 1s. 7.39d. per cent in two weeks. The syndicate's action brought a quick reaction from the Bank of England for the same day five or six houses were forced to borrow a moderate amount at Bank rate; this was the first time the market had been forced into the Bank since mid January last year apart from the customary end year and half year periods. This medicine was repeated in a smaller dose on Tuesday, when even though the authorities gave a large amount of assistance—two or three houses were forced to borrow a small amount at Bank rate.

Clearly the Bank of England does not approve of any decline in interest rates at this stage, whatever Government ministers have said about a cut in Bank rate being made in weeks rather than months. But in raising their bid and thus forcing down the bill rate, the discount houses have pinpointed the present acute shortage of bills, which has reached the stage where the houses are finding it difficult to meet the demand for bills from the clearing banks. The shortage has been accentuated by the present low weekly bill offerings. And competition for the bills is increasing—applications last week were up by more than £18 million—so that despite the discount houses' higher bid their allotment was reduced from 57 per cent to 41 per cent. But by raising their bids in the past two weeks the houses now have some room for manœuvre.

Bank of England Returns

(£ million)	Feb 5, 1964	Jan. 27 1965	Feb 3, 1965
Discounts and advances	27 1	84 0	81 9
Notes in circulation	2,407 4	2 568 3	2,576 0

LONDON CLOSING EXCHANGE RATES

Spot

	Effective Limits	January 27	February 3
US $	2·78–2·82*	$2\cdot79\frac{1}{8}$–$\frac{1}{4}$	$2\cdot79\frac{7}{16}$–$\frac{9}{16}$
Canadian $	...	$2\ 99\frac{11}{16}$–$\frac{13}{16}$	$3\cdot00\frac{3}{16}$–$\frac{5}{16}$
French Fr.	13·622–14·027	$13\cdot68\frac{1}{8}$–$\frac{3}{8}$	$13\cdot69\frac{1}{4}$–$\frac{1}{2}$
Swiss Fr.	11·94–12·54$\frac{3}{8}$	$12\cdot07\frac{1}{8}$–$\frac{1}{2}$	$12\cdot08\frac{3}{8}$–$\frac{5}{8}$
Belgian Fr.	137·06–142·03	138·52½–57½	138·65–70
Dutch Gld.	9·98$\frac{3}{4}$–10·28$\frac{1}{2}$	$10\cdot03$–$\frac{1}{4}$	$10\cdot03\frac{7}{8}$–$4\frac{1}{8}$
W. Ger. Dm.	11·037–11·365	$11\cdot11\frac{1}{8}$–$\frac{1}{2}$	$11\cdot11\frac{5}{8}$–$\frac{7}{8}$
Italian Lire	1725–1775	$1744\frac{1}{8}$–$\frac{7}{8}$	$1746\frac{1}{4}$–$\frac{3}{4}$
Swedish Kr.	14·27$\frac{1}{4}$–14·70	$14\cdot32\frac{3}{4}$–34	$14\cdot35\frac{1}{4}$–$\frac{1}{2}$
Danish Kr.	19·06½–19·62	$19\cdot31$–$\frac{1}{4}$	$19\cdot32$–$\frac{1}{4}$
Austrian Sch.	72·25–73·345	72 12–15	72·20–23

* Official limits.

Three Months Forward

United States $	$\frac{15}{16}$–$1\frac{13}{16}$c. pm	$\frac{15}{16}$–$1\frac{13}{16}$c pm
Canadian $	$1\frac{13}{16}$–$1\frac{11}{16}$c. pm	$1\frac{7}{8}$–$1\frac{3}{4}$c. pm
French Fr.	$91\frac{1}{4}$–89c. pm	$89\frac{1}{4}$–$91\frac{1}{4}$c. pm
Swiss Fr.	$1\frac{13}{4}$–$1\frac{11}{4}$c. pm	$1\frac{3}{4}$–$1\frac{1}{2}$c. pm
Belgian Fr.	92–82c. pm	90–80c. pm
Dutch Gld.	8–7$\frac{1}{4}$c. pm	$7\frac{7}{8}$–$7\frac{5}{8}$c. pm
W. German Dm.	$10\frac{1}{4}$–10pf. pm	10–9½pf. pm
Italian Lire	10–9 lire pm	10½–9½ lire pm

Gold Price at Fixing

$ per fine oz	35·12–14	35·11½–35·13½

Investment Currencies

Investment $ (London): % pm	$8\frac{3}{8}$	$8\frac{1}{4}$
Security £ (New York): % dis	0·2	0·1

BUDGET CASH FLOW

Exchequer Returns

£'000	Estimate 1964–65	April 1, 1963, to Feb. 1, 1964	April 1, 1964, to Jan. 30, 1965	Week ended Feb 1, 1964	Week ended Jan 30, 1965
Ord. Revenue					
Income Tax	4,038,000	1,887,548	2,032,451	157,389	181,728
Other Revenue	3,417,000	3,394,592	3,757,111	90,694	104,653
Total	**7,455,000**	**5,282,140**	**5,789,562**	**248,083**	**286,381**
Ord. Expend.					
Supply Services	6,549,000	4,828,249	5,178,892	167,677	199,922
Other	839,000	659,762	655,625	499	8,047
Total	**7,388,000**	**5,488,011**	**5,834,517**	**168,176**	**207,969**
"Above-line" Surplus or Deficit		*205,871*	*44,955*	79,907	78,412
"Below-line" Expenditure*		423,911	717,113	47,017	31,728
Total Surplus or Deficit		**629,782**	**762,068**	**32,890**	**46,684**
Non Market Borrowing					
Net receipts from					
National Develop. Bonds		–	135,817	—	2,378
Tax Reserve Certificates		4,665	31,041	*-15,717*	*-34,189*
Savings Certificates		*-15,900*	*-18,400*	*-600*	*1,700*
Defence Bonds		14,806	*-58,274*	885	*1,656*
Premium Savings Bonds		35,500	45,200	2,200	2,300
Total		**39,071**	**135,384**	**-13,232**	**-32,867**

* Net repayments to Civil Contingencies Fund £9 million in 1964–65 compared with £2 million in 1963–64

PROFITS AND DIVIDENDS

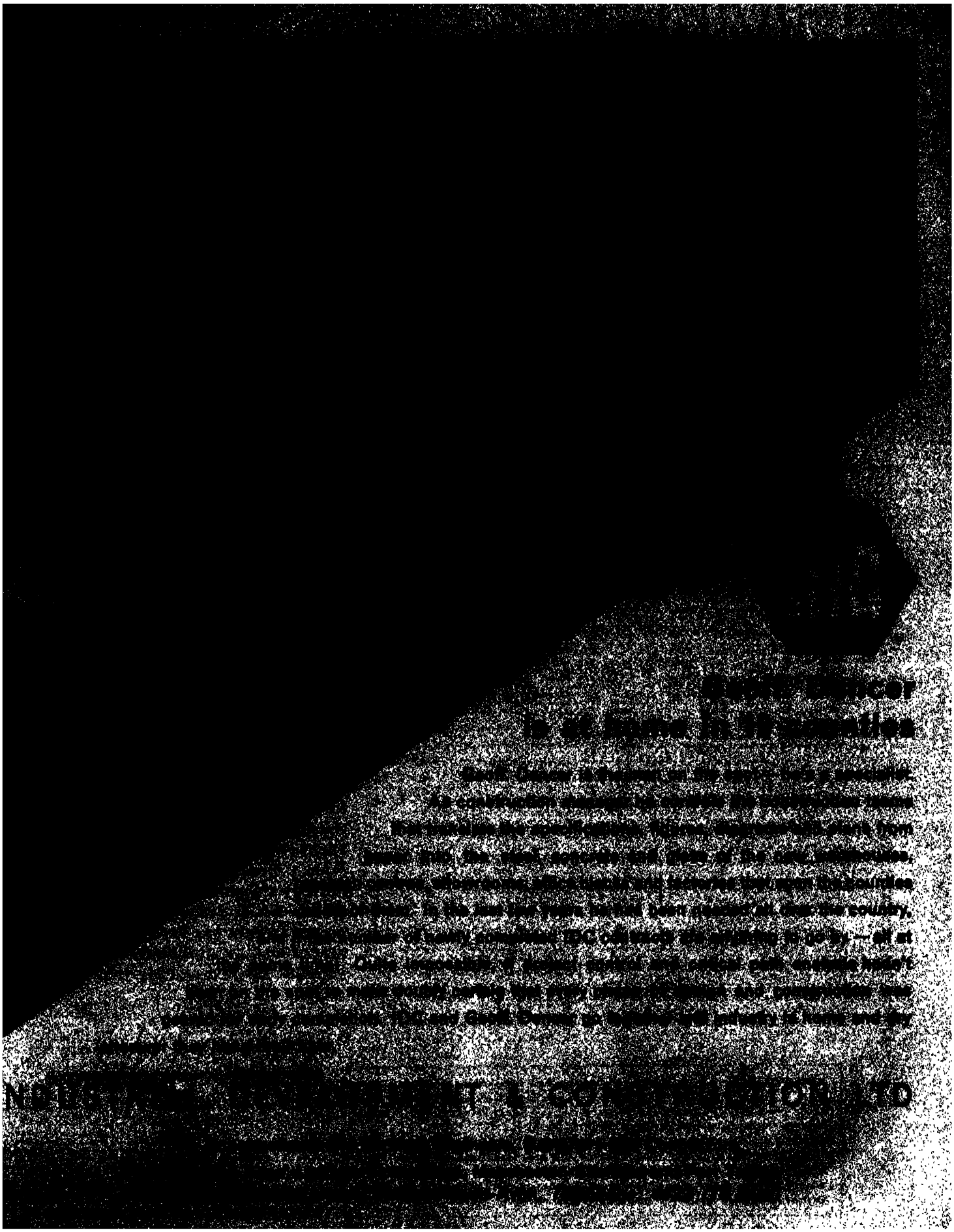
The steel companies, as usual, dominate the January profit figures and contributed almost one half of the trading profits of the 98 companies whose accounts were analysed last month. Profits of the steel companies rose by over 31 per cent against an average rise of 22½ per cent while profits of the other major industrial groups rose by 16 per cent. Outside steel a number of important companies published their accounts last month and Watney Mann, Bass Mitchells and Butler, International Computers, Turner and Newall and British Oxygen all showed good gains. Of the companies earning over £10 million Ross Hovis McDougall was the only one to show a relatively modest increase in its profits.

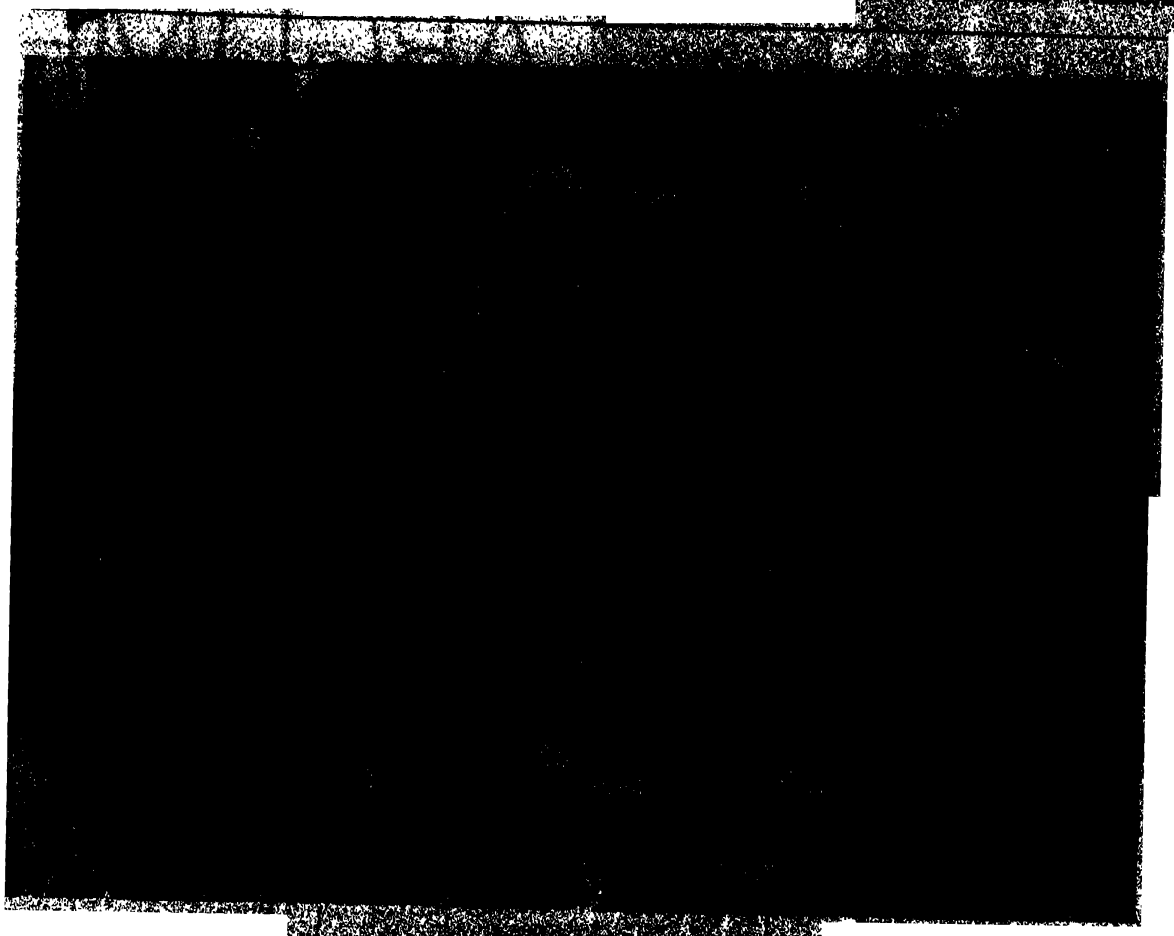
The heavy weighting of the steel companies (offset partially by the fact that the Steel Company of Wales results went sharply against the trend) limits the conclusions that can drawn from the past month's figures. But excluding the steel companies the increase in profits was well down on the 22.2 per cent average for the last quarter of 1964. Companies are finding it more difficult to maintain their recent growth in profits but so far the boom in company profits seems to have no more than topped off.

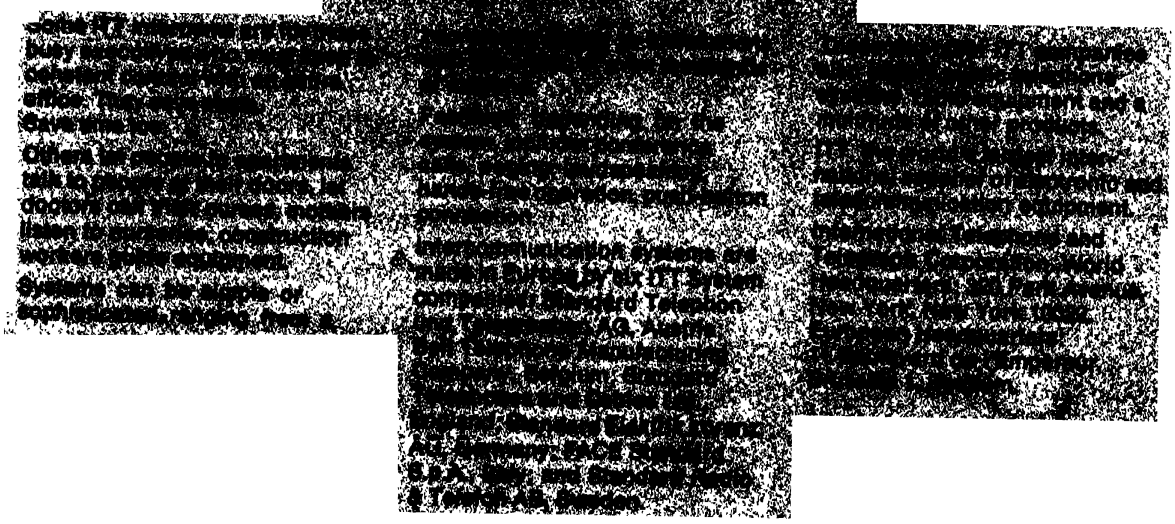
COMPANIES REPORTING IN JANUARY, 1965

	Total (98) Prev. year £m	Total (98) Latest year £m	Excluding Iron and Steel (81) Prev. year £m	Excluding Iron and Steel (81) Latest year £m
Trading profit	252 3	309 4	147·1	170·8
Gross profit	126·5	171·2	95 1	113·0
Net equity earnings	58·3	81·0	44 9	51 6
Net Ordinary dividends	40 8	50 3	23 7	27 6
Times covered	*1·4*	*1·6*	*1·9*	*1·9*
Net equity assets	1,216·6	1,313 6	590 1	632·4
	%	%	%	%
Gross profit/net equity assets	*10·4*	*13·0*	*16·1*	*17·9*
Net equity earnings/net equity assets	*4·8*	*6·2*	*7 6*	*8 2*

Registered as a Newspaper. Authorised as Second Class Mail, Post Office Dept., Ottawa. Printed in England by St. Clements Press Ltd., London, E.C.4. Published by The Economist Newspaper Ltd at 25 St. James's Street London, S.W.1. Telephone: Whitehall 8155. Postage on this issue: UK 4½d. Overseas 9½d







THE ECONOMIST □ THIS WEEK

FACE TO FACE

This week's air attacks on targets in North Vietnam are meant to convey to Mr Kosygin the importance of persuading the communists in Vietnam not to push their luck too far. The Russian prime minister's visit to Hanoi marks a reawakening of Soviet interest in the area. Whereas China would like to humiliate America, the Russians may favour a compromise solution. Can the United States accept such a plan? It depends on what "compromise" would mean. Being resolute now may help to get Mr Kosygin's definition of the word right **page 637.** Part of Britain's Labour party is not being resolute **page 642.** And Vietnam reveals a hole that still gapes in "the McNamara strategy" **page 683.**

WILL AMERICA'S DOLLARS STAY HOME?

President Johnson's proposals for dealing with the deficit in America's balance of international payments may not be any more effective than were President Kennedy's, since neither increases in interest rates nor exchange controls are included in the package **page 667.**

HOW SHOULD FOREIGN INVESTMENT BE TAXED?

There is a *prima facie* case for some discrimination, in tax treatment, against foreign investment by British companies—since much of Britain's balance of payments trouble arises from the capital account. But the discrimination ought to be selective—and the first requirement is a detailed analysis of the pluses and minuses of different kinds of investment overseas. Corporation tax, largely incidentally, will introduce such a discrimination; but whether the effects of it here will be desirable or efficiently directed does not appear to have been thought through **page 687.**

ECONOMIC POLITICS

If this Friday's trade returns for January are reasonably satisfactory, the British Government clearly wants to make an early reduction, say of 2½ per cent, in the import surcharges. Once it had done that, it would be very likely to want to reduce Bank rate too; probably wrongly, because it might then feel obliged to introduce undesirable tax increases in next April's budget. What effect might all this have on the possibility of an early general election? **page 642.**

BRUMMAGEM TACTICS

Labour and Conservatives are now elbowing each other to show which is the tougher on immigration. There are cheap votes in this. But the problems of colour will not be solved at the ports: they must be tackled where the immigrants already live **page 638.**

COAL'S CASE TO ANSWER

If the National Coal Board is closing down collieries as fast as it can without labour trouble, what is it to do with the coal overflowing from its super-mines in the Midlands? Lord Robens thinks he knows; the miners are sure; the Government is temporising and has a genuine economic (as well as political) problem on its hands. Some suggestions for solution **page 640.**

DE GAULLE'S GOLDEN GATE

Having scattered his opponents in the Atlantic alliance, at any rate for the moment, President de Gaulle has, for the first time in positive form, produced his own grand scheme for the future of Germany and Europe **page 654.**

ARMS FOR ISRAEL

Probably the only practicable way of lessening the danger of a war between Arabs and Israelis is still to try for some kind of arms balance. Since Egypt has a generous supply source in the Soviet Union, it is up to the West to prevent the Israeli scale from tipping too low. But this should be done openly, and with the aim clearly explained. Surreptitiousness may create, as it has now with west Germany, a lamentable mess **page 639.**

PAKISTAN'S BASIC DEMOCRACY

Why do Pakistani intellectuals detest President Ayub Khan's regime beyond reason? What do officials in a state dedicated to free enterprise mean when they say they aim at a "socialistic pattern"? Will East Pakistan ever catch up with West Pakistan? Our special correspondent makes a bid to answer these and other questions **page 649.**

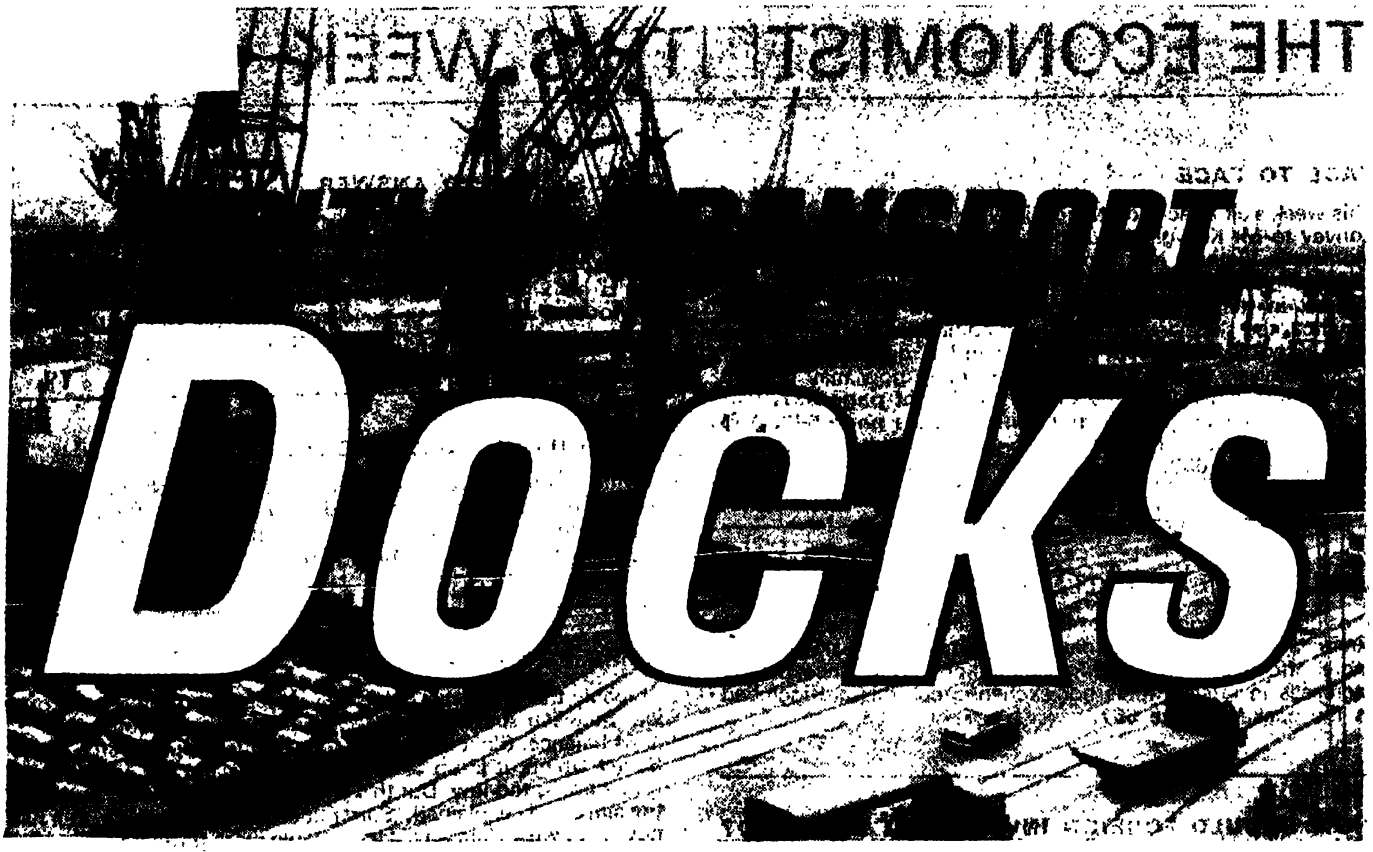
THE POLITICS OF COLOUR

A choice on technical grounds between the three systems of colour television should be possible. But politics and national pride may prevent any agreement among the Europeans, West and East alike, when they meet in Vienna next month **page 691.**

BUSINESS BRIEF: OPINIONS POLLED—USEFUL OR NOT?

According to the latest FBI survey British businessmen are still optimistic about their investment plans; but there are signs of a possible downturn within a year.

Judging by *konjunktur* surveys carried out in Britain and the common market, businessmen seem better judges of the current situation and of their future prospects than of the past **pages 688-690.**



PROGRESS

SCOTLAND
GRANGEMOUTH METHIL BURNTISLAND
AYR TROON

N.E. COAST
HARTLEPOOLS MIDDLESBROUGH

EAST COAST
HULL GOOLE GRIMSBY IMMINGHAM
KING'S LYNN LOWESTOFT

SOUTH COAST
SOUTHAMPTON PLYMOUTH

SOUTH WALES
CARDIFF SWANSEA NEWPORT
BARRY PORT TALBOT

N.W. COAST
GARSTON FLEETWOOD BARROW
SILLOTH

To keep pace with expanding trade, British Transport Docks are carrying out many modernisation and development schemes. In 1964 an expenditure of £10 million was authorised for such work, including the provision of new berths and transit sheds suitable for up-to-date cargo handling techniques; cranes and other mechanical appliances; and improved facilities for road transport. Some of the schemes are for specialised berths, including container and roll on/roll off operations. Technical and operational research is also being stepped up as is education and training for members of the Board's staff.

Information from
Docks Managers, or from
BRITISH TRANSPORT DOCKS
Melbury House, London, N.W.1.

BRITISH TRANSPORT Docks

A NATIONWIDE PORTS SERVICE

©9089

SECOND CLASS POSTAGE FOR *THE ECONOMIST* PAID AT NEW YORK, N.Y.
Published weekly every Saturday, fifty-two times a year in London, England

LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available

Nuclear Arms

SIR—You accept that European dislike of American nuclear hegemony can only be solved through a degree of European control over nuclear arms, a control in which west Germany would, as you say, necessarily have a share. This would destroy for decades any hope of German and European reunification (Warsaw is in Europe, too). Besides, you have no reason to suppose that any of the participants in this European power would be any more satisfied than Britain is now: it would not diminish the Olympian, monolithic autonomy of American nuclear power, and our final dependence on it.

But if America were to accept real interdependence and merge the entire Strategic Air Command and Polaris fleet into a single western nuclear force, fully multilateral, with Europeans at every level and in every chain of command—what European country, with the freedom to participate in such an organisation, could refuse the sole right of the American President alone to decide its use?

This project is, of course, difficult; but contrary to yours, and all those that would maintain a separate European power of decision, it is something like a solution, to German aspirations and Russian fears of them, and to the gaullist and British nightmare of American isolationism.—Yours faithfully, JAMES WIMBERLEY
Strasbourg-Neudorf, France

Tory Leaders

SIR—I was delighted with your Memorial to Rab. Every word of praise is more than justified. But why do you describe Mr Macmillan as a very big man?

He appears to have been in Suez up to the neck. He delayed the common market application until too late, and then failed to placate de Gaulle and win him over. He failed to provide himself with a reserve programme to cover his failure. As a consequence he could only drift and bumble from Rambouillet to Blackpool, so that even the *Telegraph* spoke of "this accident-prone government."

Finally, rather as if he owned the freehold of his office, he chose a Scotch landowner, who thought economics just common sense, as leader of a highly industrialised country that was lagging behind in balance of payments trouble.

If any other politician built up such an overdraft of mistimings and misjudgments, your comments would be caustic and unflattering. Why should this one man be afforded an indulgence that is unique?

Last week you remarked that the Tories have got "the wrong man to lead them." That is only half of it. They have had poor leadership for at least three years. That is why they are now in the doghouse.—Yours faithfully, H. B. BARWISE
Wheatley, Oxford

Hispanidad

SIR—I was shocked by your correspondent's blunt and direct association of *Hispanidad* with the backwardness of Spanish Railways. Does he think *Hispanidad* refers to what tourists find typical of Spain and Spanish people?

In this case I suggest that he chooses a better word. *Hispanidad* is a short for the highest ideals and aspirations of Spaniards. Backwardness in the railways is certainly not one of these ideals, but perhaps a by-product of excessive concern with our soul rather than our body. There are many people who think that *Hispanidad*, and Spain, can very well afford some progress. —Yours faithfully, F. SAN JUAN
London, SW5

Crude Etymology

SIR—It is gratifying that the French, with their sternly grammatical language, find it hard to translate such a hotch-potch of juxtaposed nouns as "currency reserve unit." But just what is *cru*? As an adjective it means raw; as a noun it is a growth of wine, most usually an unpretentious local growth, unsuitable for export. As part of a verb it is more significant. *Cru* is the *past* participle of *croire*, meaning to believe. Add a circumflex and the meaning is more revealing yet: *crû* is the past participle again, this time of *croître*, meaning to grow, develop or expand. And even the general could scarcely have dreamed up a combination of a mere three letters which, as pronounced in French, will more quickly betray the Anglo-Saxon tongue.—Yours faithfully, C. KING
London, W1

POINTS

Forgive my writing about a subject which in the past has almost been milked dry—establishment of the metric system for exports of the sterling bloc. Doubtless there are valid reasons for maintaining a *status quo* regarding pounds, shillings and pence within the Commonwealth. But is it shrewd to offer export goods under these denominations? I am no mathematician but surely exporters can quote £26.75 instead of £20 15s. without impairment to self-esteem? Prospective importers are prone to look askance at a quotation of 79s. 6d. for a sparklet syphon whereas a rounded figure of £3.99 may elicit a positive reaction.—J. G. ALBORTA, *La Paz, Bolivia.*

★

The Economist should know that Macmillan never did say 'Exporting is fun' ("Are Exporters Clubbable"? January 30th). What happened was that these words were certainly included in the advance copies of the speech which went out to the agencies early that day and thus got into the early editions of the evening newspapers. I was at Church House and I can assure you that Macmillan omitted these words when he delivered the speech.—PETER LENNARD, *Danbury, Essex.*

★

You are usually so accurate! In your Kuwait piece (February 6th) there are references to the sale of "whiskey" there. What, no Scotch?—A. G. MCBAIN, *Glasgow, C.2.*

★

The Prime Minister has announced that an "Honours List" for industrial achievement is to be compiled, based upon American custom. The first recipients should be the American aerospace companies for their great achievement in selling Phantoms, Polaris and C.130 to the British Government, when our own aerospace industries are being denied existence. Such an award would be most fitting for seven years of persistent American effort to deprive Britain's industries of their most valuable markets.—L. SEFTON, Managing Director, Premier Precision, Ltd., *Bracknell, Berks.*

EUROPEAN TRENDS

The second issue, just out, includes:

a guide to the latest European tariff cuts

a clear account of the EEC cereals price agreement and its implications

a special article on EEC relations with Southern Europe

detailed figures of intra-EFTA trade

besides information on other key developments and regular statistics.

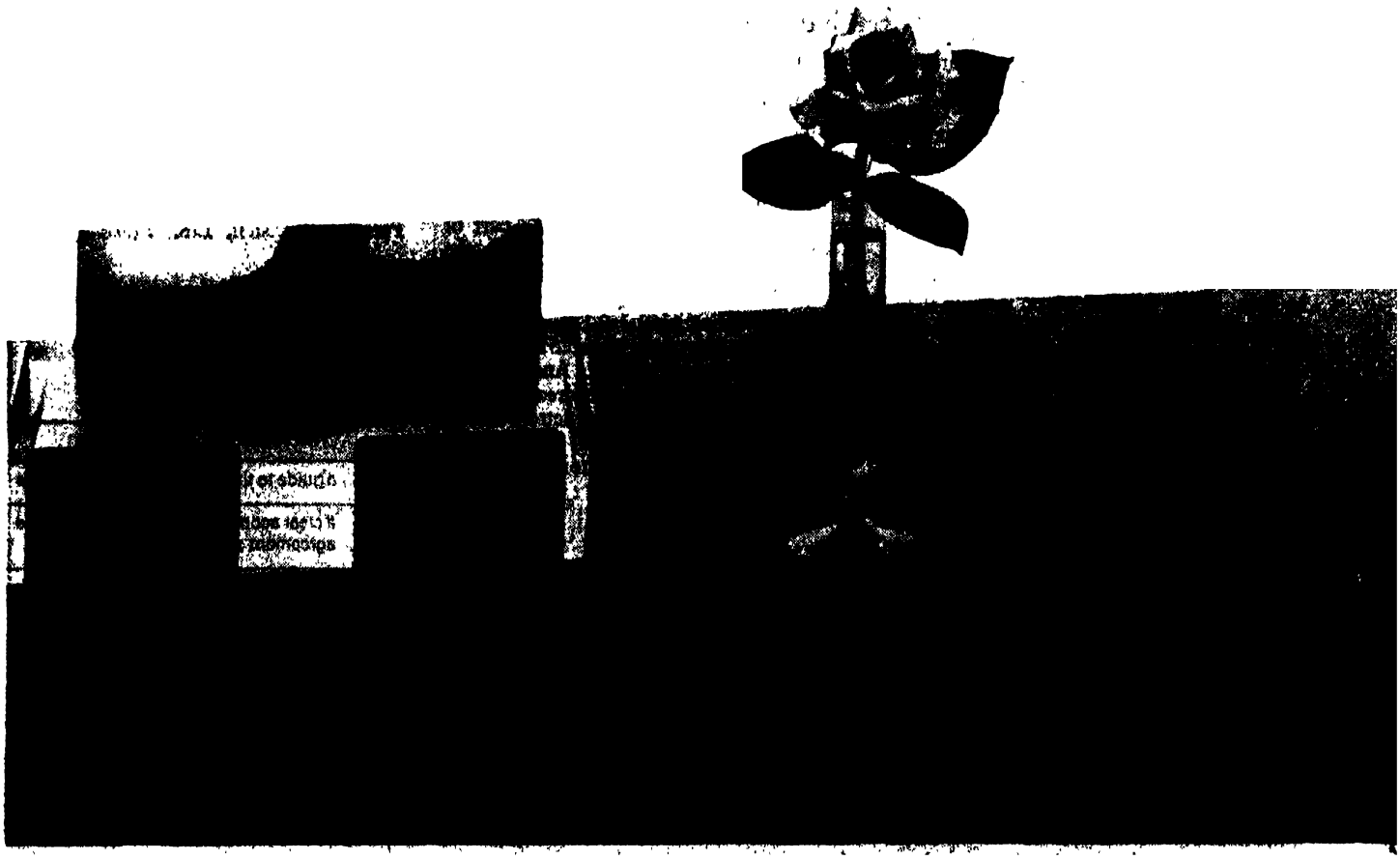
Further details from:
THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St. James's Place London SW1
Telephone HYDe Park 8711 ext 27
60 East 42nd Street New York 17 NY
Telephone Murray Hill 1-[illegible]

From the success of the Rank Xerox 914 Copier springs the new 813

ve xerocopies!
of the new
Xerox 813, a remarkably compact machine specially designed for smaller organisations with limited space and lower volume of copying.

The Rank Xerox 813 incorporates all the important features of the

Now everyone can have xerocopies



xtremely successful 914: dry copying of anything written, typed or printed in any colour on to ordinary bond paper.

And like the 914, it will make the same startling difference to the sharing of information in your organisation.

*Xerox is a registered trade mark of Rank Xerox Limited.

To all users of the Rank Xerox 914

If your output of xerocopies is exceeding the capacity of your 914, you will find the compact new 813 a useful auxiliary to keep work flowing smoothly, even during peak loading. Ask your secretary to clip this coupon for full details.

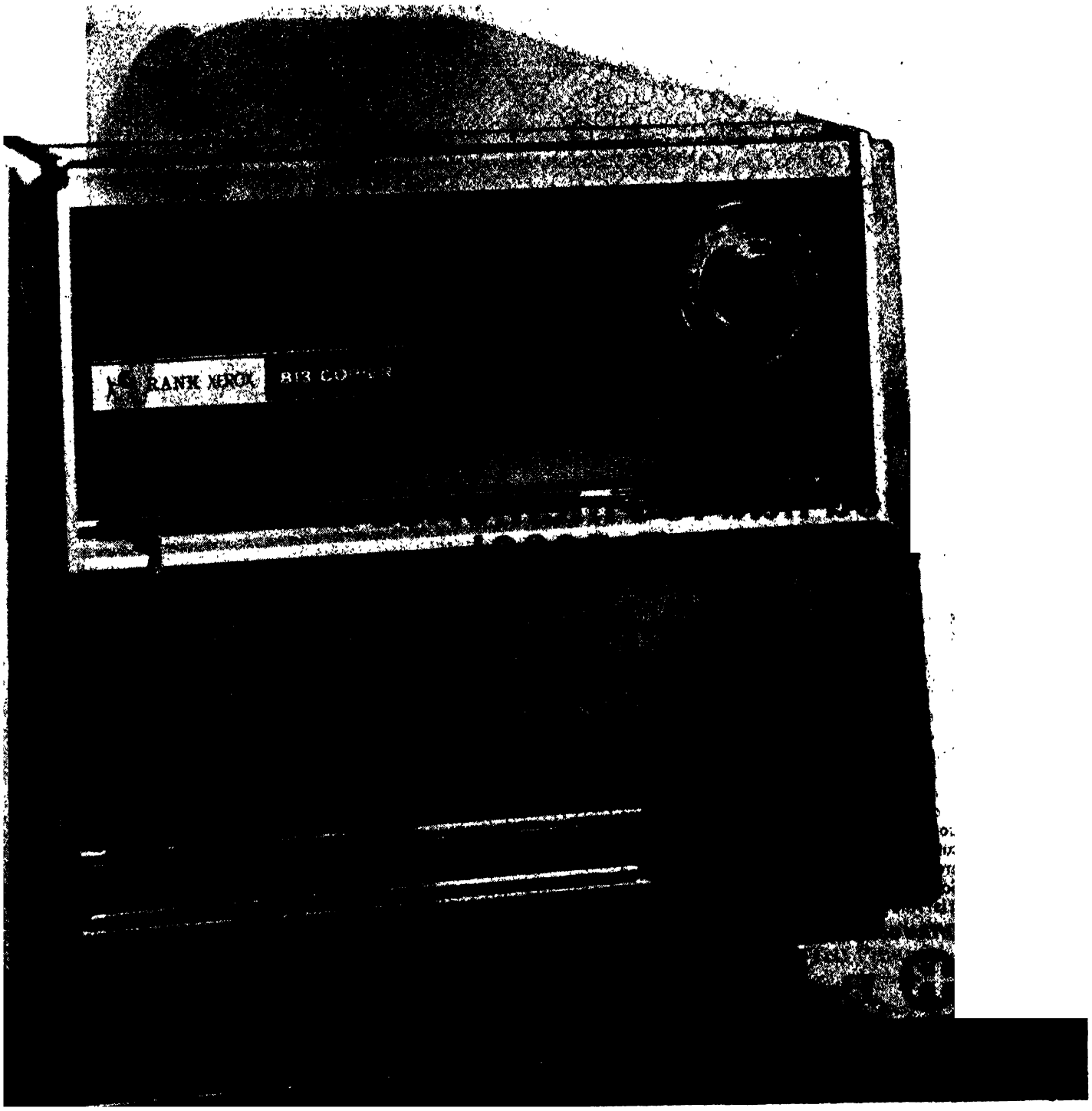
To Dept. 6.3A, Rank Xerox (Sales) Limited, 94-96 St. Pancras Street, W.1
Museum 3010.
Please send me full information on the Rank Xerox 813.

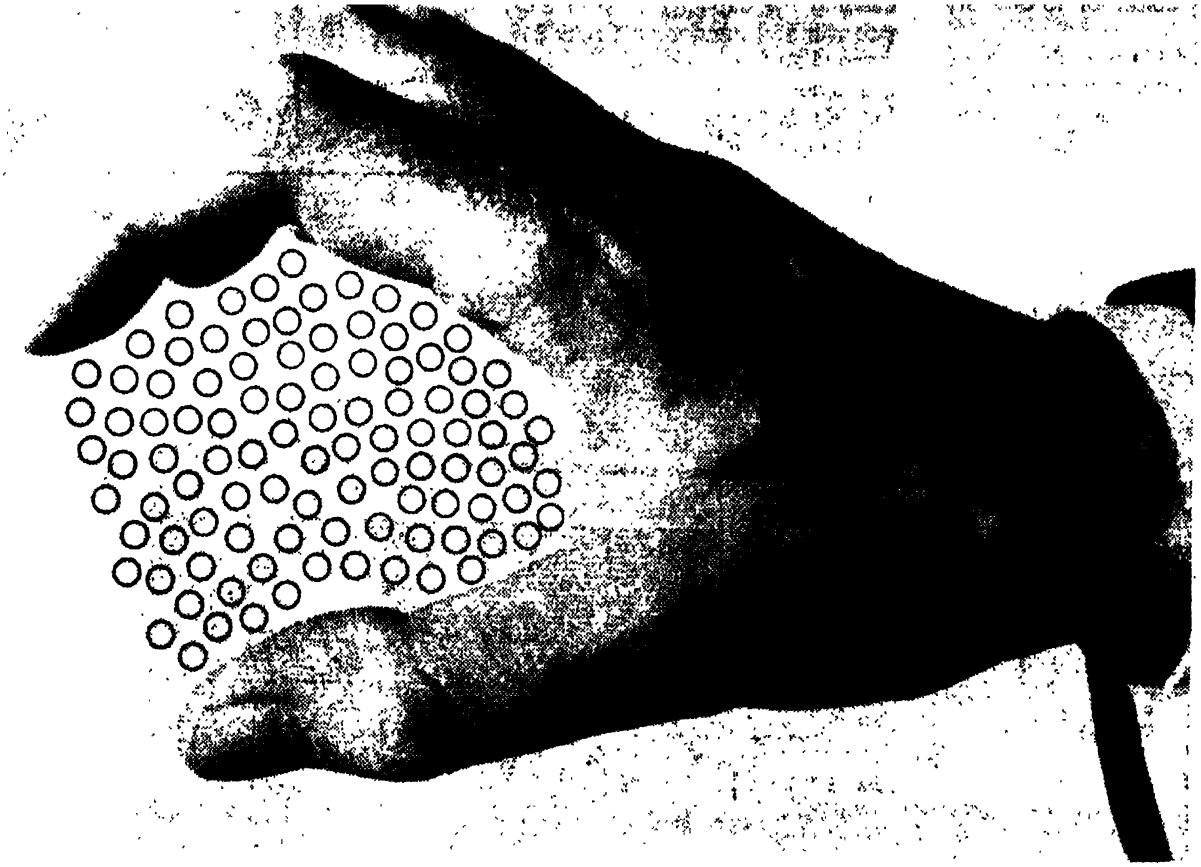
Company

Address

A division within the Rank Organisation, jointly owned with Xerox Corporation

RANK XEROX



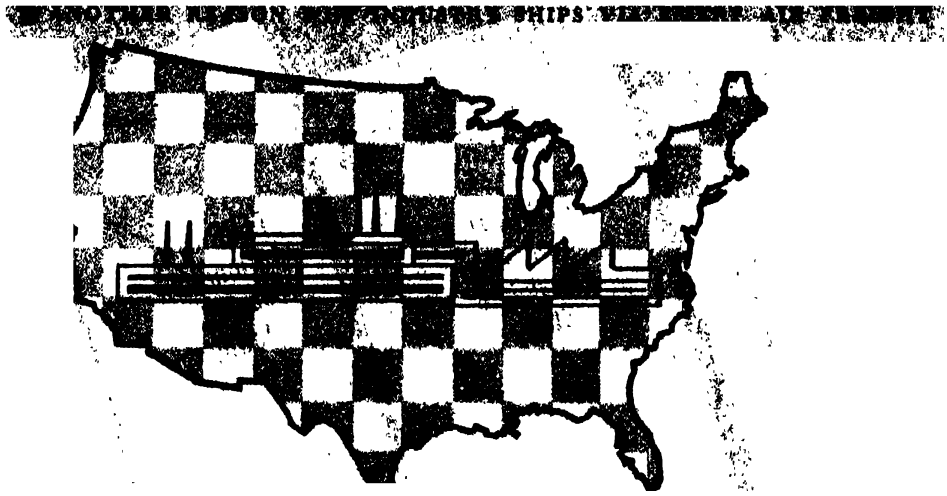


If you had 100 memories in hand... you'd be an E. 2000!

What's that?
Burroughs new range of compact office computers.
And what are these 100 memories?
Technically, they're the alphanumeric words in the magnetic memory core which provide a total data storage capacity of 7,300 digits.
And that means...?
That the E.2000 is capable of unprecedented flexibility in handling accounting jobs.
So it's suitable for any type of business?
Yes, it provides more vital management data than ever before possible at such a low cost.
And at electronic speeds...?
Correct. The speed and reliability of electronics simplifies procedures, cuts operating time and costs. Alpha and numeric data are stored, processed and printed in fractions of a second.
Sounds impressive!
It is! And yet the E.2000 is simplicity itself to operate.
Office computing is in good hands!

Burroughs-Britain
mean business

FROM ADDING MACHINES TO COMPUTERS



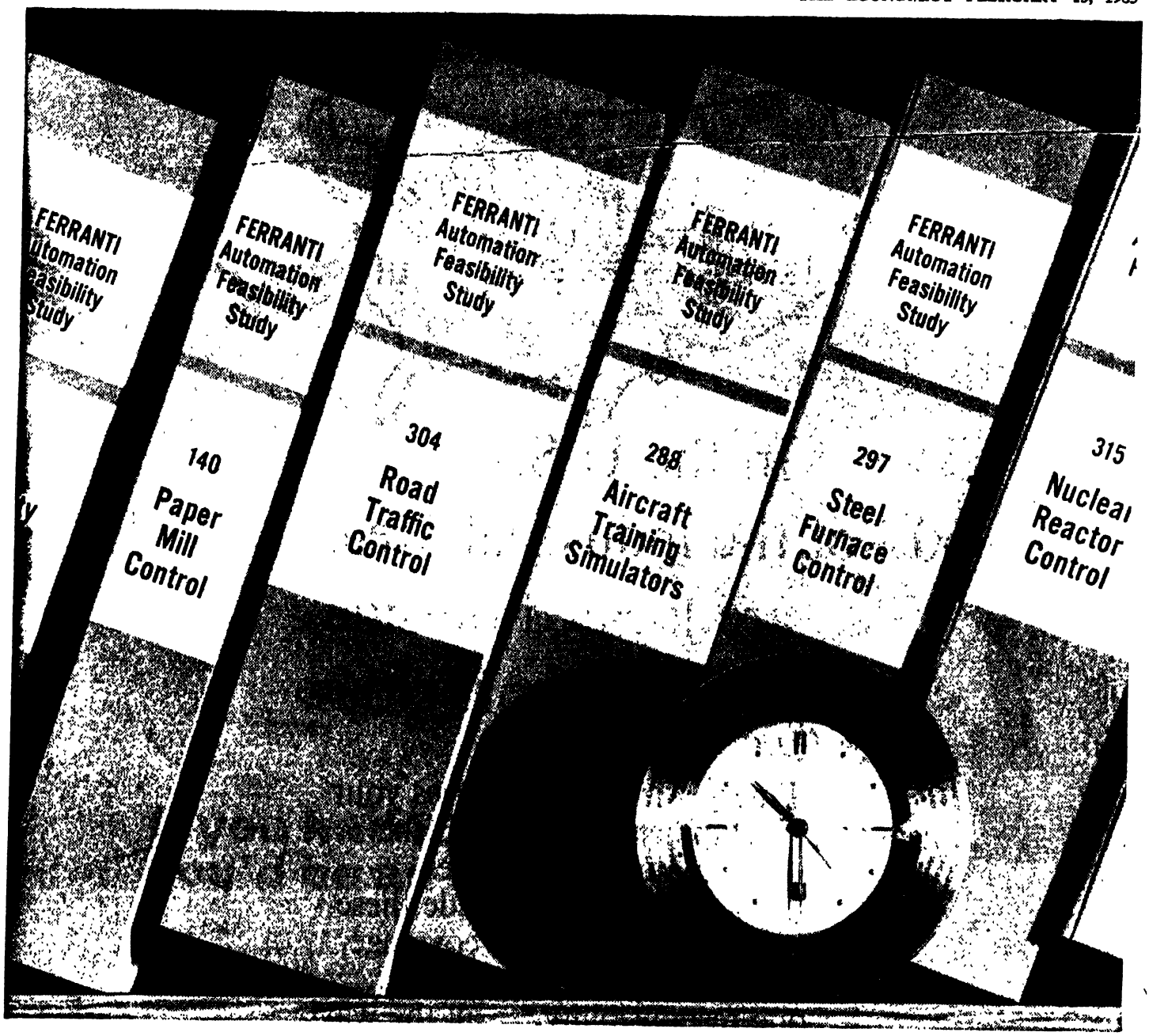
In the U.S.A. 50% of the industrial areas are located outside major airport cities.

Emery Air Freight carries your shipments to or from the major airport cities *and* the factories outside these centres ... 100% air coverage of the U.S.A. One carrier, one responsibility ... all the way!

Service also available from the UNITED KINGDOM to AUSTRALASIA, CANADA, SOUTH AFRICA, JAPAN, HONG KONG, and the PHILIPPINES

London Airport (U.K. Headquarters): Telex: No. 25211 Tel: SKYport 1833
London (West End Office): Tel: Langham 9936
Manchester Airport: Tel: Mercury 5262, ext. 236 Manchester City: Tel: Trafford Park 2241
Birmingham: Tel: Central 3417 (B'ham) Scotland. Prestwick Airport: Tel: Prestwick 78006

EMERY AIR FREIGHT



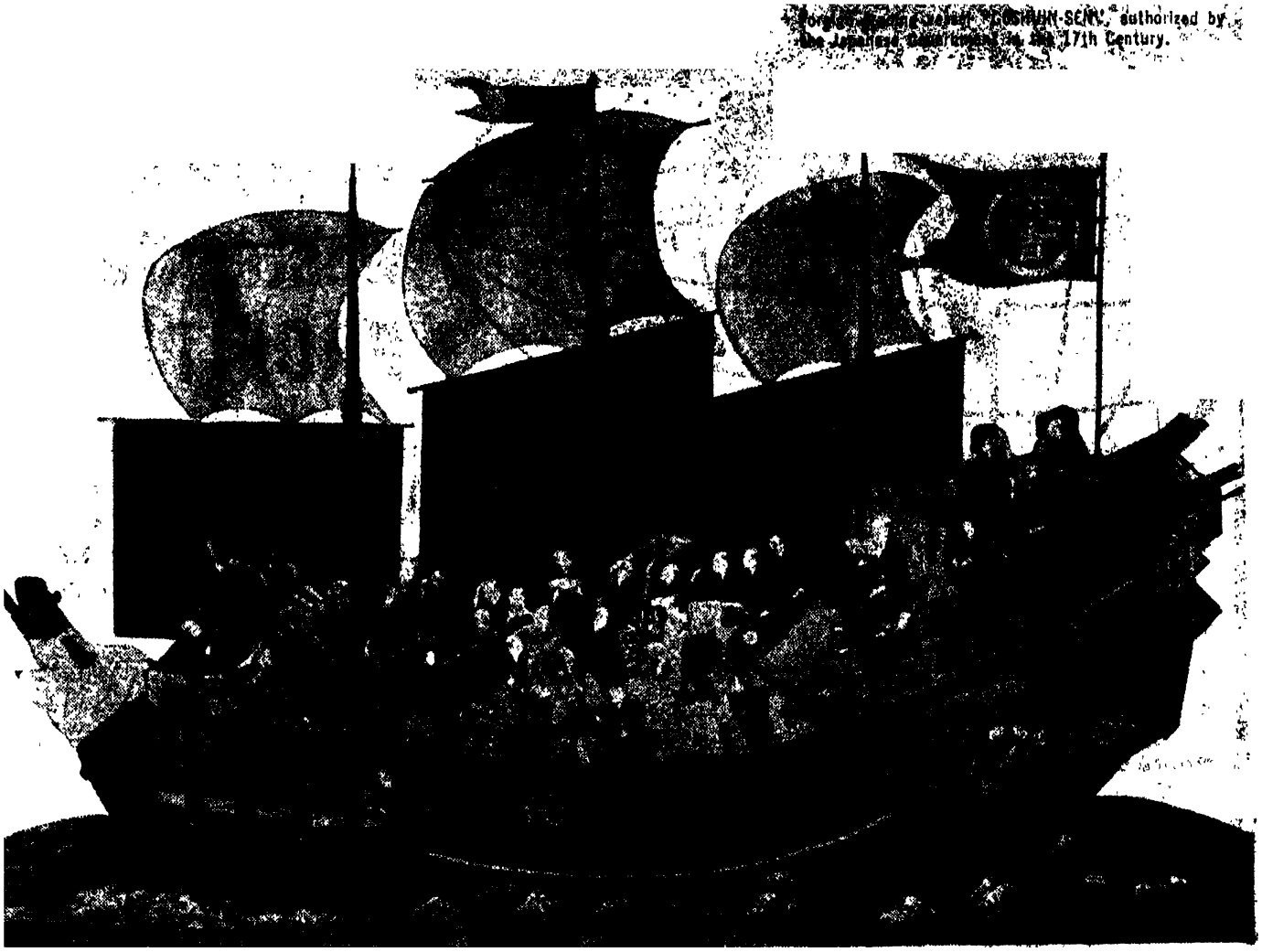
You name the industry— Ferranti will name the automation

Whichever industry . . . whatever process . . . you name it and Ferranti will almost certainly be able to automate it. Because Ferranti are big in automation *now*. Active in automation *now*. Ferranti have already completed over three hundred "feasibility studies" into the applications of automation. And there are more on the way! Not that automation is all theory with Ferranti. Far from it. Ferranti are uniquely qualified to put automation into practice—because they are the only company in Europe with experience in *all three* of automation's prime ingredients: electrics, electronics, computers. In fact, Ferranti have already supplied automation equipment to the Royal Navy, to steel works, chemical plants and electrical companies. To name only a few of the many. It seems possible that Ferranti have conducted a feasibility study into automation in *your* industry. *Your* process. Or would be willing to do so. It would only take a letter to find out!

FERRANTI

ARE BIG IN AUTOMATION NOW

FERRANTI LTD., HEAD OFFICE: HOLLINWOOD LANCS. LONDON OFFICE: MILLBANK TOWER, MILLBANK, LONDON S.W.1



Follow the Trade Winds with Nichimen

They blow towards Japan, where Nichimen handles £550,000,000 worth of trade each year. We have 4,500 specialists all over the world ready to offer you swift and satisfactory service.

Our imports and exports cover everything from textiles to electronic equipment, as well as technical know-how and massive construction projects. Nichimen's 70-year history in domestic and international trading assures more benefits and greater prosperity to the companies with whom we deal.

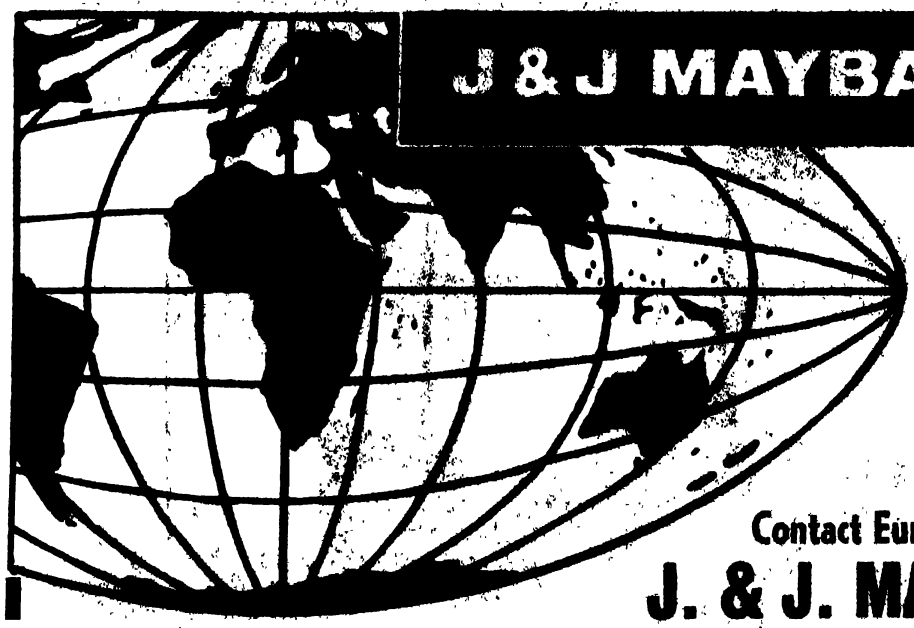
If you would like the same assistance, our representative in your country would be delighted to serve you. Give him a call and see.

Nichimen Co., Ltd.

C.P.O. Box 18, Osaka, Japan Cable: "NICHIMEN OSAKA"

London: *Nichimen Co., Ltd., London Branch* Tower Block 4, Hillgate House, Ludgate Hill, London, E.C.4. **Hamburg:** *Deutsche Nichimen G.m.b.H.* Hamburg 36, Grosse Bleichen 12 **Duesseldorf:** *Deutsche Nichimen G.m.b.H.* Duesseldorf, Immermannstrasse 13 **Paris:** *Nichimen France S.A.* 231 Rue Saint Honore, Paris 1er **Milano:** *Nichimen Italia S.p.A.* Piazza della Repubblica 32 Milano

Other Branches and Liaison Representatives: BERLIN · MADRID · BRUSSELS · NEW YORK · CHICAGO SAN FRANCISCO · LOS ANGELES · MONTREAL · MEXICO CITY · CARACAS · BUENOS AIRES · SAO PAULO LAGOS · MOMBASA · NAIROBI · BEYROUTH · BAGHDAD · KARACHI · CALCUTTA · RANGOON · SINGAPORE DJAKARTA · BANGKOK · SAIGON · HONG KONG · MANILA · SYDNEY · MELBOURNE, ETC.



J & J MAYBANK LTD

Turn your waste into PROFIT!

Contact Europe's top buyers of waste

J. & J. MAYBANK LIMITED

DEPTFORD WHARF, GREENWICH HIGH ROAD, LONDON, S.E.10.

Telephone: TIDeway 5351 (10 lines)

★ *Confidential destruction of documents, etc., under supervision.*
★ *Free survey of all waste materials on request.*
★ *Long-term contracts at guaranteed minimum prices.*
★ *Guaranteed regular collection service.*
★ *Contractors to Her Majesty's Stationery Office.*

One of the MAYBANK *group of companies*

BRANCHES THROUGHOUT ENGLAND

Why your help makes sense

Many people find the facts of world hunger far too appalling to grasp. What Oxfam tries to say, in every possible way it can, is that hunger is not a multi-million statistic, a cold fact to evoke brief horror and then be shrugged off. World hunger is people, suffering and dying. This is why it does make sense to help Oxfam.

If you are undecided about the value of overseas-aid organisations, the following points may interest you.

✳ Oxfam's resources are insufficient to help whole countries, but we have a job to do in helping people who are too far down the queue to benefit from large-scale international programmes.

✳ Our aid goes from people to people. Support comes from all over the country, from young and old, rich and poor. We claim no religious or political allegiance. We appeal for support wherever we can - from businessmen and housewives, trade unionists and teachers, painters and pop-stars.

✳ Thanks to so much voluntary help and 22 years' experience Oxfam is able to keep its costs low. Administrative costs account for only ½d. in every shilling.

✳ Total aid amounted to nearly £3 million spent in over 80 countries. All grants are administered on the spot by recognised international organisations or Oxfam's own Field Directors. Careful watch is kept on projects and regular reports called for.

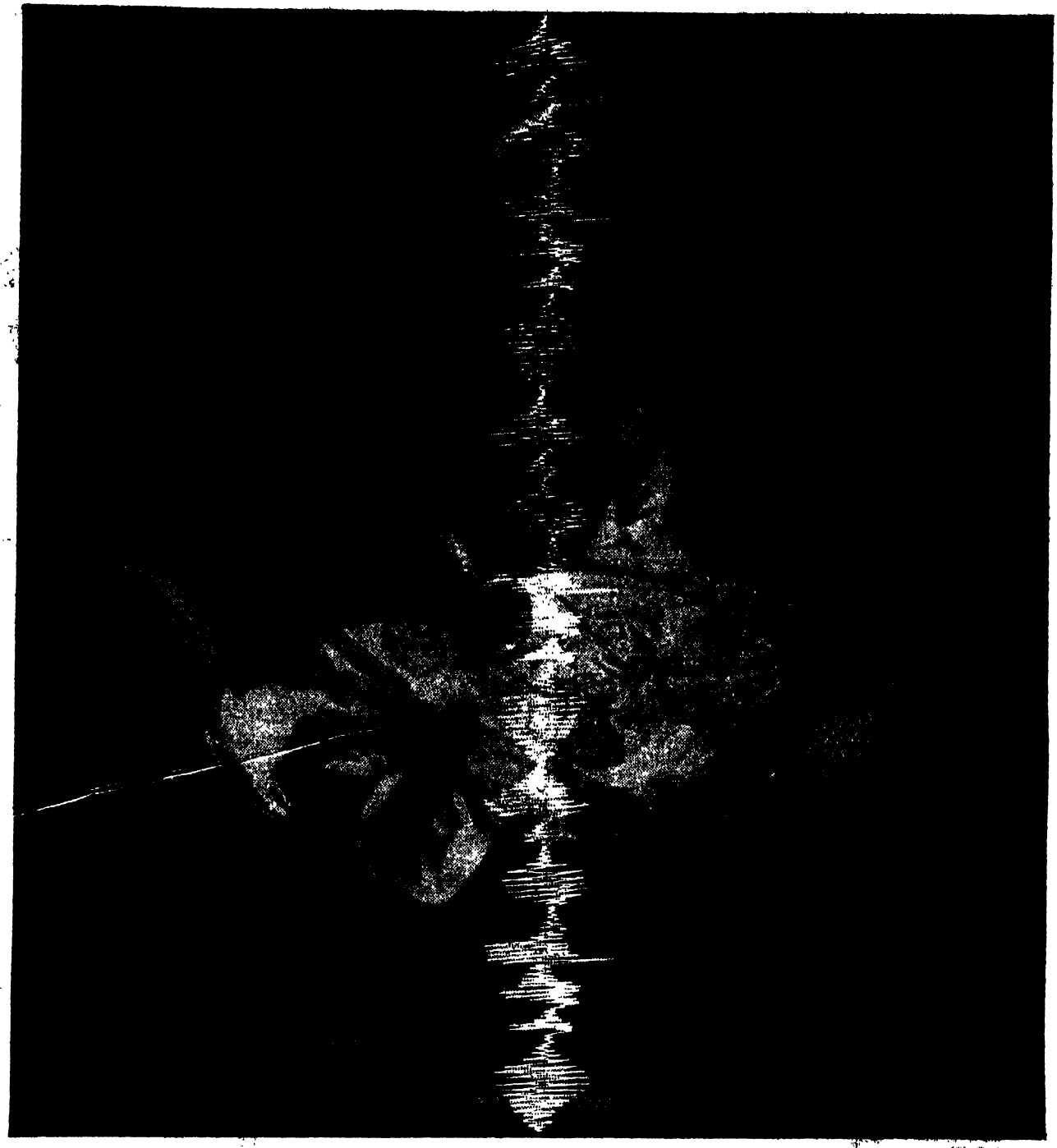
✳ Money sent to Oxfam works. It buys food and medical supplies in emergencies, welfare and re-habilitation for refugees, seed, fertilizer, tools and training to help end hunger permanently in developing countries.

There's nothing sentimental about all this. It is down-to-earth work that feeds, clothes, houses, trains and cares for people. It makes sense.

If you want to help, you can do so today - with a cheque, postal order or covenant. However large or small your gift, you may be sure it will help someone, somewhere.

OXFAM Room J · Barclays Bank Ltd. · Oxford

Write for the Annual Report



Will your next tape recorder turn out to be one of these?

Not if it's an Ampex. We've made more magnetic tape recorders than anybody else in the world. And none of our customers has ever found himself with a white elephant on his hands. The first recorder we ever made—the recorder that pioneered the industry—is still in service. And right from the start we've held to the idea that no matter how good a recorder is, it's only as good as the service of the company that made it. We've built up the largest staff of Service Engineers in the industry, and stationed them in practically every major city in the world. We have Contract Engineers who work full-time in customer installations. And these people are backed up by a corps of Technical Service Engineers. We have a Training Division, a full-time staff of instructors who'll give your people a thorough course in operation and maintenance of our equipment—either at one of our plants or on-the-job. Our Parts and Service Division stocks parts for every recorder we ever made and has depots all over the world. Our Engineering Division provides modernization kits which make it possible to incorporate new advances into older machines. And no matter how old a recorder is, our Service Laboratory can give it a new lease of life. Services like these don't get mentioned on spec sheets (they can't be specified). But they're the invaluable extra that can mean the difference between a wise investment and a white elephant. Write to: Ampex Great Britain Limited, Acre Road, Reading, Berkshire. Telephone: 84411. Sales and service throughout the world.

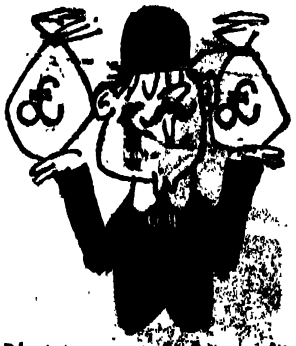
AMPEX

always
on the
go

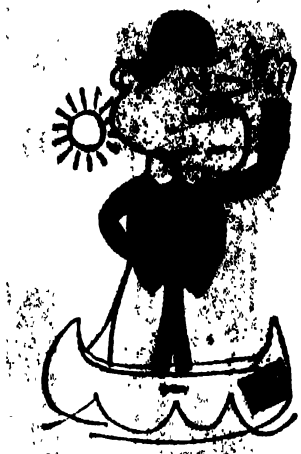
An earthmover at work on a motorway site or a refrigerator van delivering to the supermarket... Cape-ability is there—in the form of friction materials for clutch and brake linings, thermal insulation and industrial hoses. Plant for servicing a coach fleet—more evidence of Cape-ability in the field of modern transport. Cape-ability is the result of a partnership of progressive industries serving the motor, building, shipping and general engineering industries. Cape-ability is all this and more—strength in research, quality in manufacture, and alertness to new trends.

cape-ability

The Cape Asbestos Group of Companies
114 Park Street, London, W.1
Telephone: GROsvenor 6022



Obtaining an overdraft is one thing



Arranging for international finance is quite another

That's when it's nice to know you have a friend at

Chase Manhattan

the specialist international bank

The Chase Manhattan is equipped to raise a loan for you actually inside the country with which you are dealing. But this is only one of the specialist services it can offer. For the Chase Manhattan, the leading bank for business in the U.S., has offices in the world's key financial centres, and the largest network of correspondents of *any* bank.

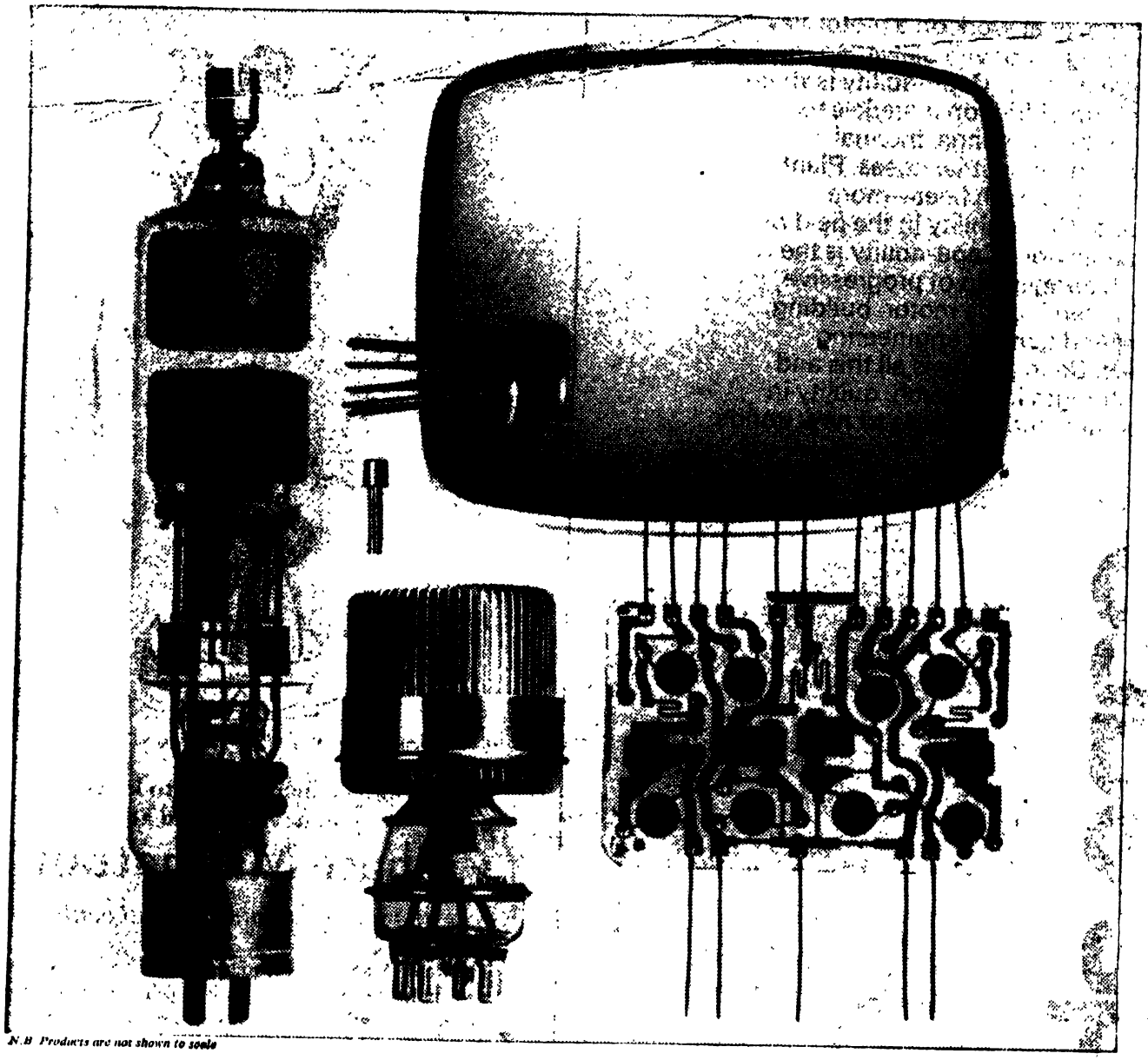
This unique organisation can be set in motion immediately from the London Offices of the Bank. The result is a service that's complete. It's also the fastest possible.

So if you do any kind of business overseas, remember you have a friend at Chase Manhattan, your *specialist* international bank.

THE CHASE MANHATTAN BANK

Incorporated with Limited Liability under the laws of the State of New York

6 LOMBARD STREET, LONDON EC3 • 46 BERKELEY SQUARE, W1



N.B. Products are not shown to scale

the product is only part of the deal

An electronic component is a valve or a transmitting tube; a photo-electric cell or a magnetic memory core; a transistor or an integrated circuit; or one of a hundred devices which are at the heart of modern electronics.

But to the equipment manufacturer it is not the components alone which are all-important. He sees them only as part of a transaction which should provide him with research and applications know-how, technical data and assistance in many forms, and an assurance of dependability which can only come from exceptional experience in production and quality control.

This is the kind of support that goes with Mullard products, and with emphasis on quality and performance. The plants in which the products are made are purpose-built; much of the intricate machinery and test gear is designed and engineered on the spot; even glass is specially made and metals processed from the basic raw materials so that quality may be controlled from the earliest stage.

Fourteen separate plants, twenty thousand employees, serving the Electronics Industry . . . if we are not serving your Company already, please let us know if we can help you.

Mullard

Mullard

MULLARD LIMITED · MULLARD HOUSE · TORRINGTON PLACE · LONDON W.C.1

The Economist

FEBRUARY 13, 1965

Face to Face 637
Brummagem Tactics 638
Arms for Israel 639
Coal's Case to Answer 640
COMMENTARY 642
Economic Politics; The Left Wing; Incomes Policy; Germany; Ghana; Gibraltar; By-Elections.

THE WORLD
INTERNATIONAL REPORT
Pakistan: Ayub's Democracy 649
Rewards of Industry; Wrapping up the Press; France; France and North Africa; Dresden Anniversary; Sudan; Greece and Jugoslavia; Soviet Union; Congo; Japan.
Argument with Jacques Rueff 662
AMERICAN SURVEY
Will Dollars Stay Home? 667
Riders on a Supplementary; Black Belt on the March; Rockefeller Divides to Rule; Where the Calculations Went Wrong; How Private are Pensions?; Helicopters Fly Solo; Atomic Reckoning; Vanishing Death Sentence; Foul Weather at the Fair; KETC's Sad Lesson.

BRITAIN
Storm over a Pool 677
Law Commissioners; Local Authority Bills; Cigarette Advertising; Conveyancing; No Charge Now.

BOOKS
The Secretary of Options 683
LETTERS 625

BUSINESS
Should Britain Tax Overseas Investment? 687
The Politics of Colour 691
Putting Colour into Television 692
BUSINESS BRIEF 689
BRITAIN 695
Transport; Aircraft; Atomic Energy; Cotton; Redundant Planemakers; Building More Houses; Preserving Milk; Marine Diesels; Synthetic Shoes.
INVESTMENT 701
Wall Paper Manufacturers; Imperial Tobacco; Cigarette Advertising; Wall Street; Hill/Samuel; Swedish Bourse; High Street 1965; *Woolworths/British Home Stores; Tesco; Northgate and English.*
INTERNATIONAL 709
World Payments; The Exchanges; Australia; US Investment in Europe; Greek Agriculture; Hongkong Banking; Zambia; French Oil Trade.

Stock Prices and Yields 724
Money and Exchanges 726

Annual Postal Subscription by ordinary mail UK £6; overseas £6 10s.; by air see page 717
VOLUME CCXIV - NUMBER 6338

Face to Face

When American and South Vietnamese aircraft started bombing targets in North Vietnam last weekend, they were taking part in a drama acted for the benefit of Mr Kosygin, the Russian prime minister, who was this week on a very important visit indeed to North Vietnam. If the United States had not reacted to Sunday's attacks by Vietcong forces on the American helicopter base at Pleiku, the Russians would surely have drawn the conclusion that South Vietnam had been written off in Washington. Mr McNamara, the Secretary of Defence, described the Pleiku attack accurately enough as a "test of the will and of the political purpose of the United States." The North Vietnamese could reckon either on inflicting a considerable blow to American prestige in front of their Russian guest, or else on gaining Russian sympathy and aid in case of reprisals. They have now received Russian sympathy, and may yet receive some Sam anti-aircraft missiles as a more tangible token of revolutionary solidarity. But the American counter-attack may have made Mr Kosygin hesitate to offer more than Sams and sympathy.

Russian support for North Vietnam may now, for the moment, be confined to arms for that country's defence, as distinct from positive encouragement for its purposes further south. The message that the American aircraft were trying to convey to Mr Kosygin was that the United States is willing in certain circumstances to see the war in south-east Asia grow rather than be lost. There is no reason to suppose that he failed to take the point, or that its impact on him will have any other effect than to increase the caution with which Russian policy operates in areas where the United States says it has vital interests.

The really important event of the past week, indeed, is not the raids across the 17th parallel. It is Mr Kosygin's arrival in Hanoi. His visit reasserts Russia's interest in south-east Asia, an area from which Russia under Khrushchev had largely withdrawn. The Soviet Union's motives doubtless include a desire to have some say in a part of the world where there are several communist parties that have been taking China's side in the Sino-Soviet dispute. But they almost certainly also include—and this is what gives western diplomacy its chance—Russia's apprehension about the possible consequences of a spreading confrontation between the United States and China.

There is plainly a divergence between Russian and Chinese interests in the course now to be pursued in Vietnam. Russia would very likely be content with a settlement by which South Vietnam could be neutralised in a way which, though it might imply the later reunification of the country under Mr Ho Chi Minh, would at least allow the Americans to extricate themselves gracefully. China, on the other hand, has an interest in an American withdrawal that is as publicly catastrophic as possible; such a humiliation would shake western positions elsewhere in Asia, disintegrating the South-East Asia Treaty Organisation and encouraging those forces in Japan who wish for a more distant relationship with the United States.

Thus Mr Kosygin may quite possibly be looking for some arrangement that would be a Cuba in reverse, enabling the United States to disentangle itself from a difficult position and then prepare another and possibly more holdable line of defence to protect Siam. The Chinese will doubtless demand more than this, and the United States is unlikely to be content with an agreement that left it the shadow while the communists gathered the substance of advantage. But the

apparent divergence between Russia's approach and China's does offer the West some chance to save as much as possible from a desperately difficult and dangerous situation. Certainly any action that persuades Russia of the advantage of compromising is a step in the right direction.

Much now turns on the report of Mr McGeorge Bundy, President Johnson's special adviser on security affairs, who was in Saigon at the weekend. It is likely that Mr Bundy was principally concerned with the political situation as distinct from the immediate military one. The prospects of keeping the Vietcong rebellion under control would be far brighter if there was a chance of a stable and strong government in Saigon. The present welter of Catholics, Buddhists and students, fomented by ambitious generals and intriguing politicians, is hideously discouraging. There is a real possibility that before long a government will emerge in Saigon determined to negotiate directly with the north. Then indeed the conflict of democratic principle and real rock-bottom interest would become brutally evident. The United States would, on the face of it, have no alternative but to agree to the end of American influence in Vietnam in circumstances that would leave little possibility of salvaging any western position in south-east Asia. That is the boundless risk of standing for "democratic" solutions.

If President Johnson decides that, come what may, the war in South Vietnam must be fought to total victory, then he will probably give the order to intensify the American military effort in the area still further. But such an intensification could also serve another, rather different and more instructive purpose; it could be a preliminary, not to a push for unconditional victory, but to establishing a better negotiating position for a settlement short of total victory over the Vietcong. Greater pressure could still be put on the feuding parties of Saigon to come to some sort of agreement among themselves. The chance is still open to persuade all the brooding and interested powers that their interests will be best served not by an indefinitely unfolding war, but by an accommodation achieved on the spot and agreed to by the outside sponsors of Vietnamese politics.

POLICYMAKING for Vietnam is indeed like making bricks without straw. But it can probably be simplified by an understanding on the part of all the communist countries involved—and particularly Russia, with its interest in restraint—that there are limits beyond which the Vietcong cannot push things in the south without bringing down American reprisals on the north. There is no call to specify exactly what these limits are; but to make it clear that they exist, the shot across Mr Kosygin's bows was essential.

What is at stake is not merely the obligations the United States has to the South Vietnamese government (obligations, and governments, can change with circumstances), but the belief of President Johnson and his advisers that the United States must keep some influence on the Asian mainland. What they have to decide is whether South Vietnam is essential to that purpose and, if so, what can be done to improve the situation there; or whether the line is to be drawn elsewhere, and if so where and how. This can only be an American decision, but America's allies should give Washington their understanding support even though nerves are tested. There is no position for the West in Asia unless the United States keeps a sure influence there. If the American position is undermined, we shall all suffer.

Brummagem Tactics

The party racialists have had too long a run in exploiting race as an electoral issue

THERE is a real danger now that the next general election, early or late, will be fought surreptitiously over race. For parties uneasily balanced in electoral opinion the racial issue, especially in urban seats, may make all the difference next time. Indeed Conservative managers must now be hoping that the next round of by-elections will be in run-down city divisions and not in the uncoloured counties which produced only sluggish Tory swings last week. Smart local tacticians on both sides see race as the jackpot question.

So the Home Secretary and the Leader of the Opposition have been caught elbowing each other to claim pride of place as the tougher immigration officer. Tory MPs have been calling in the Commons for fingerprints on passports, assisted repatriation and an end to all immigration soon. Sir Gerald Nabarro even thought it desirable to cap his reappearance as a parliamentary candidate with a promise not to let Britain's Birmingham look like Alabama's. If much of the steam behind the Tory racialists is generated in and around the Brummagem stronghold of Mr Geoffrey Lloyd, it should be recorded that local Labour hearts did not at all rejoice when a Tory liberal, Mr Aubrey Jones, barely escaped the chop from his constituency association.

There are now no discernible party policies on immigration except "Keep 'em down" and "Keep 'em out." When the Home Secretary decided to crack down on what are called the "illegals," did he even consult all the Commonwealth countries concerned? There is a suspicion that he was stampeded. If he had not been so hasty, he might have asked himself whether cutting down the number of coloured women who enter the country as dependants of one kind or another will do much to help relations between white and coloured communities. It is more likely to push up the incidence of venereal disease. He might have asked, too, whether the test of a *bona fide* student really ought to be that he has a letter from one of Dr Nkrumah's doctrinaire bullyboys in his pocket. One suspects that to stop a leakage of 10,000 coloured people a year into this tight little island of 54 million the British immigration service has been empowered to be as beastly as it likes to anyone with an off-white skin. This is the policy on which both front benches are now agreed.

What will be the result of barricading the front door? No doubt some hopeful wretches will be turned away from London airport. Perhaps that will please Sir Cyril Osborne, Mr Harold Gurden and others. No doubt some of the tatty Pakistani travel agents will have to find another racket. That will please everyone. But if one were a Pakistani travel agent one would now be exploring the possibility of direct flights to Dublin, and then herding the clientele on to the night steamer from Dun Laoghaire. After all such officially undesirable aliens as Chief Enahoro and Mr Lincoln Rockwell, the American Nazi, got in that way, as the Home Office may remember. One even hopes the Irish loophole will be exploited, if only to expose once more the prejudice that exempted white Irishmen from the Immigrants Act. Of course Irish labour is essential to the British economy; but what goes for the Irish that way goes double for the coloured immigrants. Perhaps the Brummagem backbenchers will favour the Commons with a fighting speech or two on economic growth any day now.

The favourite speech of the moment is, it goes without saying, the one Sir Alec Douglas-Home made in Hampstead: how relations have been better since the Immigrants Act, how limitation has helped coloured people to fit into the community "happily and with dignity," how all that is needed is more of the same medicine. But social workers among coloured people do not report any such improvement in communal relations. And just what is being done by the central government or by local authorities to secure integration with happiness or dignity? The answer in Birmingham, Brixton or anywhere that coloured people have become concentrated is still precious little.

Those liberals who argue that the concentrations are nowhere so great that they present a serious problem are not helping anyone. It is true that even Smethwick has no more than some 5,000 Indians and West Indians in it. But since the Notting Hill punch-ups first showed this country how limited its stock of tolerance was when it came to the bit, even 5,000 immigrants seem too much for many British communities to stomach. Education is a problem (it raised an ugly head at Southall) but not yet a serious one. So is health. But everyone has known for years that the biggest headache is housing. It is where the ghettos grow that relations are worst, vice is spreading and health is endangered.

If British parties want to pretend that they have an immigration policy, and that they are acting (as they say they are) for the good of the immigrants themselves, they will have to start thinking about real schemes for new, integrated housing. That will be worth a hundred plans for free tickets back to Jamaica. They will have to start thinking of the social needs and welfare of coloured people already here. That will be worth more than all the health checks that could be devised at ports of entry. They will have to start thinking about real money to be spent on special schools where immigrants present a temporary language problem. That will be worth more than a whole corps of finger-print men.

The only way to fight the new Brummagem electoral tactics is to face squarely what immigration involves and make a social success of the immigration that has already happened. Liberals in all parties will do no good by running for cover, explaining that their official party policies do not make immigration an election issue. The worst thing is to suggest that Britain's "dark million" is a reserve labour army that can be booted back to its recruiting grounds because Britain can't be bothered with it any more. The recipe for a breakdown in race relations is to hem in a minority community, treat it as second-rate, and reiterate continually that it is present only on sufferance. Which would Brummagem men prefer: a dozen cheap seats or a dark explosion?

Arms for Israel

Western timidity has made the military aid going to Israel look more sinister than it really is

In a bad world the sorry alternative to disarmament is to work for a rough balance of power between countries or groups of countries that consider each other a military threat. This is at least as true in the Middle East as it is anywhere else. While it would be queerly unimaginative to have no scruples about supplying additional tinder to an area that smoulders so persistently, western governments have tentatively accepted Israel's argument that this involves the lesser risk. The greater one would be to allow the Arabs, which in this case means specifically Egypt, to reach the stage of believing themselves so much more powerfully armed than Israel that they will be encouraged to take the initiative of striking first. Since 1959, when the supply of Russian weapons to Egypt became limited by little more than their cost, the governments of the United States, France, Britain and, now it turns out, west Germany have been concerned to prevent Israel from dropping too far behind. The reasoning behind this policy stands up better than many of the ways adopted for carrying it out.

Secrecy is part and parcel of the whole unsavoury business of arms trading. But if secrecy is exaggerated beyond the frontiers of fuzziness, if discretion becomes deceit, the exposure when it comes, as come it must in time, comes with a bang. So it has been with the west German agreement to supply Israel with some £30 million worth of conventional war material. The agreement dates back as far as 1960, and two-thirds of the sum is already accounted for; yet it is only now, and in the most inept possible way, that the German parliament and public (and the Israeli parliament too) have learnt a little of what has been going on. Consequently, a policy that is stoutly defensible in itself was so obscured behind the sinister-seeming folds of its cloak that it has been stabbed by its own dagger.

Naturally, with Israeli officers training in Germany, there have from time to time been rumours in the press; probably President Nasser, at least, has had a fair inkling of what was going on for a year or more. Recently, west Germany has come in for its share of scolding from Cairo, but, with German

investment building up in Egypt, Nasser shrewdly kept his fire in reserve. It blew up now because the Egyptians, it seems, miscalculated Bonn's reaction to their invitation to Herr Ulbricht, the east German leader, to visit Cairo next month. The visit may have been wished on the Egyptians by a Moscow anxious to launch Herr Ulbricht on new diplomatic paths; even so, it fits in well enough with Cairo's concept of non-alignment. Confronted by Bonn's hard reaction, President Nasser (accused already and loudly by the Israelis of making sinister use for military purposes of German scientists) dived into his pocket for what was, from his point of view, the perfect counter-blast. In the explosions that followed, it has been the west German government that has had to duck; on Wednesday, the president of the Bundestag confirmed the news, already spread by a jubilant Cairo, that Germany had suspended the supply of arms to Israel.

In 1960, when Dr Adenauer and Mr Ben-Gurion met and agreed on the arms deliveries, the arms scale was beginning to tip seriously towards Egypt. The Soviet Union had started sending military hardware to Cairo in 1955, but at that time with some regard to balance. Between 1959 and 1961, the flow of weapons was unclogged and, with Russian help, Egypt was able roughly to double the size of its forces. It then devolved on the former tripartite powers—America, Britain and France, who after the establishment of Israel had tried to maintain a balance of strength between Jews and Arabs—to help Israel to keep up. The United States was reluctant to be involved directly, since this would surely be interpreted as competition of a sort betweeen Moscow and Washington. (This rule was broken in 1962 when, concerned about Egypt's possession of ground-to-air missiles, America agreed to let Israel have short-range Hawk missiles.) From this sprang the German secret commitment.

There was never a question of a parity between Egypt and Israel. On the calculation that an Israeli behind a gun is three times as effective as an Egyptian, and on the usual defence-to-attack ratio, the Israelis have aimed at getting an armoury roughly equal to a third of Egypt's. But the Israelis themselves are now doubting their own calculation: the proportion of Oriental Jews (lesser fighting men than their European compatriots) in the Israeli army has increased with the new immigration trends; the Egyptians, meanwhile, have had practice training in the Soviet Union and a long hard taste of the real thing in the Yemen. And in certain areas of defence, the Israelis protest that they have still no effective counter to Egyptian power. For some time, they have been expressing their concern about Egypt's fleet of fast patrol boats carrying ship-to-shore missiles whose range might be short and inaccurate but which could still do horrid damage to Israel's coastal cities.

The suspension of German shipments is disquieting, both for itself and for its possible effects. It is understandable that, in election year, Bonn was under powerful domestic pressure to cut short an embarrassment. But would there have been so much fuss if the deal, from the first, had been more straightforward? In 1962, America's public decision to send the Hawk missiles set off a violent reaction in Cairo, but not for very long. And France, which in the past has been fairly forthright about the military aid it sends to Israel, is now managing to mend its fences with the Arabs, including Egypt, while steadily refusing to allow Arab pressure to influence its policy towards Israel.

Or so it seems. If the French persevere, and particularly if they get away with it, General de Gaulle's way of doing things could, in this respect, be an object lesson to others—including Britain when Mr Eshkol, the Israeli prime minister, pays his promised visit to London late next month. If the West believes, as it does, that Israel has the right to continue to exist—behind its present frontiers—there is nothing underhand or shady in supplying the power that gives this belief a more solid foundation than pious hope: only hypocrisy or excessive timidity make it so.

At the same time, it is important for western countries to adjust to the fact that while they may fully believe that the weapons going to Israel are deterrent, and deterrent only, the Arabs do not. No westerner is likely to make much dent in the Arab tenet that sooner or later Israel will press for more land and that western armour gives it the means for the supposed inevitable aggression. But while there may not be much point in arguing with Arabs about this, there is every point in trying to convince Arab friends, and this should include President Nasser, that we ourselves are acting in good faith towards them. In order to do this, we must first make totally certain that it is true.

Coal's Case to Answer

If Britain wants a margin of "coal insurance" for its fuel future, the amount should not be decided simply through lobbying

In a written answer in Parliament this week, designed to "dispose of recent alarmist reports in the press" about the coal industry, Mr Lee, the Minister of Power, announced that "there is no question of the government arbitrarily requiring a reduction" in "the present capacity of the industry of around 200 million tons" a year. He went on:

> The government accept for the present the case for trying to maintain the position of coal (deep-mined and open cast) at around its recent level of 190-200 million tons and is studying methods to assist the industry's efforts accordingly. In the longer-term, the coal industry will be fitted into our national fuel policy. . . .

Later he indicated to a press conference that there is no possibility of the present 2d. a gallon tax on fuel oil being removed. His answer to Parliament was clearly a temporising statement, drawn up to mean different things to different people. Does it also mean that the nation's fuel policy is really going to be decided through lobbying, and what should outsiders' verdict be?

The one certain judgment for any outsider is that it would be quite wrong for the government to give British coal mining any guarantee, here and now, that it will be enabled to go on producing 200 million tons a year indefinitely. That being

said, it should also be admitted that the future size of Britain's coal industry is a real problem for the country, economic as well as political.

No Labour minister needs reminding of the political problem. The 30 members of Parliament who have their incomes supplemented by the National Union of Mineworkers represent almost the only, certainly the strongest, straight industrial lobby anywhere at Westminster. Like any Labour lobby in this parliamentary situation, they cannot go away and vote Tory; but they remain a hefty pull on all governmental decisions regarding fuel. Moreover, the miners, quite effectively, could do more than talk, and less than strike. "Working to rule" is not a tactic they have employed since the war. But if they once began conscientiously to apply all the safety regulations that they and colliery managers are legally bound to obey, a coal crisis in Britain would begin developing tomorrow.

Economically, the problem is one several other major industrial economies share with Britain. Much of Britain's coal output costs more than various imported fuels—crude oil from the Middle East, North Africa and Russia, coal from America, naphtha and methane and liquid petroleum gases to make town gas—can be imported for. At present, it is inherited government policy (a) not to permit imports of American coal and Soviet oil; (b) to maintain an excise duty on oil products used as general fuels, and an import duty on liquid petroleum gases (though not on methane); and (c) to impose on the electricity supply industry Whitehall's choice of how much nuclear generating capacity shall be installed. But otherwise, beyond setting each nationalised fuel industry certain financial targets for return on their capital (kind ones to coal), the government allows them commercial freedom. Some other countries carry rather further their protection for indigenous fuel industries, of which large parts are similarly uncompetitive. The miners and the National Coal Board would settle for no more than the continentals get—a flat guarantee of annual tonnage.

THE coal board, in the last five years, has been closing its least economic pits at an average rate af 50 collieries and losing men, for this and other reasons, at 30,000 a year: since 1959 it has cut its labour force by 160,000, without significant troubles about redundancy (aircraft manufacturers, please learn). It argues, with utter conviction, that this is the utmost it can manage without causing labour trouble. The pits to go are concentrated in South Wales, Scotland and Durham, and the board is engaged in closing down communities, not just coal-producing units. Lord Robens says, "You may tell me it is not my business to take social costs into account, and legally you are right. But show me any competent manager who would sit in my chair and act on that—presuming that he still wants coal from the mines which can produce it cheaply."

If that were all, the problem would be short-term transitional. It is in fact at least medium-term transitional. The trouble is that the pits which can produce coal cheaply cannot be stopped producing more of it, if the industry is to take advantage of their potential cost savings. This year the industry, as it is, would produce 7 million tons more coal than it can hope to sell. Closures will cut out more than 4 million tons of that; but nearly 3 million tons will go into stocks on the ground—which would not hurt anybody much—unless the coal board dares (for example) to abolish mining in parts of Durham. Lord Robens thinks (this is debatable) that the efficient core of Midlands mines can go on increasing productivity at 4-6 per cent for another four or five years. If they do, total output of coal will not drop—even at the present rate of closures.

About 33 million tons of annual output are now produced at heavy losses, as much again are produced at some margin of loss. But, still in the short-term, the coal board argues that with a "core" capacity probably capable of producing 220-240 million tons cheaply, any attempt to cut output below 200 million tons would raise overheads per ton so much as to force it to raise prices. Hence the arguments about forgiving some of coal's capital charges. This would not affect what the nation pays for coal, but would affect who pays it.

The longer-term argument—1980 is as far as Lord Robens wants to look—treats the maintenance of 200 million tons of coal capacity as an insurance premium for the security of British energy supplies. (If we found gas or, better, oil under the North Sea, the whole security case would be superseded.) By 1980 the country may be using 400 million tons or so of "coal equivalent"; so coal could not insure more than half. For the coal board this concertina of an argument can be opened out much farther: postulate a satisfactory rate of world economic growth, and on present figures you may be postulating markedly rising prices for coal in 30-40 years. Assume a 20-30 years' life for any natural gas you find, and your backstop then is nuclear energy. But is this worth relying on—yet?

This longest term argument is not too satisfying, either; but none of us who is unconvinced has fully answered it. It is, certainly, a case to answer and it has been put across with bravura. But the answers that can be provided by a badly organised Ministry of Power, with an inexperienced politician in Mr Lee on top, are not likely to be properly thought through.

Taking what advice (and example from abroad) it can, the government may eventually have to decide whether it wants to maintain a given level of coal capacity—or coal capacity up to a certain cost per ton—and how much. If the government decides to answer "yes" to the question whether to give some special support to coal—and, whatever Mr Lee's Energy Advisory Committee answers, it should be soon—it should look again at the question "how?" The present inherited mixture of expedients is even less likely to be right than the coal board's favourite figure.

Possibly the best method would be to scrap all the existing protective devices, oblige the coal board to compete on price and then pay subsidies to electricity to cover any extra costs of using coal, and then to coal itself (first, by forgiving interest, secondly by adjusting its financial charges even further). This would involve bearing the cost on the general tax bill rather than by taxing fuel consumers as such. It would be the least economically distorting way of accepting the extra cost on Britain as fuel security insurance—if it is worth doing at all. The final decision (as economists and technocrats have found in the European Community) must be political. But like other problems affecting the British economy in many different ways (another, overseas investment, is mentioned on page 687), the issue deserves at least one bout of painstaking study before being settled by prejudice and lobbying.

COMMENTARY

ECONOMIC POLITICS

Wrong Way Round?

WHAT is likely to be the British government's economic and political strategy now? Rightly or wrongly, the economic advice which it is getting is that the pressure of demand is likely to remain remarkably strong for the next few months, but may then turn down towards the end of the year. Outsiders might therefore say that this provides a powerful case for keeping in being a 7 per cent Bank rate (which should provide a useful immediate restraint on stockbuilding), but for being wary about introducing a tough budget (because higher tax rates usually exert their main effect on demand only after a time lag). Instead, the signs are that the Government may allow itself to be bounced round an odd little circle of pressures the wrong way round, and thus end up with a basically illogical order of policies. Provided that this Friday's trade returns for January are satisfactory—and that is an important proviso—it clearly wants to make some early reduction, say of 2½ per cent, in the import surcharge, before the Efta meeting the week after next. Once it had done that, it would be very likely to want to reduce Bank rate too. But meanwhile orthodox opinion is telling it that the budget would then have to be a restrictive one: just the same pattern as in that year of monstrous economic errors, 1962.

Electoral Calculations

MR WILSON'S political dilemma might then be: whether to hurry into a quick election in the hope that reductions in the surcharge and Bank rate might suggest to the electorate that Labour's tourniquet had worked, or whether to fear that a disinflationary budget might make the Government even more unpopular with the voters than it is now? Overhanging this calculation is the fear that, if there is less prosperity and a big swing against Labour next winter, the Government might then be forced to the country in the worst possible circumstances, as a result of eroding by-elections. There is also the immediate problem of the steel nationalisation bill, to which Mr Wilson has firmly committed himself, although there is said to be some danger that two right wing Labour MPs may vote against it, as the united Liberals and Conservatives certainly will. If Mr Wilson did decide for a May or June election, one theory at Westminster is that he might use his steel commitment as a stalking horse. He might try to extricate himself from any political loss on this bill by running it in Parliament directly after the rent bill; and then, if he is held up on steel, go to the country on the ground that the Government's desire to protect tenants is being frustrated.

So far, however, Labour MPs are remaining glued together in every division lobby. On Tuesday, two Labour MPs spoke against the Government's aircraft policy, but then voted for it. In this aircraft debate, the Government had a majority of only five: because the Liberals made nonsense of their radical pretensions by voting for the Conservative protest against the aircraft cuts, in a debate when the Labour case was not only very strong but, under the influence of Mr Roy Jenkins, contained practical pro-European suggestions. Mr Grimond's choice of tactics looks increasingly inept.

The Conservatives in this debate did not give an impression of trying to harry the House into an early election. Many of the best Tory strategists are apparently convinced that their road will be easiest if Labour determines to struggle on through next winter, which would also give them time to replan their own policies. One of these new Conservative policies seems to be turning in a most welcome direction. There are increasing signs, from all sorts of sources, that the Conservatives may seek to reintroduce the subject of Britain going into the European common market; and to make the Conservative desire to achieve this a major fighting point of the next election.

Interested Again?

ARE everyone's feelings in Britain about "going into Europe" (whatever that means) changing? It looks like it, to judge from Tuesday's debate in the House of Commons on the future of the aircraft industry. The Prime Minister had already told the Commons on February 2nd that the "government were examining a number of possibilities for joint research and development both with the United States and the French and other continental partners." This may be a special case; but it could also be a first sign that the hard facts of economic life are driving the Labour party out of its industrial little Englandism.

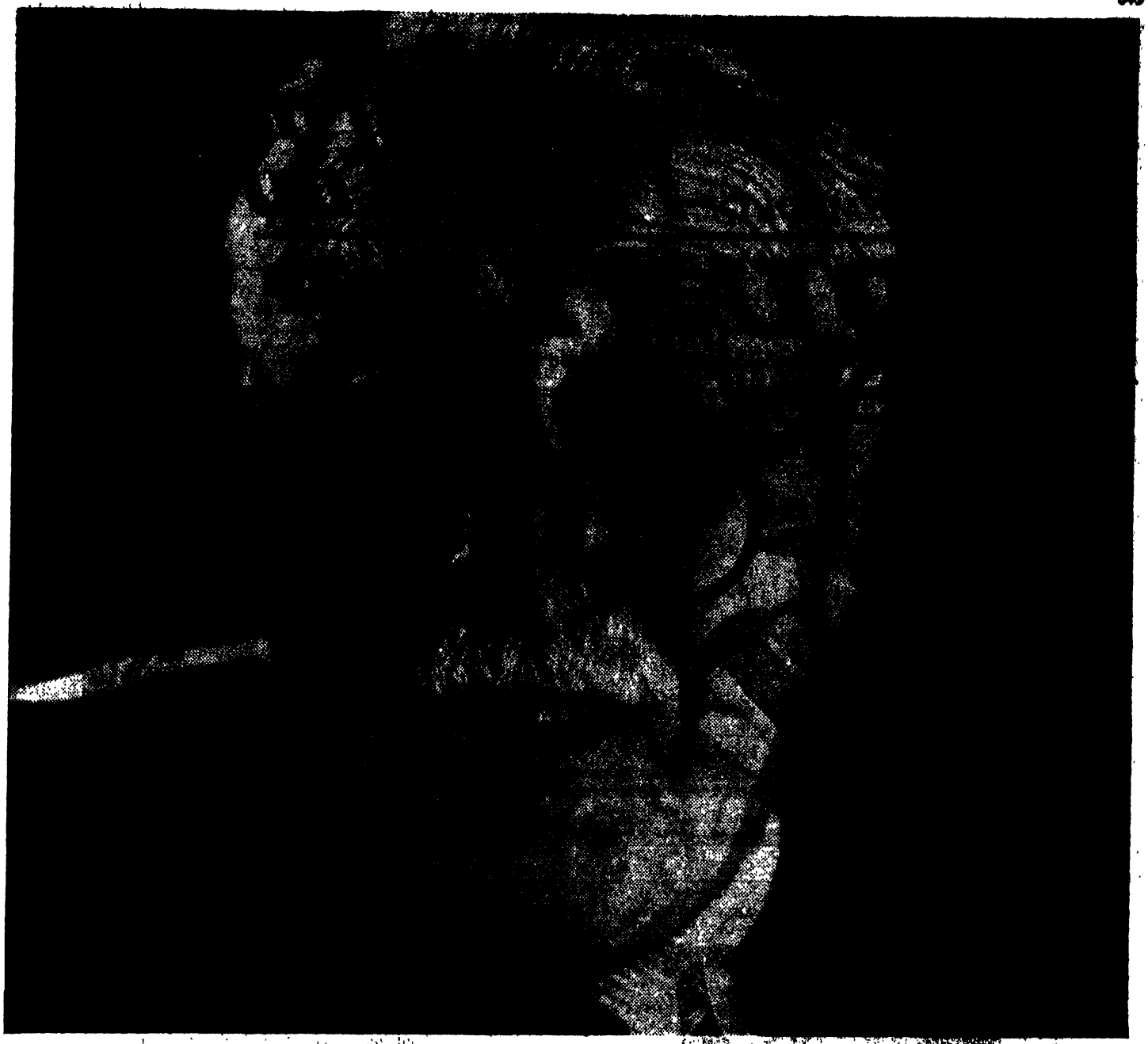
The misgiving expressed by many Members of Parliament about the news that Rolls-Royce is to go into partnership with the Americans to develop a light-weight engine for a vertical-take-off plane shows that the disparity between American and British industrial power is producing in Britain reactions similar to those in Europe against unrestricted American investment. This has overshadowed the significant fact that the Labour government, which originally wanted to cancel Concord, is now thinking of developing a light jet strike-trainer and an airbus with the French and going, however reluctantly, towards Europe too. Similarly, the new Foreign Secretary, Mr Stewart, has been letting it be known that his trip to Brussels on Thursday was a sign of the "continuity" of British interest in Europe.

Still, all this is cautious enough to give the Conservatives a chance to outdo the government in European zeal. From Mr Sandys, who is ready to envisage some "supranational" pooling of British and French nuclear forces, through the Conservative hierarchy and the columns of the *Spectator*, to a former opponent of the common market like Lord Lambton, one can hear and read the evidence of renewed Tory interest in Europe. Some of this interest, as General de Gaulle once predicted it would, has a strongly gaullist tinge. But though the general said on February 4th that the Channel was a mere canal, and that crossing it was worth a tunnel, there is still no sign that he sees a niche for Britain in his dream-Europe of the future.

THE LEFT WING

Old Adam

IT was probably inevitable that the left wing of the Labour party would table a motion in the House of Commons on the problem of Vietnam. But the number of signatures and the terms of the motion are a depressing commentary on the party's inherent weakness at testing moments in foreign policy. What Mr Stewart, the Foreign Secretary, said on the subject on Monday was admirably calm. The motion tabled on Wednesday, by contrast, suggests that a section of the Labour party is still moved by some very odd instincts. It says that "United States policy springs from a non-acceptance of the 1954 Geneva declaration," and goes on to deduce that the objectives of Britain and America "cannot be the same." Have the members who signed it (apart from the habitual and doctrinaire American-prickers) not even looked at a map of communist-held territory in Indochina now, compared it with 1954, and drawn what seems to most people the reasonable conclusion about where the chief responsibility for the present crisis lies?



You're never too old for a new experie

Do you think life has lost its flavour? Have you seen it all . done it all b don't you care? Take a tip from the future and sample a new experience—the BOA VC10, powered by Rolls-Royce engines. This remarkable airliner is so m just another airliner. A great not-to-be-missed experience. Combine it with rb service—that's the way to fly to America. Service to USA begins April 1. Take advantage of the 14-21-day Excursion fare—£107.3.0* New York return.

*Subject to Government approval

TRIUMPHANTLY SWIFT, SILENT, SERENE

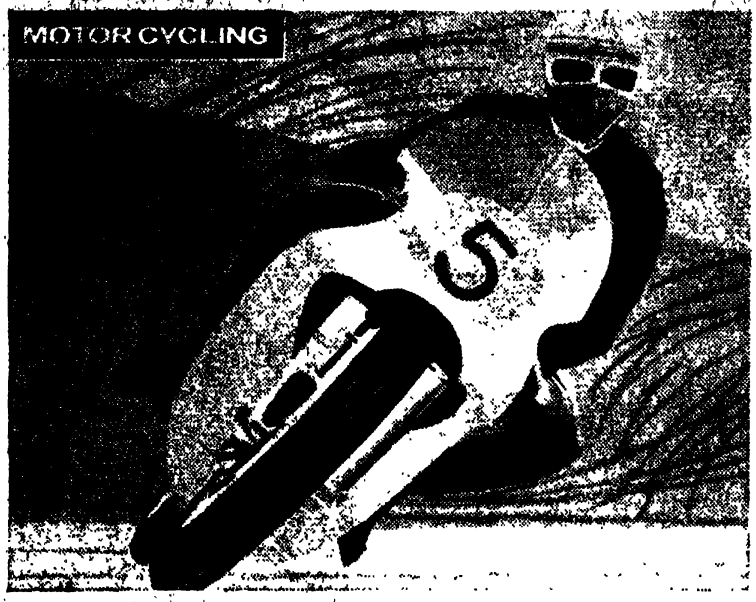
SERVICES OPERATED FOR BOAC CUNARD BY BRITISH OVERSEAS AIRWAYS CORPORATION

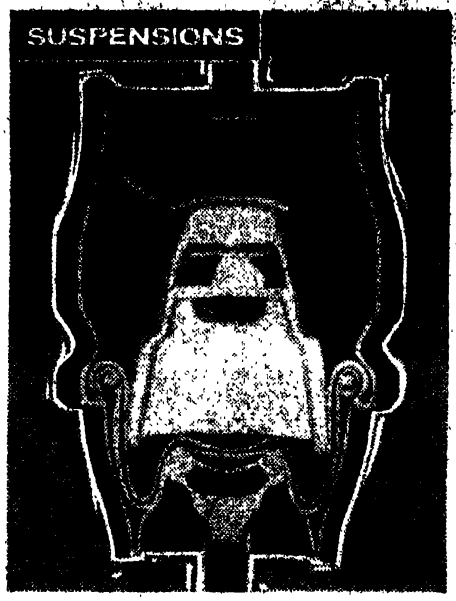
THE B·O·A·C VC10

SYMBOL OF PROGRESS

DUNLOP

During 1964 Dunlop flair for technical progress achieved many outstanding successes. Here is a selection.





MOTOR CYCLING

A year of sweeping successes in international motor cycle racing. In the Isle of Man T.T. Races, the fiercest test in the calendar, Dunlop-shod machines took 1st, 2nd, 3rd places in all events. The World Championship Grand Prix races were also dominated by Dunlop, and for the fourth year in succession the 500 c.c. World Moto Cross Championship was won on Dunlop. On the home front too, a season of Dunlop supremacy with victories in all the major trials and scrambles including the Scottish Six Days Trial.

HYDROLASTIC SUSPENSIONS

After having supplied over 1½ million Hydrolastic suspension units for B.M.C. 1100 cars, Dunlop production has now been expanded to cover the large quantities of new sizes required for the Mini Saloon ranges and the new Austin 1800 for which this revolutionary suspension system has been adopted.

AIRCRAFT

In 1964 Dunlop has been associated with all the major developments of the British aviation industry and Dunlop equipment specified for the BAC VC.10, BAC One-Eleven, HS.125, Short Belfast, TSR.2 and HS Trident. The range includes vital equipment such as tyres, wheels, brakes, anti-skid units, thrust reverser control valves, landing arrester gear and other products supplied to aircraft constructors and operators all over the world.

Or wondered how the east-west balance is to be kept even tolerably stable if one side can intervene across frontiers in "wars of national liberation," but not the other? The Vietnam problem will have to be taken to the negotiating table sooner or later; but the right time to negotiate is when there is a reasonable chance of a balanced outcome.

It is sad that 14 years after the death of Ernest Bevin his successor as Foreign Secretary in a Labour administration should have to contend with the same instinctive anti-American assumptions that he tried to fight within the party. Perhaps President Johnson and public opinion in the United States will rate all this at its true value. There are bound to be Americans who will regard the motion as demonstrating, to put it mildly, confusion of purpose in British attitudes to the world. They will be right, but they would be wrong to exaggerate the spread of the confusion.

INCOMES POLICY

Will the Board Work?

THE white paper on the new National Board for Prices and Incomes was published just as we went to press. It has a certain ring of toughness about it. In particular, although enforcement of the board's judgments will rest on voluntary co-operation in the first instance, the white paper states twice that "the Government would have to consider giving the Board statutory authority . . . if experience showed this was necessary."

The fear of employers, of course, is that eventual statutory enforcement of the board's judgments on prices is much more likely than statutory enforcement of its judgments on wages. In any case, even while the "voluntary system" is relied on, it is much more likely that the board will be able to influence a firm to roll back a price increase of which it disapproves than that it will be able to suggest that wage increases, once granted, should be taken away. The Government itself will decide which prices to refer to the prices review division of the board, on what is bound to be a haphazard basis. "Some of these [references] may result from complaints made to the Government by individuals, interested parties or independent bodies; others will be directly selected by the Government." Despite its haphazardness, this watch on price oligopoly, besides being economically justifiable in its own right, is by far the most sensible *quid pro quo* for industry to grant, in return for a system which holds out any hope of a check to wage inflation.

The main reason for hoping that the board may have some partial success in checking wage inflation is that "in principle" the board will be able to examine major wage claims in the pipeline, as well as settlements already made. It will be important that it should do so, and speed will then be the vital factor. It is not certain that speed is going to be attained. The white paper says rather weakly that "reports should be available within two or three months of references being made, and if possible even more quickly in the case of [wage] claims." A crucial question may then become whether trade unionists will agree to a moratorium on the settlement of claims that have been referred to the board; and also, incidentally, to a moratorium on other settlements while a clearly "pace-setting" wage claim for the year is under review. There is a danger that the machinery of the board—which is to have its own backroom staff including "accountants, experts on industrial relations, economists and statisticians"—might be made too Parkinsonian and topheavy.

The other vital point will be the "norms" or "guiding lights" recommended for each year. The staff and office of Ned are to be brought into action to help recommend these norms. One phrase in the white paper says that "where appropriate, cases of increases in money incomes other than wages or salaries" (could this mean some individual dividend payments?) will be brought within the board's review. Creakingly, uncertainly, but not entirely unhopefully, a national incomes policy therefore starts on its journey, on something which looks like a five or six-wheeled tandem.

GERMANY

Purification

DR ADENAUER sometimes reminds one of the parody on another great man:

Two voices are there. One is of the deep . . .
And one is of an old half-witted sheep . . .
And Wordsworth both are thine!

Often, of recent years, *der Alte* has used his incomparable position as the virtual creator of the modern German state to act in ways incomprehensible to many men. And yet he has now shown once again that in some things he remains the conscience of the west German republic. In an interview published in the *Süddeutsche Zeitung* at the weekend he came out for a postponement of the deadline of May 8th after which it would no longer be possible to prosecute war criminals for their sins.

This issue has raised real problems of principle. German law has it that no capital crime can be prosecuted after more than twenty years. Germany has known enough of the consequences of contempt for the law for one to sympathise with the scruples of those who did not want to extend the limit to thirty years, as 50 Christian Democrat members of the Bundestag, among others, have proposed. But to let things take their course would have meant that the east Germans would have been free to publish their records of Nazi war criminals (which they still refuse to hand over complete) and make hay while the sun of propaganda burnt up Bonn. Coming on top of the extraordinarily lenient verdicts pronounced, on February 3rd, by the Frankfurt criminal court on two of Eichmann's close collaborators (five years, already served, for one; acquittal for the other), the impression would have spread that the new Germany no longer cared about ceremonies of purification.

Dr Adenauer has now taken up the ingenious (though not legally uncontested) view that the twenty-year limit should be left unchanged but be counted from 1949, when the Federal Republic was set up, and not from 1945. This would give an extra four years in which the east Germans would no longer have any excuse for withholding the archives of the Nazi Ministry of Justice. To accept this would show that, like the old chancellor, the west Germans realise they can have moral influence in the world only if they dissociate themselves thoroughly from the past. As Herr Brandt, the Social Democrat candidate for the chancellorship, is also against burying the Nazi issue on May 8th, and Herr Erhard is rumoured to be preparing a decision on the matter, it looks as if last November's decision not to touch the law will be outflanked by a legal fiction. It is about the best solution that could decently be found.

GHANA

A Matter of Life and Death

PRESIDENT NKRUMAH of Ghana has so far been intelligent and humane enough not to be seen to stain his hands with blood; it is fervently to be wished that he should remain thus unsullied. The lives of five of his countrymen are now in his hands to give or to have taken away; the decision is the Osagyefo's. The five men, two former ministers among them, were sentenced to death in a special court in Accra on Monday. There can be no appeal against the verdict. Only the president can save them.

All five pleaded not guilty to the charges of conspiracy to commit treason and of treason itself. A twelve-man jury unanimously found them guilty after a trial lasting four months; the jury was out for less than an hour. But earlier three of these unfortunate Ghanaians had been found, by the then Chief Justice, Sir Arku Korsah, to be innocent of the charges against them. Sir Arku's judgment, made in December, 1963, led within two days to his removal from office. His verdict was retrospectively liquidated by the president, and all three men were placed on trial again in September 1964. With them were the two others, who had been condemned once by Sir Arku and were condemned again on Monday. It is now too late to save the world's respect for Ghanaian justice; but it is not too late to retain some faith in Ghanaian humanity.

Faith in the ability of Ghana to produce men of stature must still live; it was given a reminder, on February 4th, by the death of Dr J. B. Danquah in detention. Dr Dan-

quah was one of the founders of modern Ghana; that he lost out in the political battle to his volatile young assistant, Kwame Nkrumah, was probably due to Dr Danquah's constitutional inability to hit below the belt. The many pilgrims to his house in Accra cannot fail to have been impressed by his magnanimity and his breadth of vision; he was, in the nicest sense of the phrase, too good to be true for the country and the times in which he was born. At least one visitor was told that the British prisons he shared with Dr Nkrumah were a lot more comfortable than the places of detention to which the Osagyefo sent him in "free" Ghana; his death is a reminder of the distance his people have yet to travel before they reach genuine freedom.

GIBRALTAR

Two-Edged Siege

ALTHOUGH the Spanish authorities still claim that their obstruction of traffic into and out of Gibraltar is a move to check smuggling, they have not bothered to pretend to search the vehicles which they are delaying so long that the frontier is virtually closed. General Franco's real aim, as accurately stated by the newspaper *Ya*, is to make the Rock "a ruinous burden for the British taxpayer and a grievous prison for Gibraltar's inhabitants." This may not be easily achieved. If Gibraltar loses its earnings from tourists passing through to Spain, it will remain a convenient stage for the Morocco-bound, and its chief minister has announced plans to make it more of a holiday resort in its own right. It is now finding that Morocco can supply cheaper and better fruit and vegetables than Spain. It may find Morocco (and Malta?) very ready to replace the Spanish labour that is being restricted and might be entirely withheld.

Nobody can object to Spain's plans to develop the Algeciras region. If the Franco government's aim in doing this is to provide other work for the Spaniards whom it bars from working in Gibraltar, an ill wind will be blowing some good into a long neglected area. Spain will lose foreign exchange thereby, as well as by shutting out the military and other family parties who have been used to make frequent excursions from Gibraltar (the sea and air ferries to Tangier, in contrast, may thrive anew). Madrid seems confident that tourists from Britain will still flock unresentfully to Spanish beaches. Maybe; maybe not. Southern Portugal, where new resorts are fast developing, may benefit from a turning away of British holidaymakers from Spanish unfriendliness.

General Franco's readiness to cut off his own people's noses should not be underestimated—especially when he badly needs to distract them from other thoughts. But to underestimate the Gibraltarians' rock-like qualities could also be an error. They are as solid against this as against earlier Spanish sieges. The Spain of today can offer them neither the livelihood nor the freedoms they now enjoy. The Rock, to them, is not a "grievous prison," but a refuge from one.

BY-ELECTIONS

Swing Low

THE movements of votes in last week's three by-elections in Tory-held seats are shown below. At East Grinstead, where it was known Labour would come bottom, Labour voters switched in sizeable numbers to the Liberal in order to try to get the Tory out; this swamped what was probably a simultaneous movement of some other East Grinstead voters from Liberal to Tory, and the Liberal share of the poll rose by 2.7 per cent more than the Tory share. The importance of this is that the Liberals will need only a net gain of 3.9 per cent of the poll in order to win a seat from the Tories at what is now due to be the next by-election, in the Scottish seat of Roxburgh at (probably) the end of March. If Labour was crafty, it would withdraw its candidate from Roxburgh (where it got only 15.8 per cent of the poll last October), and thus make certain of a Tory loss to Liberal. But it shows no sign of doing so.

Moved by the thought that they might decide the fate of Britain's government, by-electors everywhere are now concentrating on the two main horses in each race. In the other two by-elections last week, the Liberals therefore lost votes—mainly to the Tory at Altrincham, and apparently to Labour at Salisbury. But there is ground for arguing that the Tories did slightly better in both cases than the bare figures suggest. At Altrincham, where there are nearly twice as many Tory voters as any other sort of voter, the turnout dropped by nearly 20 per cent; among those who stayed away for non-political reasons, it is a fair guess that there may also have been nearly twice as many Tories as anybody else. If one "corrects the swing for lower turnout," as some people think should be done, Altrincham's net swing from Labour to Tory would be something over 3 per cent, instead of the listed 1.1 per cent. At Salisbury, there was an apparent net swing to Labour from official Conservative of 1.5 per cent. But the fourth candidate (an ex-Conservative MP fighting the official Tory purely on an "anti-carpet bagger" platform) picked up 1.5 per cent of the poll; counting this, and remembering the undoubted personal vote of the previous Conservative MP, Salisbury can best be regarded as showing virtually no net change from October.

CHANGES IN PERCENTAGE OF POLL SINCE OCTOBER

	Con.	Lab.	Lib.	Other	Net swing Lab. to Con.
East Grinstead	+1.8	−6.3	+4.5	—	+4.0
Altrincham	+3.2	+1.0	−5.8	1.6	+1.1
Salisbury	−0.1	+3.0	−4.4	1.5	−1.5

The Economist

FEBRUARY 11, 1865

THE ILL-USED IRISH

¶ The Irish have a vague, chronic, general, but very strong impression that they are an ill-used and trampled upon people. No doubt there was but too much ground for this impression in former days. The facts have long since been remedied or reversed; but the persistent habit of mind generated by those facts still, and not unnaturally, survives;—as was made manifest enough in the debate on the address on Tuesday night. The notion takes a variety of forms and breaks out in many places. Sometimes there is an idea that more jobs are perpetrated in and for England and Scotland than in and for Ireland:—the impression on this side of the water is just the opposite one, but that makes no difference to the complainants. Sometimes it is alleged that places are given to Englishmen for which Irishmen are equally or better fitted, and of which they are far more eagerly desirous and more pressingly in need. Sometimes the complaint is that little comparative attention is paid in Parliament to Irish members or devoted to Irish subjects, although, till a few years ago, Ireland directly or indirectly occupied nearly half the available nights of every session. Last year a new view took possession of the Hibernian mind. It dawned upon Irishmen that Ireland was *overtaxed* in comparison with Great Britain; that she paid more to the revenue than was bargained for by the Act of Union, more than her fair share in reference to population, greatly more than her share in reference to wealth. It was true that Ireland had been long exempted from many taxes which Great Britain pays, and is thus exempted in some cases still; that no taxes are levied in Ireland which are not also levied in Great Britain: that some corresponding taxes are heavier here than there, and that none are lighter;—still the impression remained upon the Irish mind; the Corporation of Dublin made a special report upon the subject; and a Parliamentary Commission was appointed to examine "whether these things were so." The Commission did not report: probably they shrunk from the labour of analysing their materials, or they could not agree upon their verdict; but they presented an awful amount of perplexed financial figures and appendices.

TIME IS MONEY

FOR CHAIRMEN, MANAGING DIRECTORS & COMPANY SECRETARIES

Make the most of both. With Lombard Banking, money earns the maximum safe rate of interest. Current rates, paid without deduction of Income Tax are:

5% 7 DAYS' NOTICE OF WITHDRAWAL

5¼% 1 MONTH'S NOTICE OF WITHDRAWAL

5½% 3 MONTHS' NOTICE OF WITHDRAWAL

6% 6 MONTHS' NOTICE OF WITHDRAWAL

Minimum periods of deposit are the same as the notices of withdrawal

Write or telephone the General Manager, Department 373 for further particulars

LOMBARD BANKING

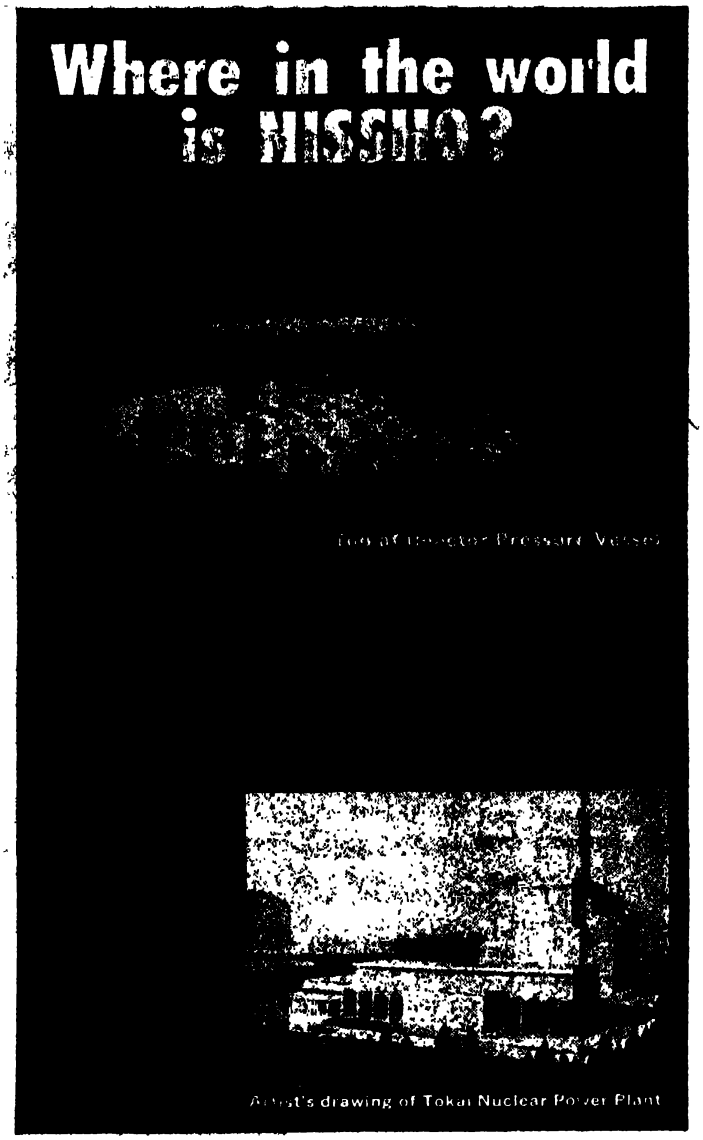
LIMITED

Head Office: Lombard House, Curzon Street, Park Lane, London, W.1. GROsvenor 4111 (30 lines)

City Office. 31 Lombard Street, London, E.C.3. MINcing Lane 4111 (7 lines)

Branches throughout the British Isles

Where in the world is NISSHO?



—just about everywhere in the world of international trade!

In England—Nissho arranged for the General Electric Co., Ltd. to supply an atomic reactor core, plus related equipment and technological data, to a consortium of Japanese firms known as the First Atomic Power Industry Group (FAPIG). This vital equipment and technology was required by FAPIG for the construction of Japan's first nuclear power plant, scheduled for completion in April, 1965.

In over fifty of the world's principal trade centers there are experienced Nissho trade experts ready to talk business with you - whether your business be ships, metals, machinery, textiles, foods or general commodities. Why not have a talk with your local Nissho representative sometime soon. It could well be the most profitable chat you'll ever have.

General Importers and Exporters

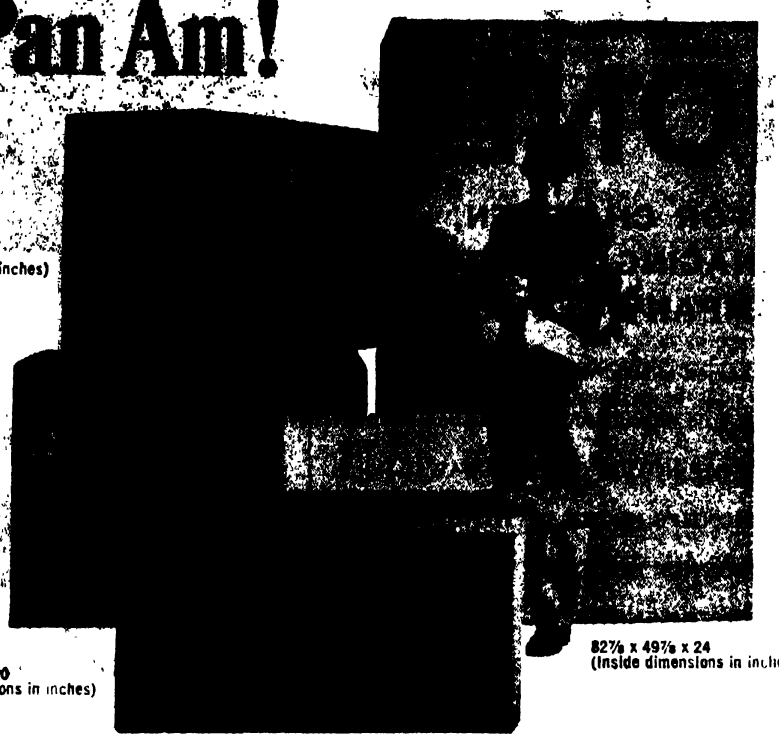
THE NISSHO CO., LTD.

Head Office: Higashi-ku, Osaka, Japan Cables: NISSHOCONY OSAKA Telex. OS3264, OS3265, OS3361, OS3481 **Tokyo Office:** Tokyo Boekikaikan Bldg., Tokyo, Japan Cables NISSHOCONY TOKYO Telex: TK2233, TK2234, TK2460, TK2538 **London Branch:** 14 Finsbury Circus, London E.C.2 Tel. LONdon Wall 9891/5 Telex: UK 28302 Cables: NISSHOCONY LONDON **Overseas Offices:** Hamburg, Dusseldorf, Paris, Barcelona, Milan and 45 major cities throughout the world.

Another cost-saving idea from Pan Am!

Ship in one of these new containers and you'll get a 12% discount on Pan Am!

PAN AM



40⅞ x 24⅝ x 31
(Inside dimensions in inches)

46⅞ x 28⅞ x 34
(Inside dimensions in inches)

40⅞ x 24⅝ x 20
(Inside dimensions in inches)

82⅞ x 49⅞ x 24
(Inside dimensions in inches)

If you have a product which can be shipped in any one of the above containers, our new AirPak Savings Plan will entitle you to a 12% discount—figured on the gross weight of the shipment.

These containers are made of extra strong, 3-ply corrugated board, and can be purchased simply by calling our nearest office. Because these containers enable us to handle your shipment more efficiently, we can give you this preferential rate to the U.S.A. and beyond to the Orient.

When the total weight of the shipment equals 12 cubic feet and 220 lbs. you earn the 12% discount. Obviously, the denser the actual cargo the more money you'll save over conventional air freight shipping.

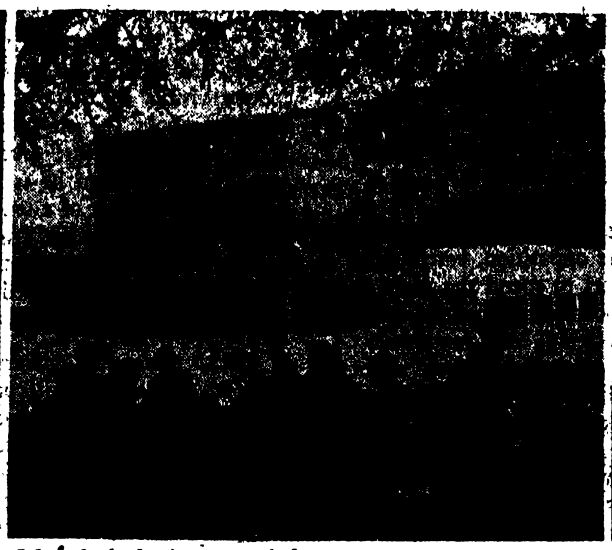
And, these new containers often eliminate the need for other forms of packing (and their costs!).

Let these new containers reduce *your* shipping expenses. We'll be glad to have a Pan Am representative explore your shipping needs with you... recommend containers . . . and tell you approximately how much your savings will be. Your local Pan Am office or your Pan Am Cargo Agent will be glad to make arrangements. Call soon. You'll find it's a pleasant step toward cutting costs.

World's largest Air Cargo carrier • World's most experienced airline

THE WORLD INTERNATIONAL REPORT

Autocrat, 1958



Islamabad, the future capital

Politician, 1965

Pakistan: Ayub's Democracy

BY OUR SPECIAL CORRESPONDENT LATELY IN WEST PAKISTAN

FIVE more years of stability. That was the world's reaction when President Mohammad Ayub Khan of Pakistan was re-elected on January 2nd by a 5-to-3 majority of the 80,000 "basic democrats" over Miss Fatima Jinnah. The combined opposition parties had had their fling and they had been thumpingly defeated. And a good thing too, maybe: perhaps Ayub's victory was not snow-white, but what would have happened once a victorious Miss Jinnah had tried to run a government of five parties—five cats tied by their tails, Ayub had called them—with little in common but the desire to throw him and his system out? Instead Pakistan could settle down to get quietly on with its economic development under the reasonably honest, reasonably competent, and now reasonably democratic regime that had replaced the shambles of parliamentary democracy in 1958.

This comfortable belief may be correct. But your correspondent found many Pakistanis who doubt it. Since the election, Pakistan's opposition has shown no readiness at all to sit down under its defeat. The reason is something not easily discovered from outside the country: the really deep alienation of many intellectuals from the regime. They do not just disagree or criticise; they are totally and bitterly hostile.

For such people, the question asked by many foreign journalists, "Suppose Miss Jinnah is elected and restores the parliamentary system—what then?" was the wrong question. For them, the restoration of democracy was an ample end in itself. "When the British middle or working classes struggled to get the vote, did they worry how they would then use it? You foreigners who think the politics of a developing country must be about economics are simply wrong," one was told. "*This* is our politics. Let us have democracy, then we can argue about economics—and only then will we get the right answers."

So your correspondent argued for hours one evening with respectable middle-class politicians, a lawyer among them, about just how far they were prepared to defy the constitution or the law. Should they boycott the National Assembly elections due in March, since the system was hopelessly rigged? This has been the big argument within the opposition, with West Pakistanis generally in favour of a boycott while opposition leaders from East Pakistan, where Miss Jinnah has much more support, argued that they must stand up and fight the election—which they have all, both east and west, now decided to do.

But if they had boycotted the elections, what then? Civil disobedience? Gandhi with mass support tried it in 1942 against a regime no tougher, and the British were still in India five years later. We must imitate the Vietcong, said the youngest and the toughest of the politicians. And were they prepared to shoot their neighbour, and his wife and his children to get their way? No, said an older man, yet it may come to that.

No doubt most of this was words (Pakistan's opposition is strong on words). There is no sign of a mass base for civil disobedience, let alone a guerrilla movement, even if the leaders were serious. Yet it is striking to find responsible men even talking in these terms. One may equally discount the hostility of the students, who in Karachi, for instance, have been on an essentially political strike, now petering out, since December. "Schoolboys" might indeed be a truer description of some. But boys no older have been a political force elsewhere, and these are next year's young men.

Most of Pakistan's lawyers and many journalists are hostile: the press is curbed and, though the judiciary at high court level and above has fully preserved its independence, the lawyers' liberal ideals drawn from British law are offended by the many restrictive ordinances. The West Pakistan government, for instance, in amending an ordinance struck down by the high court, recently extended yet further its already extensive powers of preventive detention.

No one seriously doubts that President Ayub can keep the lid on the pot; many doubt that he can ensure that the escape of steam is always orderly. The attempted murder on January 28th of one of the fieriest opposition leaders, Mr Baqi Baluch, by unknown gunmen—he was badly wounded and a journalist with him was killed—was no encouragement to restraint among the opposition. The president has now to decide whether to liberalise or not. His victory speech, when he credited even those who voted for Miss Jinnah with having served democracy, encouraged those who hope he will liberalise, which includes some influential sup-

porters. But President Ayub's recent statements have given no indication that he has any positive plans.

The trouble for the hopeful is that the president simply does not believe in their kind of democracy. The actual polling on January and was in most places reasonably fair. But the tales your correspondent heard of the pressures or inducements brought upon the "basic democrats" before the poll, and the incidents where the polling was not fair, make it hard to doubt that if President Ayub organised an election whose results were not automatically predictable he did so by mistake, and that his supporters, unchecked, did their best to undo his error.

Many opposition agents sent—quite legally—from Peshawar to watch the voting in tribal areas were not allowed near the polling station. In another area, according to the opposition, voters were brought the day before in official transport to spend the night in official buildings near the polling station; reminded of their patriotic duty by a relative of a very powerful local landowner; and finally invited to let the presiding officer mark their ballot papers for them on the plea of physical disability. Such incidents were not typical. But evidently if President Ayub wanted a clean election he should have told his friends.

Yet the president may well consider what he has really done to earn such violent hostility from his enemies. Even in its martial law days the regime was mild: few people were imprisoned and none executed. He introduced a constitution within four years, and quasi-democratic elections within six. Though opposition leaders assured your correspondent that corruption is now back to its pre-1958 levels and worse, businessmen, who should know better, say nothing of the sort. There has been real economic progress, a little of which has filtered through to the common man, even if it is easier to point out the rich whom it has made richer. Though the opposition characteristically denies the regime any credit, East Pakistan has begun the long haul to catch up economically with the west wing. Yet Comilla, where the new rural works programme has made the most notable impact, was one of the districts there that gave a sizeable majority to Miss Jinnah. Small wonder if the president were to decide that this was typical: the more you give, the more they ask for.

Rewards of Industry

"We both got our estimates wrong," said the Pakistani planner without more than a justifiable touch of self-satisfaction. "But the Indian estimates were too high. Ours were too low."

As the Pakistanis complete their third five-year plan, which will come into force in July, they have the agreeable task of shifting the targets upwards. After a lapse in the middle, the performance of the last two years of the second plan suggests that their economy will have grown at an average of 5.5 per cent a year, compared to the 4.8 per cent on which the original outline of the new plan was based. The planners now hope to see growth well above 35 per cent in the next five years.

If the improvement, in which both farms and factories have shared, was all there was to it (and if inflation were not on the way) Pakistan's planners could rest, or work, in peace. But they are now under a two-pronged attack. The question is no longer how big the cake is but how big whose slices are. The East Pakistanis, 61 million of them crowded at one of the highest densities in the world into roughly half the cultivable acreage available to their 51 million West Pakistani brothers, have been complaining for a long time that too little of the cake reached them. But there is now a growing feeling that the common man in both wings whom all this development is supposed to help is not getting enough either. Coupled with this is the rather different feeling of those who are reasonably well off, but would be better, that too many of the goodies are going to those who are very well off indeed. So one gets the familiar picture of the famous 22 families that grow fat while everyone else stays thin or starves.

It is hard as one drinks one's whisky in Karachi's gleaming new Intercontinental Hotel (the most luxurious your correspondent has ever stayed in) to realise that this is a country most of whose people are as poor as those of India. True, there is plenty of money visible in Bombay; but there is a kind of determined austerity about the shops there. The rich man there may be being driven in a vast American car, but if he is it is probably seven years old, and he is just as likely to be riding in a small Indian-built version of a ten-year-old Morris. Here the westernised is at home among goods from America and Japan and the fur-coat gorging the jewelled women is little, shiny and last year's (even if it is a Pakistan-assembled Dodge).

Here, where the government is avowedly and successfully devoted to free enterprise—within the rules, often very free indeed—the familiar Indian words "socialistic pattern" ring strangely. Yet there they are, written unbelievingly in one's notebook, and it is a senior official declaring that that is the kind of industrial organisation the government wants to bring about.

Certainly socialist is the wrong word. There is state intervention, and it is being used to promote some degree of social and regional balance. But it amounts to a partnership of state and private capitalism. The aim is a property-owning democracy (as in England cynicism is in order) rather than a state-owned one.

The basic difficulty is the familiar one that in a developing country money very rapidly breeds money; on top of this, is the problem that there was (and still is) relatively little of this money in East Pakistan, and much of that was held by Hindus who were reluctant to invest it there. The government offers a six-year tax holiday to all new industries in East Pakistan, and lower customs duties on imports of machinery. It encourages industries to go there if, but only if, going east makes at least as good economic sense as starting in the west.

But the government's good intentions are at the mercy of private investors. Although two-thirds of public investment in industry for the current plan went to the east, two-thirds of the far greater volume of private investment went west. It is hoped that a more even split of private investment in the new plan, plus much larger public investment, will give the east wing a slight edge. Even so, most of the private investment will not be local; the capitalist enterprises in East Pakistan mainly belong to West Pakistanis. One curious result has been that East Pakistani businessmen, fearing anything that will make their powerful rivals still stronger, have opposed the demands by West Pakistani industrialists that the government should limit itself to planning, leaving the implementation of the plans to the private sector.

Officials have some answers ready when confronted with the charge that economic power is becoming even more concentrated. The normal method of state participation in industry is through the industrial development corporations, one for each wing of the country. These corporations enter a new project together with a private collaborator, provide the technical and management skills, and then, when the project is a going concern, disinvest. In such cases 30 per cent of the initial capital must be issued to the public. Some new sugar mills are being set up on condition that the private entrepreneur offers 40 per cent of the capital to the cane growers (who, perhaps surprisingly, do take up their allotment) and another 30 per cent through the stock exchanges. Private companies are not allowed above a certain size, and companies going public must offer half their shares through the market. The national investment trust set up in 1963 has the right to take up 20 per cent of any new issue. But the trust's present assets are scarcely an eighth of the usual flotations of a single year.

Result of Competition No. 2

Shell-Mex and B.P. keep them fuelled down on the farm!

(Your rural efforts were no less worthy!)

COMPETITORS WERE ASKED to write a bucolic conversational exchange between a Thomas Hardy rustic and a modern farm mechanic in charge of a combine harvester—the subject of the conversation was agricultural progress!

REPORT
by Allan M. Laing

The entries for this competition lent some colour to Napoleon's jibe that Britain was a nation of shopkeepers. The authentic rural touch was lacking, and even close acquaintance with the works of Hardy was not obvious in more than a handful of competitors.

There is evidence that competitors found this competition difficult. Not nearly enough play was made with the Wessex dialect; and the pawky humour of the Hardy rustic was too often smothered under a prosaic exchange of platitudes.

These defects were not apparent, however, in the entry of the First Prize winner, whose dialogue was lively and who gave an original and unexpected twist to the brief exchange. Among the runners-up, I should like to give special mention to Seumas Stewart and G. J. Blundell, who both contrived a new and lively turn to the dialogue. Complete results follow.

First Prize (Ten guineas)

R. A. McKenzie, 28 Harold Road, Beulah Spa, London, S.E.19.

RUSTIC: You be a mortal clever man in talents, stranger,
to manage yon great large jerry-go-nimble contrepidation.
MECHANIC: **Well, mate, that's progress, ennit? Better edication, see?**
'Elps us do things scientific like.
RUSTIC: Trew, trew, as the old woman said. A more God-solemn and
voracious inscription I never heard tongued.
Wunnerful times to come we do surely inhabit!
And what might it be for, master?
MECHANIC: **Well, as to that— (Scratches head, transferring good, if extremely dark oil to his touzled straw-coloured locks.) I don't rightly know.**
Sort o' Tube Railway escalator on wheels. I'm jes' the driver, see?
On a fact'ry production-belt 'fore they automated me out.
(Squeegees sweat from forehead and face with same grimy hand.)
Rough grass-cutter, ennit?
RUSTIC: That for a tale! Why, 'tis a-reaping and thrashing like a whole
fieldful of harvester-men (Lying mechanic.) Hau, hau! You be the
minstrel spit of one of they foreign nigger-fellers.
Well, 'tis clane black oily dirt, and we all know what that is.
Yon be an harvesting-machine, sure as worms can't be junctioned.
For wheat and oats, master.
MECHANIC: **Naow, yer wrong, chum. Them things are made in supermarkets.**

RUNNERS-UP
(Four guineas each)

Seumas Stewart, Harrow House, Chipping Campden, Glos. E. Holder, 13 Purley Ave., London, N.W.2. G. J. Blundell, Lane's End, East Malling, Kent. Mrs. P. Faith Ritchie, 5 Fassett Road, Kingston-on-Thames, Surrey. John Astbury, 15 Park Place, Cheltenham, Glos. Mary Carter, 1 Sterne Close, Cambridge. Denis Jolman, 2 Dovecote Road, Roade, Northants. P. W. R. Foot, 23 Hazelbrouck Gardens, Hainault, Ilford, Essex. S. R. Hammond, 8 Haydock Avenue, Leyland, Preston, Lancs. Mrs. C. Manton, 23 Bannister Close, Langley, Slough, Bucks.

Finally we would just like to remind you that:
SHELL-MEX AND B.P. LTD
MARKET PETROLEUM PRODUCTS OF
BOTH BP AND SHELL IN THE U.K.

'HASTE' COUTURE

Women want the latest fashions—*quickly*.

But they can't have them quicker than the dyer can match new shades. By trial-and-error this used to take him days.

Now ICI does it for him by computer in *seconds*—and wires him a dye 'recipe' well within the day, whether he's in Bolton, Brussels or Boston, Mass.

Result: vital time saved for the dyer and a head-start in the fashion race for all his customers.

ICI

IMPERIAL CHEMICAL INDUSTRIES LIMITED · LONDON S.W.1

FE 318

The government has also promised legislation to meet public criticism that powerful industrialists use their control of banks and insurance companies to finance their own companies while their competitors have to search for credit. But this hardly answers the cogent argument of the chairman of the State Bank that the allocation of credit depends on the structure of the economy; if the import licences and sanctions for new projects go to the big men, so inevitably will the credit.

All this is relevant to the creation of the bourgeoisie that barely existed when Pakistan was born. It does not affect the often heard argument that at this stage of development money must be accumulated in relatively few hands if capital is to be formed at all. What the common townsman thinks of this argument, your correspondent had not the Urdu to discover.

But it is evident that quasi-democratic politics can have their effect. President Ayub's post-electoral directive to the government officials called particular attention to points in his election manifesto bearing on the welfare of the common man. These were not exactly revolutionary. But it is something at least that they were not forgotten.

Wrapping Up the Press

One day soon a paper called *Nawa-i-Waqt* may die. No one outside Pakistan but a few professional busybodies will notice or care. Yet the death of this Urdu paper published in Lahore would mean the end of any significant independent daily journalism in West Pakistan.

To a journalist at least, the most obviously autocratic feature of President Ayub's regime is the way it has curbed the press. Not entirely: in East Pakistan, the *Pakistan Observer* and several Bengali papers maintain a vigorous barrage against the government in spite of the legal or unofficial obstacles put in their way. *Nawa-i-Waqt* survives today because its circulation sprang during the election campaign from 12,000 to around 80,000. It survives against the multitude of pressures, notably financial pressures, that a government can bring, directly or through advertisers whose business depends on government good will.

The legal requirements alone are formidable. Though the West Pakistan government last November withdrew a requirement imposed in 1963 that its press notes must be published in full, it retains ample negative powers. No one can print or publish a newspaper without the sanction of the district magistrate (a government servant), sanction that must be refused if the government is satisfied that the applicant "is likely," among other things, to prejudice public order or to defame anybody. Granted, there is an appeal—to the government, not the courts. The sanction once given can be revoked. A paper that breaks the rules can also be required to put up a "security deposit" of up to £2,250—more than a small Pakistani journal could easily raise—which may be forfeited if it repeats the offence. This system (also revived in India in early 1963) was a British invention used effectively early this century to crush the Indian nationalist press.

The mixture of pressures has reduced West Pakistan's English-language press at least to a flabby conformity. The *Civil and Military Gazette* of Lahore closed in 1963; in theory because it was losing money, in practice because its industrialist owner found that running an independent newspaper just did not help his other businesses. The office made famous by Kipling is now used by a textile company. The independent and unusually well-edited weekly *Outlook* of Karachi was crushed last summer.

Of the three big English dailies, two are owned by the National Press Trust, a government-sponsored but supposedly independent body whose independence is seldom detectable in print. They are the *Pakistan Times* of Lahore, once genuinely independent, then grabbed by the military regime in 1959, and the *Morning News* of Karachi and Dacca, whose owners were fairly recently persuaded to sell out. Both have vernacular stablemates. *Dawn*, the country's largest paper, though privately owned, is on most issues more loyal than the king.

The flabbiness of the press is not so much a matter of editorial opinion or blacking-out unwanted news—at least in the later stages of the presidential campaign, Miss Jinnah's speeches were reasonably covered in the pro-government press—as of the lack of independent analysis and investigation. Often the handout seems to have replaced the reporter's eyes and ears. Before the election, political analysis consisted largely of reprinting ludicrous claims made by both sides. After it (granted that western-style psephology is mercifully not possible) there was no serious study of the results.

Government propaganda, particularly the opinion of "political circles" about India, is legion. The two press agencies blithely circulate screeds of it, which is as blithely reprinted by the papers. This process can have some curious results: readers of *Dawn*, for instance, were offered on January 16th a summary of favourable British press comment on Ayub's election which had already been substantially summarised by the paper's own correspondent in London eleven days before. Yet subservience is not invariable. When the post-electoral victory celebrations in Karachi degenerated into riots and killing, anger within the ruling party produced a startling *Morning News* editorial declaring that the organisers "have done a great disservice" to President Ayub and Pakistan. As everyone knew (though not from the paper's news columns) the leading organiser of the victory celebration was the president's son. *Dawn* joined the opposition in demanding the judicial enquiry which the provincial government refused.

Dawn's way of looking at British aid to India

In any case, a British journalist must always beware of expecting an Asian press to act as if it enjoyed the relative freedom (and wealth) his predecessors spent two centuries fighting for. Yet it remains true that many Pakistani journalists indignantly reject that excuse; Pakistan is not some newborn Minitopia, they say, and they could and would produce far tougher and livelier newspapers—if they were allowed to.

One non-controversial improvement they could well make (and *Dawn* largely has) is to get away from the journalistic neo-colonialism of British and American feature syndication. Sometimes this is valuable: the *Pakistan Observer* just cannot afford correspondents everywhere that the London *Observer* can. Sometimes it is excusable: is an editor to reject a well-written American science article for an inferior article, at the same price written locally? It is harder to explain why so much of one Karachi paper should be written by the Chicago *Daily News*; or who profits from an American woman columnist's advice to her American readers on their social problems; or what the young (Moslem) secretaries of Karachi will do (in January) with the *Daily Express's* thoughts on how to dress at the office Christmas party.

It is odd (though not unique: India is the same) that a vigorously nationalist press should maintain these practices. Junior Pakistani journalists offer various explanations: cheapness; shortage of trained staff or competent freelances; possibly, said one, plain laziness. That must surely be the reason at least why the Rawalpindi writer of a recent feature on his local climate should have borrowed his choicest descriptive passage, almost unchanged and without a hint that it was unoriginal, from a book written years ago by an Englishman.

FRANCE

De Gaulle's Golden Gate

ONE of the aspects of President de Gaulle's press monologue on February 4th which most struck his audience and the professional Elysiologists was its new serenity of tone. In fact, there was nothing particularly surprising in this, for there was no occasion to be bitter. The wily old strategist, working on internal lines of diplomatic communication, has, for the moment, scattered the loose Atlantic coalition of America, Britain and Germany in the battle over the proposals for Nato nuclear reform. At the press conference it was up to him, not to break other people's plans, but to put forward his own. Despite the flurry over the general's lecture on the gold standard, the most important part of the conference was, by a long chalk, the passage about the future of Germany. It marked the transition from negative to positive gaullism, at least in Europe.

It is often said that General de Gaulle is in love with ambiguity, which he sees as part of the glittering armour of prestige. Yet, on Germany, he has always been far bolder than any other western statesman. He was the first, and only, head of a state allied to west Germany to make it clear, at a press conference in 1959, that the new Germany could hope for reunification only if it accepted its "frontiers," which was universally interpreted to mean the Oder-Neisse line.

Now he has gone further. He has stated baldly that a European settlement of the German problem, including German reunification, is the "essential objective of French policy on this continent." In the past, any number of jokes (such as that everyone wants reunification as they want to go to heaven—only in the next life) assumed that this was the last thing French diplomacy was really working for. After all, a reunified Germany would have nearly twice the economic power of France. General de Gaulle has now decided that, if he is to have a European policy, without which his influence would be limited, he cannot burke the issue.

Naturally, the condition is that Germany should thenceforth be "an assured factor for peace and progress" and for this the general proposes to bring in the east of Europe to redress the balance of the west. All European states should first "examine together, then settle in common and finally jointly guarantee" the new German statute and, in so doing, establish a new Europe:

> Europe, the mother of modern civilisation, must be established in peace and co-operation from the Atlantic to the Urals for the development of her immense resources, in order to play, along with her daughter America, the role that is incumbent upon her in promoting the progress of two billion people who desperately need it.

Thus, Russia (shorn of Siberia? by whom?) is to be part of the European system, but America is not. Russia's "satellites," too, must play their part as co-guarantors of the new European concert. And Germany must accept that the settlement "of which she would be the object, would necessarily involve her frontiers and her armaments by agreement of all her neighbours to east and west." Finally, the six countries which "let us hope" are building up the economic community of western Europe must manage to "organise themselves in the political and defence fields so as to permit a new balance on our continent."

Big as are the question marks that this vision raises, its outlines are pretty firm. Russia is to be persuaded of the usefulness of German reunification by the exclusion of America from the European scene and by the denuclearisation of central Europe. Germany is to be attracted by the hope of reunification into accepting a kind of collective condominium, which, in turn, is to reassure the minor east European powers. The western European union is, conditionally, to be maintained, with France leading it as its only nuclear power.

France and Russia would thus be the two flanking pillars carrying the bridge across the full extent of Europe, one based on the Atlantic, the other on "the Urals." But, first, the six-country European community must prove its independence of America by building up its own union for foreign policy and defence, which means, immediately, German inaction in any schemes of Atlantic partnership and, ultimately, a positive push to get America out of Europe. If the community does not do this, the general would like the Germans to think that the common market can still be laid in ruins.

A correspondent of *Le Monde* writing in Wednesday's issue was intoxicated by this vision into writing that "France feels she has the vocation and the power to take the place of the United States." This is such patent nonsense that one cannot credit the general himself with the same crude faith. His approach in fact seems the very reverse of naïve: as it has been for the last two years, it is based on the assumption that America so needs an independent western Europe that western Europe is free to pursue any policy it wishes without fear of losing the American nuclear guarantee. It is at this point that the fundamental questions about the general's vision of the European future insistently raise their heads.

It is true that the flaw in the argument that west Germany and America are umbilically tied by the defence needs of Germany is the growing assumption in Europe that Russia is not a military threat. Without this dawning self-confidence, it would be difficult to explain the emphasis of the misnamed German "gaullists" on greater "flexibility" in framing national policies. Conventional though official visitors tend to be in the remarks they make on leaving allied heads of state, there must be some significance in the fact that the chairman of the Christian Democrat parliamentary party, Herr Rainer Barzel, came out of President de Gaulle's office on Monday afternoon, four days after the press conference, saying that he and the president had talked of the "past, present and future" and that there was "a general identity of views."

BUT there is still a gap between flirting with ideas of European independence and actually courting American disengagement from Europe. It is more than a matter of risking an American withdrawal. Why, in the circumstances, should the Americans themselves not reach for a settlement with Russia on the basis of the status quo? This is what the Russians, one might assume, would like most of all, and the west Germans least.

General de Gaulle's vision of things to come in fact assumes that the Russians think it worth risking the loss of a communist government and their 20 divisions in east Germany, in return for splitting Europe from America. This may have been so once upon a time, but is it now? If west Germany has the self-confidence to seek reunification, whatever the effect on its relations with America, can one assume that a reunified Germany, second only to Russia in the new Europe, would long be satisfied to remain a ward of its European neighbours or to play second fiddle to barely nuclear France? As good marxists, dedicated to economic *avoirdupois*, the Russians have always tended to see the centre of gravity of the common market in Bonn, not Paris. German reunification would hardly incline them to change their minds. It may well be that the Russians prefer to have America in Europe than to conjure up the genie of a new European great power centred on the Rhine.

General de Gaulle's triumphs in the last two years have essentially been negative—the destruction of the plans for the future of those whom he chooses to regard as his opponents. He has been helped in this by the German desire to do nothing rather than to rock the European boat. But if he wants to set his own course, then he in his turn will be asking the Germans to take nasty decisions they have so far done all they could to avoid. It is a new tactical situation, and it may well be that the passive, unconscious

It's fine ripe barley that gives character to Johnnie Walker, the best-selling Scotch whisky under the sun

BORN 1820—STILL GOING STRONG

PURE, CLEAR BURN WATER, 3,000-years-old peat, and ripe, golden barley: it's all there, magically blended, in the bottle of Johnnie Walker.

It wouldn't be possible without men like Peter Robertson. He's 79 years old, and he's spent most of them growing barley.

It's all good barley he grows. But only the pick of his harvest goes to the local distillery to be made into malt whisky that will be blended into Johnnie Walker. The character of Johnnie Walker depends on this sort of choosiness. Perhaps that is why Johnnie Walker is the most popular Scotch whisky in the world.

Taking it straight. Know the secret of getting to the heart of Johnnie Walker? Add water, fifty-fifty. Taking it straight is fine if you're rushed, or cold. But water brings out its distinctive character to perfection. And it costs no more.

It's all a matter of taste, of course. Johnnie Walker is unmistakable by itself, or with water, or with any one of the dozen things it shares glasses with these days.

When you've got the best barley, there's no sense in spoiling it. The barley in the Johnnie Walker distillery is steeped in water and allowed to germinate on the malt floor. Here it is turned with a wooden 'shiel', not a metal shovel.

Metal could damage the sprouting grain. When you've got the finest barley, you handle it very gently indeed.

Buy it here, or anywhere. Johnnie Walker sells in 165 countries . . . Its familiar square bottle means Scotch whisky in just about every language.

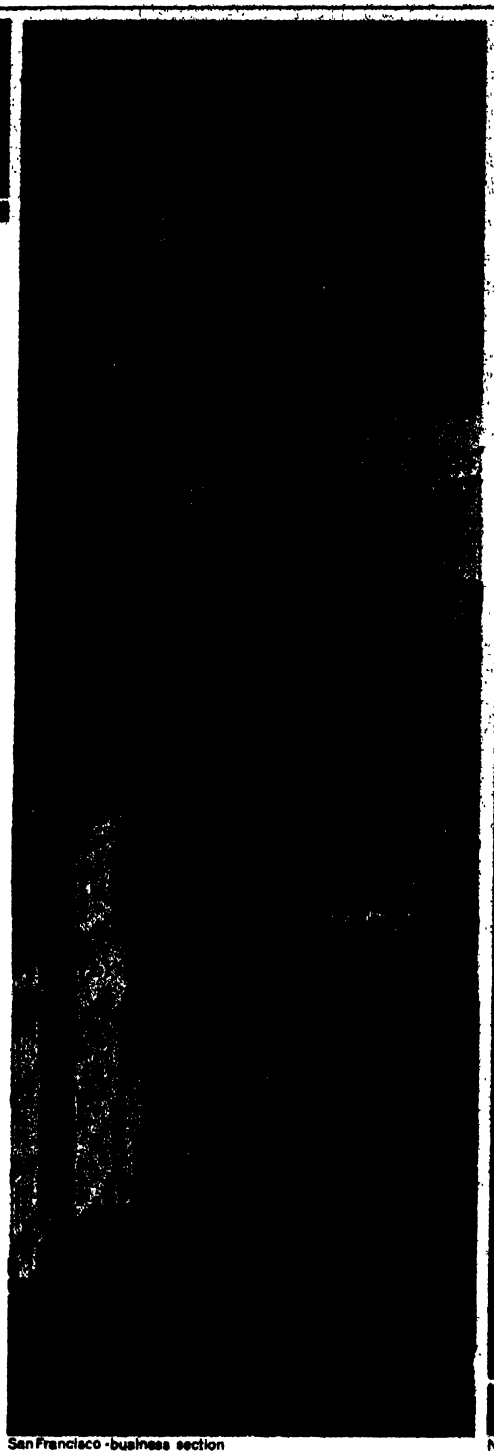
Wherever and when you buy Johnnie Walker, you can be sure *you* will like it. Better still, you'll know your friends will like it, too.

Because Johnnie Walker is liked by more people in more countries than any other Scotch whisky. Which is saying something.

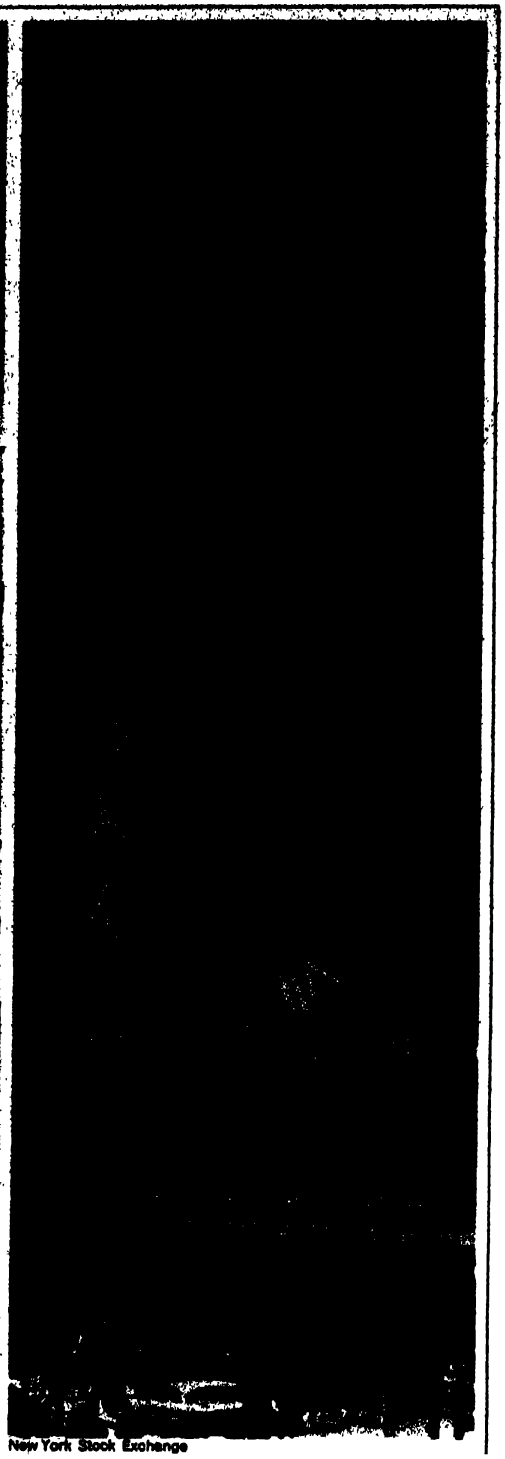
Say Johnnie Walker-you'll like it

'Red Label' Bottle 44/6d., ½ Bottle 23/3d., ¼ Bottle 11/11d., Four-ounces 7/11d., Miniature 4/6d., Giant (3 Bots) 133/6d. (U.K. prices.)

USA! TWA!



San Francisco -business section



New York Stock Exchange

ONLY TWA SERVES EUROPE AND 70 U.S. BUSINESS CENTERS COAST TO COAST

Conference in America? Your trip is swift, easy and rewarding on TWA. You arrive in a few hours from Europe—or Africa or Asia. It's the only transatlantic airline you can fly that serves 70 booming markets in the United States from coast to coast. One ticket, one baggage check all the way. Royal Ambassador First Class offers you matchless dining and service in a restful, club-like atmosphere. There's entertainment, too—wide-screen movies in flight! First-run films, the majority in color, are an exclusive on all TWA jets across the Atlantic. They're the finest productions from the renowned studios of the world. And for just a dollar, you enjoy them in Economy as well. Next time, fly the relaxing, one-airline way. Call your Travel Agent, specify TWA—Trans World Airlines!

Worldwide depend on TWA

"interdependence" of the West, like the frontiers of the cold war, are more obstinate than the conscious Grand Designs of the would-be engineers of a new international order.

This is, no doubt, why the editor of *Le Monde*, assuming a great paper's right to encompass many contradictions and to disagree with its own correspondents, ended his leader on General de Gaulle's press conference on Saturday, February 6th, by wondering whether the formula for the Atlantic was not still "from San Francisco to Moscow" or "from the Behring straits to the Behring straits." This does not change the new fact that, for the first time, there is a French vision, as well as an orthodox Atlantic vision, of what will be the future of Germany, Europe, and east-west relations.

FRANCE AND NORTH AFRICA

Tunisian Thaw

A GENTLE thaw in Franco-Tunisian relations should result from the appointment of Mr Mohammed Masmoudi as Tunisia's new ambassador in Paris. In the same post in 1958, when the Fourth Republic was floundering under its Algerian burden, he turned openly to General de Gaulle as the man he had put his money on. This was after the French had bombed the Tunisian village of Sakiet. Four months later General de Gaulle was prime minister of France and well on the way to be president. His regard for the Tunisian envoy who sought him in an hour of crisis has endured, and perhaps been heightened, by the fact that Mr Masmoudi has played no part in Tunisian politics during the past three years.

In 1961 Mr Masmoudi was expelled from Tunisia's Neo Destour party (now the Destour Socialist party) for criticising President Bourguiba's "personal power." But he has been a "dear deviationist," never faltering in essential loyalty, and was returned to the party last October with a prodigal son's full honours. He is well placed to heal the breach that opened between Tunisia and France when suddenly, last May, Tunisia took over all the land—a million acres—that was still in the hands of Europeans, and France slapped back by withdrawing its financial aid and trade favours.

The question of the lands still festers. The Tunisians reject liability to pay compensation for land that was bought for a song for the settlement of French *colons*. But it is prepared to compensate any foreigner who paid a fair price for his land. However, only a handful of Maltese and non-French Europeans have appeared before the Tunisian commission set up to study each case. The French *colons* are boycotting it. But this is all marginal sparring. Now that all over North Africa the gates are closing against European farmers, these farmers know well enough that any compensation they get is in the gift of their own governments.

Dispossessed *colons* from Algeria have been modestly recompensed from a fund held back from France's big subsidies to Algeria; and a special French loan was raised to pay most of the compensation to that first batch of French farmers in Tunisia who had their land (250,000 acres) taken over in 1959. It is all and always a matter of finding a formula that puts the gift in a wrapping of apparent joint liability. And formulas can always be found if there is sufficient political good will.

Tunisia has no dowry, like Algeria, of gas and oil reserves, to attract France's special attentions. But it ought to be a country to go steady with—because of its own steadiness. Even France's economic whiplash has not thrown it off its balance. The devaluation of its dinar, to which it was driven last September, has not, after all, made the cost of living rise steeply. Thanks to a well planned price control the rise has been only about four per cent.

In most respects the country has made out well—for the time being. This is the sort of stability in a developing country that western aid aims at sustaining. That France should be at odds with Tunisia does not, therefore, make sense. But there are signs that the French mood is melting. When President Bourguiba sets out on February 16th for a round of state visits to Middle East capitals, he will hope to carry the message to those further off Arab countries that one of their Maghrebi neighbours, which has effected "decolonisation," has not permanently forfeited French good will.

Moroccan Frost

GLOOM has descended on the 135,000 French residents in Morocco since the adjournment on January 20th of Morocco's negotiations with France on commercial and cultural questions. The main problem, as in Tunisia, has been that of French-held land—much of which is in the fertile plain of the Gharb. This land falls into two categories. The first is the nearly 500,000 acres that were given to French settlers in the colonial period and are known as "terres de colonisation." The second, known as *melk*, is the 1,125,000 acres that were privately bought by French settlers (though Moroccans claim that the "sales" by Berber tribes and others were often forced). The "terres de colonisation" were made liable to takeover in December, 1963; about half have already been expropriated. Meanwhile, through the past three months, intense pressure has been put on the government by all political parties to take over the *melk* as well. No one is investing in agriculture while so much uncertainty prevails.

Unlike the two opposition parties, the right-wing Istiqlal and the left-wing UNFP, King Hassan's government is willing, in theory, to pay compensation for both categories of land. But it points to Morocco's desperate shortage of foreign reserves—a bare £5 million—and has asked France for a long-term loan which would cover most of the compensation to be paid. It also speaks of issuing government bonds, redeemable in fifteen years' time—a prospect that arouses understandable despondency among the landowners.

Politically, relations between France and King Hassan's government are good. There are certain objections, however, to giving the Moroccans large sums of money to compensate French landowners. French settlers from Tunisia, and possibly even Algeria, might well protest loudly that not as much has been done for them. And, except in upholding King Hassan, there seems little to be gained by the French from meeting so big a bill. Hitherto, it has been worth France's while to keep the Moroccan economy afloat, since foreign trade was largely in French hands and a part at least of the profits found their way back to France. But, since October, there has been a ban on many imports and on all forms of currency remittance.

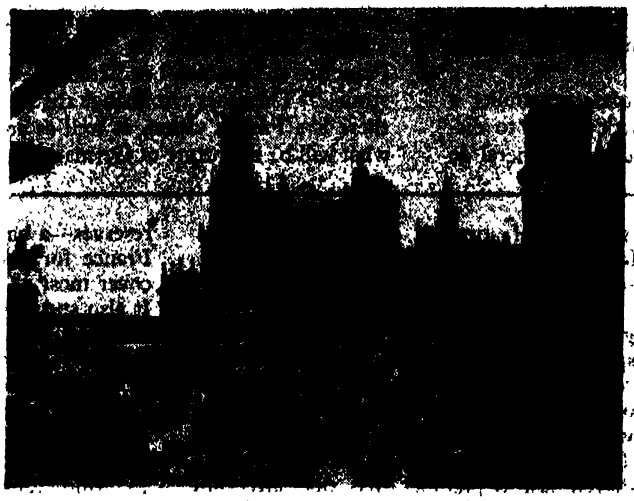
The cultural negotiations in Paris have also been adjourned. There were, until recently, more French teachers in Morocco than in all the rest of the world outside France put together. Some are paid directly by the Mission Culturelle and teach mostly French settlers' children. Others are paid 89 per cent by the Moroccan government, 11 per cent by the French. Both groups have received a premium of about 20 per cent above what they would receive in France. The closing of some Mission Culturelle schools is rumoured to be connected with plans for cultural expansion in South America.

The Moroccans want the teachers to have shorter holidays, work longer hours and have a higher proportion of their salary paid by the French. They point out that a considerable percentage of the salaries is remitted to France, thus causing a drain on Morocco's tiny foreign exchange reserves. After this year Rabat university will no longer give degrees recognised as the equivalent of French ones and entitling their holders to teach in France. Inevitably the French community sees little future in Morocco—an impression increased by the imminent departure of more than a hundred French doctors.

Old Moroccan hands talk, of course, of the country going to the dogs as more and more French technical assistants refuse to renew their contracts. They could be right; but it might also be true that the regime has allowed itself to become too dependent on France and that Morocco will now learn to stand on its own feet, painfully but to its ultimate benefit.

DRESDEN ANNIVERSARY

We the Burners



FROM OUR BONN CORRESPONDENT

DRESDEN fitfully stirs the Anglo-Saxon conscience. Several British airmen who took part in bombing the city on the night of February 13-14, 1945, have contributed to the Provost of Coventry's fund towards rebuilding one of the hospitals that were destroyed that lurid night twenty years ago. The provost's aim is to raise £25,000. By the beginning of this week £11,000 had come in—enough to warrant making arrangements for thirty young people to set off for Dresden on March 14th, after a parting ceremony in Coventry cathedral, to lend a hand with the preliminary work of clearing the site. Fifteen of the working party are Cambridge students, dedicating their Easter vacation to Dresden. The other fifteen, of whom some are girls, are planning to spend six months there.

The Diakonissen hospital in Dresden was gutted by fire in the early hours of February 14, 1945. But the outer walls remained standing up to the fourth storey. About a third of the building was reopened ten years ago; Coventry's fund will pay for the restoration of another block, thus returning the hospital's capacity to half of what it used to be.

Already on March 28, 1945, Winston Churchill privately expressed disquiet at reports he had received about the Dresden raids. Through David Irving's book, "The Destruction of Dresden" (published in 1963 by William Kimber), probably most Englishmen and Americans have by now come to have at least some inkling of what happened. A newly published German edition of Mr Irving's study is the main source of scores of newspaper articles and radio broadcasts in both parts of divided Germany commemorating this weekend's anniversary.

Wieviele starben? Wer kennt die Zahl
der Namenlosen, die hier verbrannt
in Hoellenfeuer aus Menschenhand?

So the question runs on the cenotaph in the forest cemetery: "How many died? Who knows the number of the nameless ones here burned to death in an inferno lit by men?"

No one has been able to give an authoritative answer. It has been estimated that the city's normal population of 600,000 had swollen temporarily to double that number early in 1945. Forerunners of the accelerating retreat from the east, German refugees and wounded, and foreign workers and prisoners of war, had flooded every building and overflowed again into the streets, parks and gardens. At this concentration of confusion and distress, British and American bomber squadrons struck in three waves. The RAF came in at 22.09 on the 13th, and unloaded 10,000 high explosive and 650,000 incendiary bombs within 24 minutes. Having been put out of action, the warning system did not operate when the RAF attacked again at 01.22 on the 14th for 32 minutes. Between 12.15 and 12.25 on the 14th the United States Air Force dealt the last blow in daylight.

Estimates of the number of dead range from 60,000 to 225,000. Mr Irving puts the figure at 135,000. In the current number of *Politische Studien*, Major-General Hans Rumpf, the chief of the German fire-fighting services during the war, remarks, "We do not know and we never shall know." The former Burgomaster of Dresden, Walter Weidauer, has recorded that 39,773 bodies were identified. The blame for the slaughter is still being shabbily disputed between everyone concerned. But surely it lies on all of us.

Today, after east Berlin and Leipzig, Dresden is the third largest city in east Germany, with a population of some 500,000. Its master builders are especially respected and privileged persons. They have largely restored the baroque centre; they still have uncanny wastes to fill.

SUDAN

Their Own Deep South

FROM OUR SPECIAL CORRESPONDENT

Khartoum

AN EMBARRASSING and symbolic moment came within hours of the beginning of the Queen's tour of Sudan on Monday. Most tactfully, the hosts had arranged a special race-meeting, with camels as well as horses taking part. The Queen was halfway through shaking hands with the turbanned stewards of the Khartoum racing club when the band belatedly struck up the national anthems. For some minutes the Queen's party, and all the Sudanese around her, were frozen in embarrassing closeness, unable to speak and trying not to look at each other. Then the band mercifully stopped and a horse called Uhuru (freedom) won the next race.

The Queen's five-day visit has in the same way frozen Sudanese politics, which had been in furious spate since a demonstration brought down President Abboud's military régime last October. All five parties represented in the new caretaker government agreed to hush their pre-election cries during the Queen's tour, and the prime minister, Sirr el Khatim el Khalifa explained that the Sudanese were not a people who burdened visitors with their internal problems. But here the prime ministers' politeness exceeded his objectivity. For Sudan's greatest problem—the reconciling of the four million pagan or Christian and negroid southerners with the nine million Moslem and mainly Arab northerners—has importance throughout Africa and beyond.

Nigeria nearly split along its Islamic line six weeks ago and last month's world Moslem conference at Mogadishu was full of uncompromisingly aggressive speeches. If the Sudanese can patch up their north-south quarrel during the coming months they will have done more for the foundering ideal of African unity than anyone. If they fail, it will be harder still to speak of brotherhood between Arab and black Africa.

The quarrel is an old one. Sudan's southerners not only feed on historic memories of the days when they were the Arabs' slaves, but throughout the six years of the Abboud regime, they suffered a degree of military oppression that increased as their protests against various forms of "Islamisation" led them to guerrilla warfare. The deteriorating southern situation did more than anything to bring down General Abboud; Mr Khalifa has given its solution top priority. He has achieved much in persuading the five northern parties, ranging from the "Moslem Brothers" to the communists, as well as the southern leaders now in exile in Uganda, to attend a round-table conference at Juba on February 18th. A month ago the Sudanese African National Union was determined to boycott any talks inside the country, mistrusting all assurances of safe-conduct and expelling one of its leaders for "trafficking with the government"; but a visit from the disinterested former governor of one southern province led to a change of minds. Meanwhile, the prime

minister, whose special feel for the southern problem derives from working there for 12 years as an education officer, has liberalised northern attitudes. Four months ago the idea of a federal constitution was unmentionable; now it is commonly canvassed.

But this is far from saying that the quarrel, which has caused thousands of deaths and the flight of 50,000 southern Sudanese from the country, as well as the expulsion of most missionaries, is happily over. The African leaders have committed themselves to go to Juba demanding a separate state carved out of the former Equatoria, Blue Nile and Bahr el Ghazal provinces. If they do talk about federal systems this would only be a tactical change; the idea of seceding later would not be dropped. To northerners of any hue federation means the opposite: a temporary loosening of the country's structure with hopes of tightening it again later when tempers are quieter.

This difference may be a distant hurdle; the immediate problem is how the Juba conference can reach any primary agreement. The caretaker government is not itself taking part: its five constituent parties, as well as an association of some thirty professional groups, are sending separate three-man delegations, while the southerners also pick a team of eighteen. The prime minister, who is neither a party man nor a candidate in the elections set for April 21st will be there as a mediator on the sidelines. Nearly everyone genuinely wants a swift agreement and early elections; the communists are rumoured to be the least eager for a solution because they hope to postpone elections that will certainly diminish their power.

If there is no agreement at Juba, Mr Khalifa said this week, he would call upon the parties and professional bodies that nominated his government "either to terminate or to renew its mandate." This could produce an even greater impasse and cause the Umma party, which held 101 out of 173 seats in 1958 and has gained strength recently, to lose patience altogether. Conversely, the guerrillas in the south, who were still attacking police posts this month, are hardly men of patience either.

Perhaps a recognition of these dangers will save the day. Mr Khalifa believes that personal contacts at Juba will convince the southern exiles of the good faith of the northerners. It should: Khartoum seems suddenly full of sensible Sudanese who clearly care deeply about their country's future as a parliamentary democracy and will act disinterestedly to secure it. Perhaps the Queen's race-meeting offered a good omen and Uhuru will win in this far more important encounter.

GREECE AND JUGOSLAVIA

Balkan Fences

MR PAPANDREOU, the Greek prime minister, may claim to be distinguishing himself as a Balkan fence-mender. Last summer he settled all outstanding questions with the Bulgarians. Now it is Jugoslavia's turn: on February 1st he went to Belgrade to put Greek-Jugoslav relations on a warmer and more stable basis—and no doubt to demonstrate incidentally that Athens has an independent foreign policy.

Since the Balkan pact, to which both Greece and Jugoslavia belonged, was allowed to fade silently away some ten years ago, relations between the two countries have been unsettled; the mutual suspicions arising from the presence of a Slav-speaking minority in Greek Macedonia have made it difficult to settle various comparatively minor frontier and other issues.

Mr Papandreou, however, must have found it hard to concentrate his thoughts on the Balkans. The Greeks are still recovering from the recent wrecking of their Cyprus policy by Mr Gromyko, when he referred to the possibility of a pro-Turkish federal solution for Cyprus. Belgrade has been sympathetic to the Greeks' case on Cyprus in the past. The Greeks would dearly like to get thumping support now from such a respected elder statesman of the non-aligned world as President Tito. In the event, they did get support from the Jugoslavs, though it did not go as far as they would have liked. There is no mention of *enosis*, union with Greece, in the final communiqué, but it does refer to the possibility of the Cypriot people "as a whole" freely determining their own future. This Jugoslav willingness to ignore the existence of a separate Turkish community in Cyprus will not have been well received in Ankara.

In other respects, the two sides showed a reasonable good sense that is rare in the relations of Balkan (and other) countries. In brief, they agreed to push ahead where progress is possible and keep quiet where it is not. The frontier situation is to be returned to normal, and a mixed commission will promote closer economic and cultural relations between the two countries.

The Jugoslavs apparently raised the question of the Slav-speakers in Greek Macedonia and their special minority rights; but when they found they were getting no change out of the Greeks, they suggested that the issue should be shelved for the time being. Since the Greeks hold that the issue does not really exist—on the ground that there is no genuine Slav minority in northern Greece—they cannot have found it hard to accept this proposal. Whether or not the Jugoslavs in fact have a good case, many Jugoslavs in Macedonia think they have, and in the past have upset the Greeks by saying so in public. All the more credit to Belgrade for dropping the matter and for refusing to allow local grievances to endanger a useful rapprochement with a neighbour.

SOVIET UNION

Interlude for Intellectuals

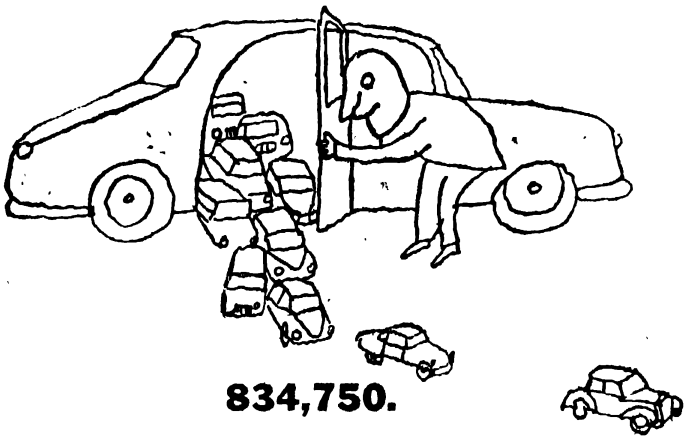
TROFIM LYSENKO, the geneticist, had become such a symbol of the stalinist stranglehold over Russian intellectual life that it is still tempting to interpret his misfortunes as a sign of greater intellectual freedom. There is however, no such simple rule of thumb. In recent weeks Mr Lysenko has indeed been in trouble. He has been attacked by such eminent figures as Mr Keldysh the chairman of the Academy of Sciences. He has also lost his post as head of the Institute of Genetics. But this should not be taken to mean that the change of Soviet leadership has been followed by a rapid extension of the frontiers of intellectual freedom.

Some younger Russians clearly did expect such a change. Although Mr Khrushchev, in his earlier years in power, had made a notable contribution to the ferment of ideas and the spread of discussion in Russia, in the last year or so of his reign he was leaning towards the conservative side in his efforts to prevent writers and artists from getting out of hand. Not unnaturally, the young rebels hoped that his fall would be followed by the departure of Mr Leonid Ilyichev, the party's watchdog over the intellectuals, who is closely linked with this conservative trend.

The hopes did not last long. Last month *Pravda* published a series of articles designed to remind writers that their duty was "to reflect worthily the great achievements of the Soviet people." The last in the series, published on January 24th, when the conservatives and liberals in the Moscow section of the Soviet Writers' Union were holding a series of stormy meetings, took to task "the poets who parade as misunderstood artists in order to earn a doubtful reputation." The allusion was unmistakable. Even so, Moscow's writers were not overawed and the poets in question, Mr Voznessensky and Mr Evtushenko, apparently came near the top of the poll in the election to the board of the Writers' Union. Well-known conservative figures, such as Mr Kochetov, are reported to have got so few votes that it was necessary to enlarge the board to keep them on it.

This resistance to party pressure is significant. Obviously, the intellectuals cannot expect any major concessions until the party leaders have made up their minds to yield. The present interlude in the *kulturkampf* will probably last as long as the struggle within the leadership is itself unfinished. But while the writers are kept in check, some progress is being made in debates on other topics, particularly economic ones. Russia's intellectuals are, in their own way, advancing towards greater freedom; in the process they may reverse Lenin's celebrated title: "One Step Forward, Two Steps Back."

How many automobiles are owned by TIME International's 795,000 families?



834,750.

TIME readers buy more than you might expect. The reason is simple. They are primarily from the executive and management levels of business. Hence, they earn more, they do more and they spend more. These are important people who wield influence and buying power vastly out of proportion to their numbers—both in their business and private lives. To them, TIME Magazine's incisive reports and evaluations of world business and world affairs are a necessity each week. To you, TIME is equally necessary in any selective marketing plan in any world market. *Talk to the right people in the right place... in TIME.*

TIME International

TIME Atlantic. TIME Canada. TIME Latin America. TIME Asia. TIME South Pacific. And their regionals.

CONGO

Contentious Matter

NOT even Mr Moise Tshombe, it seems, is able to squeeze the Congo's portfolio of shares out of the Belgian [illegible] ment. The agreement he brandished on his arrival at Leopoldville airport on Monday did, it is true, provide for the hand-over of the portfolio in the near future: but, then, so did the agreements concluded between the Belgians and the Congolese immediately before independence in June 1960. At that time stock then worth roughly £240 million, was recognised as due to the [illegible] when it hauled up its flag: but the shares stayed in Brussels. Ever since then the [illegible] on, under the truly [illegible] ian neutral name of "les contentieux," or "matters at issue."

Belgium's matter at issue was that the Congo owed Belgium, and Belgians, a lot—in particular, interest on Congolese bonds deriving from the vast national debt built up by the colonial Belgian Congo government. Belgium has been steadily insisting that the Congo's public debt, and the matter of handing over the share portfolio, are two sides of the same coin, and that you cannot have the one without the other. So the portfolio stayed in Brussels.

It is true that the Belgian government has intermittently reaffirmed its intention of handing the shares over to the Leopoldville government. One such time was when Belgium's foreign minister, Mr Spaak, came to an agreement with the Congo's then prime minister, Mr Adoula, in April 1964. Then, Belgium agreed to a complex arrangement whereby a 40-year sinking fund would gradually liquidate the unguaranteed section of the Congo's national debt; Belgium would contribute £1½ million a year and the Congo £2.14 million a year to this fund. For the Congolese this would be a light way of paying off some $240 million of external debt, while the Belgian bondholders would meanwhile get 3½ per cent interest payments.

This arrangement was, in its essentials, reconfirmed by Mr Tshombe and Mr Spaak this week, and Belgium's many small bondholders will begin to collect 3½ per cent annual interest, plus compensation for unpaid arrears, from July 1st. Guaranteed bonds, payable in dollars or Swiss francs, will be Belgium's liability according to the Spaak-Adoula agreement—and, no doubt, the Spaak-Tshombe agreement as well. All this will presumably serve the Belgian government well in the Belgian elections in the spring.

Also hoping to be served well in forthcoming elections—those in the Congo next month—is Mr Tshombe. The new agreement gives the Congo control over its own mineral rights, as well as a major shareholding in the Union Minière and other important companies—including Belgium's Sabena airlines. But Belgium does not propose to hand over the actual shares until its own parliament ratifies the whole agreement and the Congo's president follows suit. Meanwhile, Mr Tshombe has been sent home with familiar promises and a *pourboire* of £660,000 representing royalties and dividends from Union Minière. The recruiting of mercenaries in Johannesburg, at £200 a month for unmarried privates, has been resumed.

JAPAN

Looking a Gift Horse

FROM OUR TOKYO CORRESPONDENT

JAPAN'S economic aid programme is arousing mounting criticism from countries which should be benefiting from it. Mr Sato, the new prime minister, is pushing a policy designed to promote closer relations with the Afro-Asian world. He recently announced that he has plans for making a series of goodwill visits to south-east Asian countries, probably in July or August. He hopes during this tour to draw attention to what Japan is now prepared to offer. But it is felt in Tokyo that if Japanese economic aid is attacked, as it is, for its too visible commercial motives, the policy is bound to fail.

Although the Japanese foreign office has been aware of such criticisms for the last two years, the seriousness of the charges only became evident last November when a programme was started to enlarge Japan's economic aid to south-east Asia. Reports from Japanese diplomatic missions indicated that the receiving countries were anything but pleased. Most of them complain that a considerable portion of Japan's economic assistance consists of export credits on a commercial basis with interest rates that are high and repayment terms that are short compared with aid offered by other countries. In addition much of the aid is tied to specific purchases from Japan.

An offer of a $10 million credit to India last August was tied to the purchase of textile machinery from Japan. The first $7 million was to be repaid over 10 years, the other $3 million being repayable over seven years. India accepted the responsibility for repaying the $7 million in 10 years, but refused the further $3 million saying the repayment period was too short.

The quantity of Japanese economic assistance handed out has dropped sharply since 1961. In 1963, it came to $265 million, about half of one per cent of the national income. But this total includes private capital, not usually counted elsewhere as aid. Last year's total is expected to be a good deal lower again.

Japan has, in fact, promised to devote one per cent of its national income to aid. This would come to about $550 million. The government seems determined to honour its promise by 1968, when the Economic Study Council envisages a national income of about $80,000 million. But it is going to be difficult to reach this figure unless credit terms are relaxed and some loans left untied.

Another difficulty is that to many countries of south-east Asia, Japanese economic aid looks suspiciously like a peaceful version of the "greater east Asia co-prosperity sphere" programme of the last war. The Japanese foreign ministry has now drawn up a $400 million annual aid plan for the developing countries (though, in the first year, only $150 million would be spent). The money would be put into a new "prime minister's special aid fund," administered by the foreign minister.

Mr Sato himself has told his people that past Japanese governments have given too much attention in their economic aid programmes to securing markets in south-east Asia, and not enough to providing long term aid that would help support unstable economies and governments threatened by Chinese penetration. The new and enlarged economic aid programme now being worked out in Tokyo seems to be an attempt to counter the prestige that the Chinese have won with their nuclear explosion, and to forestall the likelihood that Peking might soon emerge as a major commercial competitor of Japan.

EIU Quarterly Economic Review

CANADA

The Review discusses the wide implications for North America and Europe of the US-Canadian agreement on a free trade area for cars and examines the economy's prospects for growth in 1965.

Further details from
THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St. James's Place London SW1
Telephone HYDe Park 6711 ext 27
60 East 42nd Street New York 17 NY
Telephone Murray Hill 7-6850
J. C. Binnie
P.O. Box 652 Station Q Toronto 7 Ontario
Telephone 533-0614

ARGUMENT

with Jacques Rueff

Jacques Rueff, 69, academician, economist, lawyer, ex financial official, is one of those Frenchmen who keep popping up. Back in 1926 he was advising Poincaré on how to make the franc a gold magnet; in 1958 he was doing much the same for General de Gaulle. Between times he occupied almost every important position in the French financial establishment; and then he became the sharpest thorn in its side. His plans to restore the primacy of gold were explained away by French officials in international circles as entirely private views with few followers in France; but last Thursday it became clear that one of them was General de Gaulle. Incredible as it may seem, these ideas are now the centre of world monetary discussion.

Who inspires whom?

A special interview by The Economist

M. Rueff, you are a man, to say the least, of distinctive ideas; and most people, ourselves included, have hitherto dismissed your ideas on a return to the gold standard as irrelevant nostalgia. Yet now, as one commentator has put it, we see you as scriptwriter to General de Gaulle. How do you get your ideas across?

Well, first I must protest against this notion. I am not in any degree scriptwriter to General de Gaulle. You see, General de Gaulle doesn't need a scriptwriter. Still more: I have no responsibility at all in the wording of his message last Thursday and I don't know anybody who has any responsibility; he has done it absolutely alone. It is true that I have had many opportunities since the financial reform of 1958 to express my view, and my concern about the gold exchange standard is a very old one. Early in 1959 I made clear to him that we had more or less stabilised the franc in terms of the dollar and that we were strongly interested in the stability and the solvency of the dollar itself. And therefore, that we had not only the right, but the duty, to see that there were no dangers in the money standard which was the base of our own money. My only influence has been to express my view in the most candid way, through my writings and through my talk with various friends.

Is International Credit Perverse?

Could you perhaps tell us now your particular objections to the gold exchange standard and why in particular you think that it should be replaced, not as people like Triffin and we ourselves believe, on the side of an increase in international credit, but rather by a return to gold itself?

I wrote in 1961 that the West was risking a credit collapse and that the gold exchange standard was a great danger for western civilisation. For I am convinced that the gold exchange standard attains to such a degree of absurdity that no human brain having the power to reason can defend it. What is the essence of the regime, and what is its difference from the gold standard? It is that when a country with a key currency has a deficit in its balance of payments—that is to say the United States for example—it pays dollars to the creditor country, which end up with its central bank. But the dollars are of no use in Bonn, or in Tokyo or in Paris. The very same day, they are relent to the New York money market, so that they return to the place of origin. Thus the debtor country does not lose what the creditor country has gained. So the key currency country never feels the effect of a deficit in its balance of payments. And the main consequence is that there is no reason whatever for the deficit to disappear, because it does not appear. Let me be more positive: if I had an agreement with my tailor that whatever I pay him he returns the money to me the very same day as a loan, I would have no objection at all to order more suits from him.

But isn't this to some extent in the nature of all credit? After all, I deposit money in a bank and the bank will lend the money to somebody else—possibly even somebody connected with me. Isn't your objection to this international use of credit really an objection to the internationalisation of what is in the nature of all credit?

I don't think I agree with this presentation. Of course, you could say that what the gold exchange does not do, that is contract global demand in the debtor country, could be done by deliberate credit policy. Theoretically it seems possible. But surely if any country in the world would have been in the position to do that it would be the United States. They have in the public employment more economists, and I think more readers of *The Economist*, than any other country in the world. And they have had for five years an enormous deficit in the balance of payments. If they have not done by credit policy what the gold standard would have done by automatically restricting purchasing power, it is proof that it is not possible. And why is it not possible? I don't imagine any parliamentary country with a democratic regime in which you could do so difficult a thing when the natural restrictive effects are undone more or less automatically and not felt by anybody.

On the Price of Gold

What about the gold price?

I consider the price of gold as only a side issue. It is not at all the aim; it is not at all a remedy; rather it is only a small condition of which I shall speak later. The aim is to restore a system which is not contrary to the most elementary common sense; in other words, to ensure that the debtor country loses what the creditor country gains.

But may one try to pin you down on this? I accept that in

principle an increase in the gold price may not be your aim; but nevertheless if it is part of the means we do have to consider what the result would be.

I have until now always avoided speaking about the price of gold explicitly, because I did not want to create difficulty for the central banks or to engender speculation in gold. But now the question is in the open and there is no reason to keep the same discretion. The price of gold is to me incidental: what I want to restore is the rule of the gold standard. That means that from the date of the reform the central banks shall return to the old rule, of creating money only against gold or bills in national currency. In other words they shall not build up, except for daily settlement, any assets in dollars. Well, from this moment on I am entirely convinced that the deficit in the balance of payments of the United States will disappear in less than three months. That is a very audacious prediction. But I have never seen a country with a real system of international payments in which the deficit stays more than three months after it has re-established the balance of purchasing power; I mean suppressed the inflationary excesses. So, what I really have in mind is to restore such a system.

But then appears the side issue, and a purely side issue, which is the liquidation of the past. We have accumulated such large currency balances that we can only come back to the free play of transfer mechanism, a real transfer mechanism as in the gold standard, if we are no longer under the menace of these balances and the insolvency that they could bring. Therefore, they must either be funded or reimbursed. The funding is very difficult to obtain and it would do great harm. . . .

It would be very deflationary; and you say you are not a deflationist?

Most certainly not. Well, for the reimbursement you have two solutions, you have an option. One is the Triffin plan to put the balances into IMF deposits, the other one is the increase of the price of gold. And all the other things are in between and these are the two families of remedy.

Well the Triffin plan is a plan. I don't like it, because I think it will give to a monetary authority or a fiscal authority the power to decide the amount of credit which has be created. I have been myself a monetary authority during many months: I know that these authorities are not able, they have not the power—the human possibility, at least in our regime, to follow the policy which they ought to. I repeat, if it were possible the Federal Reserve Board, which is probably intellectually the loftiest organisation in the field of money, would have done it, and they have done just the reverse; you see that they always compensate the outflow of gold by creation of credit. I don't mean that they have done it intentionally.

Why not? They do after all follow a conscious managed credit policy and not an automatic one. Surely they don't claim, and they don't want, and ought not to want, blindly to follow an automatic policy?

I am not sure that you are right. I am absolutely *convinced* that the deficit in the balance of payments of the United States will not disappear as long as we maintain the gold exchange standard. And in 1962 I backed this forecast with a rash bet with one of my Washington friends: a bet of one dollar a year.

Gold guaranteed, I trust?

Not guaranteed.

You say, and many people will instinctively agree, that you don't believe that any human management could be so all knowing as to manage credit correctly in exactly the right way. But the objection that many people have to your preference for the gold standard as such is that this would leave the volume of credit not as now in the imperfect hands of the best central banking authorities we have, but rather in the completely arbitrary hands of the goldmining companies of South Africa, the trading policy of the communist party of the Soviet Union, or whatever technical discoveries happen to be made which might increase or decrease the world's credit base by quite wild amounts in a way that not even the stupidest monetary authority would do.

But it's not me, it's first Adam Smith and then Keynes in his last letter who have spoken of the "hidden hand," which results from the price mechanism. Credit management is not stupid as such. But it very often is stupid when it is in the wrong direction, so as, for instance, to compensate the internal consequences of the gold movement. I fully accept the conscious use of the discount rate and of open market policy—provided that they take account of the market situation that should be created by gold movements and do not systematically reverse it.

Back to 1931?

Are you in favour of the pre-1931 gold standard where all parities were constantly stable?

I am not in favour of floating exchange rates. I am not in favour of daily change of parity. But when you have had very exceptional situations you may need exceptional policies to clean up the past. Let us take a positive example. It is what President Franklin Roosevelt did in raising the price of gold in 1934—and I would like my friends in Washington to keep that in mind. It is often said that what we want to avoid is a return of the trouble and the mischief of the gold standard in the twenties. But if you take the balance sheets of the central banks you will see that the mischief is not the mischief of the gold standard but the mischief of the gold exchange standard. The evolution of the balance sheets of the central banks is exactly the same, exactly parallel in the years '27 and '28 and '29 to what they are now, and it is the collapse of this system in 1931 which was responsible for the depth of the depression.

But one of the countries which saw the biggest constriction imposed by the gold standard was, of course, Britain—which held no foreign exchange in its reserve. And, as we have always seen it, Britain at this time suffered precisely because *of the harsh and inflexible disciplines of the gold standard, which you now want to restore.*

Let me tell you that you touch a point on which I have my own personal souvenir. In 1930, I was financial attaché in the French embassy in London, and as such I was responsible for the deposits of the French treasury. I had in my hands 10 per cent of the deposits of the London banks. They were the direct result of eight years of the gold exchange standard, because we had kept this sterling, as my colleague in New York had kept the dollars which had been pouring into the French treasury from 1927 onwards. Then in 1931 the failure of the Austrian Creditanstalt caused successive waves of repatriations; and it was this collapse of the gold exchange standard at this time that without any possible doubt transformed the depression of 1929 into the great depression of 1931.

The adjustment, which would have been small, if taken in due time, was not made, and we had the enormous boom period of '27, '28 and '29. And that explains the depth of the collapse of the depression, because the adjustment was so much delayed; and because we were too gentle in responding to official appeals not to convert our sterling balances into gold. It's exactly the position in which we are now.

We are moving without any doubt to a result of the same kind as in 1931, because it's so clear that the dollar is approaching the end of its acceptability for payment abroad, and we shall have the same collapse. But in delaying it through various devices—by the increase of the quotas of the International Monetary Fund, the Roosa bonds, the central banking swap credits, the Basle agreement, the Ten's agreement and the rest—in these ways we are doing exactly the same thing, merely delaying the correction of their payments deficit. And if we were friendly to our friends we would do exactly the reverse.

But wouldn't you say, M. Rueff, that the very developments that you cite, first the Basle agreement, then the growing agreement among even some Continental central banks of the need to replace dollar and sterling liquidity by an expansion of the International Monetary Fund—that this very movement is itself an example that a return to the crude gold base as such is not necessary and that the

threat of another 1931 is or ought to be now an entirely artificial threat. It is artificial to the extent that there is a certain movement towards the creation of some kind of international credit management, which many people, starting from Keynes, have seen as the only logical development of credit management on a national scale?

Well, your question has two sides. I would be in full agreement with you if I could believe that this process of avoiding the facts could be long enough; in other words, that we could maintain indefinitely for instance what we have done in 1928, 1929, not asking gold in London. But don't you see in full light that the dollar is very near the limit of its payment abroad? Look at the figures. The dollar stock in the United States is diminishing one billion dollars every year and the claim on gold increasing two billion dollars every year.

Of course, you can gain some gold by suppressing the reserve for the internal currency; I have no objection to that, it's purely arbitrary. But the situation, if it continues—and it will continue, that is the base of my reasoning—is bound to come to a point in which there will be no foreign exchange left, no gold left to pay abroad—just as happened in France in 1958. Don't you see that the situation in the US is exactly this one?

To conclude on this point, I would say that I would agree with you if I were not convinced that we are in the position of a man who falls from the 5th floor. As long as he is falling, it's all very well but he is sure, absolutely sure, to arrive at the bottom, and at that moment the situation will not be comfortable. And that's what I want to avoid before we come to the floor.

But that leads to the second point. You consider that any reform on my line would mean a great deflation.

I would say I am very worried that it would lead to a great deflation. But one's concern is not only that. One's real concern is that it would lead to a completely arbitrary influence over international economic policy—that your system would always be arbitrary, and would be in danger of being deflationary.

Gold Standard Without Tears?

Well, let me refer again to what President Franklin Roosevelt did in 1934. President Roosevelt did not destroy the gold standard, he restored it. Of course, it was a special kind of gold standard only for central banks, but I am very satisfied with that; but he definitely restored the gold standard through an increase in the price of gold. Well, what will happen if we try to do the same thing today? Suppose we remark that prices in the United States have doubled since 1934? So, suppose we roughly double the price of gold; the amount of the gold stock of the United States left, which is now let us say 15 billion, would be 30 billion dollars. Meanwhile the claims on this gold from the central banks would not change: they are generally not claims with a gold clause, they are claims in dollars. I must insist that the central banks have no right whatever to claim gold, you cannot presume the gold clause where it is not expressed. . . .

Some central banks do presume it, de facto.

I have much to say about that. I have been a judge for ten years in the European Court. If you have made a loan without a gold clause you are supposed to know what you are doing. Therefore, with these 30 billion dollars they could repay the $13 billion of claims of the central banks, and the United States will be left with 17 billion dollars of gold, which is a little more than they have now. Therefore, there will be no change whatever in the position with respect to credit in the United States. With respect to the creditor central banks, their dollar claims will be repaid and replaced by an amount of gold which has the same value. So here too there will be no change, and let me tell you that if there were no journalists in the world nobody would even notice the change.

But I must insist on one point. I consider it a crime to speak of a change in the price of gold without speaking of the reimbursement of the dollar claims, because the change of the price of gold has no reason in itself, it is only the means to liquidate a situation which is the result of our past errors.

But what guarantee would you have that after this increase in the price of gold and without any conscious international credit arrangements that you wouldn't get precisely the same gold exchange standard evolving again? I know all about the Genoa Conference and its resolutions in 1922; but after 1934 I believe there was no specific intention of recreating the gold exchange standard, it just happened.

You are quite right.

And surely this will always just happen because gold is in practice a poor, barren asset, bearing no interest; and central banks can and do find better ways of holding their reserves.

Well you are to remember that they are non-profit making organisations.

Arbitrary, or Just Anonymous?

Might I move now M. Rueff, to one remark of the General's last week with which I am sure you would be in agreement. This was where he stated that a national currency has a value only in relation to gold. Now many of us would almost put it the other way round, and say that gold has a value, a real value, only in relation to a national currency?

Let me tell you that I have not at all any religious belief in gold. Gold is not at all an aim, it is only a means for a certain policy.

In effect what you are saying is that you prefer the anonymous, and we would say arbitrary, discipline of gold to the conscious discipline of men—of credit controllers—of international credit controllers.

I accept anonymous, I do not accept arbitrary; because it is not a bit arbitrary at all, because it is based on the real facts and objective needs.

But surely arbitrary in this sense: I believe that last year gold production was around one and a half billion dollars. Suppose that for technical reasons, because of some new discovery in Siberia or some quite local technical development in South Africa, supposing that in 1966 the production of gold in the world is not $1½ billion but $6 billion. Now is not that an arbitrary influence on the amount of international means of payment available?

Yes I agree on one point. If you have a lack of continuity I would have no objection to a change in these exceptional circumstances which you envisage in the price of gold.

The price of gold should then change in relation to its supply?

Yes, but simultaneously in all convertible currencies.

But this change would itself require a conscious decision of credit management, in no way different to what you are saying is so difficult.

Not at all, not at all. It would be a rare, quite exceptional move.

But if, in line with your ideas, gold were to be the only means of international settlement, are you not worried that there might be insufficient means of international payment, given the fact that in the last two years, as both you and Professor Triffin have so clearly shown, gold has constituted only quite a small fraction of the increase in international liquidity?

Yes, but this fraction is as small as the degree of stability in the world. Don't forget that, in all countries which are not key currency countries, we now have stabilisation plans, income policy, and efforts to counter the inflationary effects of the excessive increase in liquidity.

Having it Both Ways?

So, in other words, you do see the return to gold as one of the means of imposing a much greater discipline over credit expansion, domestic credit expansion, than we have had in recent years?

I think that internal credit expansion has not been the main fault of the system. The main fault has been the result of the gold exchange standard, and if we restore a real system of payment internationally I think that would leave *more* freedom to the internal policy.

But, if I may say so, M. Rueff, this is where I, and I think other people, get very mixed up about the real aims of your scheme. On the one side one can say, and then many conservative banking authorities will tend to agree, that a return of the gold standard would impose greater domestic discipline and prevent the inflationary pressures that, as they see it, we have been having recently. But one can also put it quite differently—and I am quite unclear which of these two positions you are taking—one can also say quite differently that in practice, as in 1934, a big increase in the price of gold would free domestic credit management simply because of the great increase in external financial strength, in particular of the United States. And that it would in this way, at least in its first consequences, remove a discipline that we have had already. And I think if many people reject the sovereign rule of gold it is just because it is so arbitrary in the sense reflected here, in these two possibly quite different effects. It could be intensely deflationary; and equally it could be highly inflationary.

I think there is a misunderstanding in the meaning of discipline. I think what you imply by discipline is a kind of conscious action which will be generated by the movement of gold as an alarm clock. That is not what I have in mind. If I want the gold standard it is not because it will impose on central banks a certain policy. It is because it will exert its own influence by the transfer of purchasing power which is the result of the transfer of gold.

That seems an extraordinarily mechanistic view. But coming now to more immediate things: if you had to select a date for your guess as to when an increase in the price of gold which you see as inevitable will come, what would be your guess?

Well, let me remind you of the Oracle of Delphi, which never gave a date for its forecast. What I am sure is that, if we remain in the same regime, we shall some day arrive at the end of the means of external payments by the United States; which will mean that, whether they will or will not, whatever the agreement in the IMF and the Gatt, they will have to establish an embargo on gold, to establish quotas on imports, to impose restrictions as the ones they are now studying on foreign travel, and to cut the links between nations. I know the situation so well because many times in my career I have seen the same situation in France.

But the United States is today the only country that officially gives other countries the facility to exchange its currency into gold at an official rate. Now, what do you think would happen to the price of gold if the Federal Reserve, together perhaps with a number of other like-minded central banks, were to say it would refuse to buy gold at $35—or at any price whatsoever? What would then happen, do you believe, to the price of gold?

The price of gold would fall to a very low level, and nothing would make it possible to maintain it. Unless, of course, there were a great speculation which convinced people that gold was still a refuge. But one cannot forecast. I fully agree with you; the price of gold is not in itself something given by God, it's the result of a policy.

Do you believe that General de Gaulle realises this?

He has shown that he is fully informed of the gold standard and gold exchange standard mysteries.

I am not interested in the price of gold. If you want to replace it by something better, platinum or any other metal—as I told you, I have no religious belief in gold; it's only an instrument, it has been in the past less bad than the others, that's what we can say. I think there are very few people who consider it realistic in the present condition that gold should be abandoned.

Let us hope there will be more after Thursday last. Might I move now, to a more technical point? What is your view of what is here called the CRU, the Composite Reserve Unit?

It is difficult for me to express a view, because I don't know much about the details of this scheme. It has been proposed, I know, by my friend, the French Finance Minister, and I think it is up to him to defend his own child. The CRU system can be good or it can be bad. At the beginning the EPU was very bad, because it was nearly all credit, that mean purely arbitrary creation of means of foreign payment. At the end, it was nearly entirely good, as it was made increasingly "harder."

A Rueff Cure for Britain ?

M. Rueff, you in 1958 presided over a committee which laid the basis for French financial recovery by what was called then assainissement, *which included besides many disinflationary measures also devaluation and an exposure of the economy to competition. Now, some people in Britain think that we might be able to do with some* assainissement *ourselves just now. If Mr Wilson were to appoint you to head a similar committee for our problems, what recommendations might a Rueff report for Britain make?*

May I first state emphatically that I am not a candidate for such an assignment. And secondly, that I would first ask to be informed on the situation, which I am not today. I can only say that from the outside I don't have the feeling—it's only an impression—that there is a great financial problem in the United Kingdom. I always live under the impression that Britain is the country that has the highest financial tradition and the best equipment in the field of credit. The London market is a model and for thirty years I have been fighting for the introduction of its practice in France.

May I just ask you on this in connection with successful domestic policies: France's two great periods of economic success in the last generation were after the stabilisation-cum-devaluation of the franc in 1926-28 and after 1958. Now both these stabilisations were at a decidedly undervalued exchange rate—and I believe you had some personal influence both times. Do you believe that in any programme for Britain that this might have any lessons for us?

There is one point I must make clear for the sake of history. I was associated with the Poincaré stabilisation only to a very small degree—I was a young *inspecteur de finance* and I was called as one of his assistant secretaries to study only one question which was the exchange rate.

The most important question.

I said—and that has now been published—that the key consideration was to find the level at which you would not have to diminish nominal money wages. Contrast your experience in 1925. The main principle is that you must create a situation in which in no case you have to get a decrease in domestic money wages. Above that if you can have a margin I think it is useful. But it is a great fault to have this margin without doing very quickly what remains to be done.

I think if I had any responsibility in London, I would make a thorough investigation of the source of rigidities in the British economy, that means all the matters dealt with in my second report—distribution, the structure of the various markets, rents, farm prices, and all the protected sectors of the economy. It is incredible to see what rigidities history has left in old countries like yours and mine. But if you make a global attempt at reform you have to meet all these points simultaneously.

But let me conclude. All that has been said about the price of gold in the United States and all that has been said in every country about what is called devaluation, I have heard that so many times. We have had in France great experience in this field. A devaluation or change in the price of gold is always opposed by all the people. They say it is morally impossible, it is practically impossible, it would be inefficient. And I have seen it in France five or six times in my own career and many times also in Britain. Now we see that once done it was easily accepted, and that in each case—provided it was part of a general financial reform—it was, at least in the short-term, successful. The only trouble is that we have not always used this period of rest to do what we meant to be done. In your case I have no specific advice to offer; but the consideration of the world monetary problem which is inevitable in the near future may be also an occasion to look at the special problem of sterling, and maybe also of the sterling area.

Chemical New York

CHEMICAL BANK NEW YORK TRUST COMPANY

Condensed Statement of Condition

At the close of business December 31, 1964

Assets

Cash and Due from Banks	$1,258,597,186
U. S. Government Obligations	603,150,911
State, Municipal and Public Securities	867,627,688
Other Bonds and Investments	24,122,073
Loans	3,214,712,078
Banking Premises and Equipment	71,199,861
Customers' Liability on Acceptances	149,535,682
Accrued Interest and Accounts Receivable	30,623,803
Other Assets	11,675,404
TOTAL	$6,231,244,686

Liabilities

Deposits		$5,296,633,868
Funds Borrowed		167,940,018
Reserves for Taxes, Expenses, etc.		26,306,235
Acceptances Outstanding (Net)		152,867,604
Dividend Payable January 1, 1965		6,131,246
Other Liabilities		27,585,002
Reserve for Possible Loan Losses		43,865,471
Reserve for Contingencies		15,924,462
Capital Funds:		
Capital Stock, $12 par (Shares Authorized, 9,300,000; Outstanding, 8,758,923)	$105,107,076	
Surplus	294,892,924	
Undivided Profits	93,990,780	493,990,780
TOTAL		$6,231,244,686

Assets carried at $436,314,117 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

Directors

N. Baxter Jackson — *Chairman of Executive Committee*

Henry Upham Harris — *Partner, Harris, Upham & Co.*

Harold H. Helm — *Chairman*

Robert J. McKim — *Chairman of the Board, Associated Dry Goods Corporation*

Maurice T. Moore — *Partner, Cravath, Swaine & Moore*

Richard K. Paynter, Jr. — *Chairman of the Board, New York Life Insurance Company*

Robert G. Goelet — *Real Estate and Investment Management*

Hulbert S. Aldrich — *Vice Chairman*

Arthur K. Watson — *Chairman of the Board, IBM World Trade Corporation*

Kenneth E. Black — *President, The Home Insurance Company*

Henry L. Hillman — *President, Pittsburgh Coke & Chemical Company, Pittsburgh, Pa.*

H. I. Romnes — *President, American Telephone and Telegraph Company*

Lammot duP. Copeland — *President, E. I. duPont de Nemours & Company, Wilmington, Del.*

William S. Renchard — *President*

Howard W. McCall, Jr. — *Vice Chairman*

Harold W. Comfort — *Chairman of Executive Committee, The Borden Company*

Grant Keehn — *President, The Equitable Life Assurance Society of the United States*

J. Irwin Miller — *Chairman of the Board, Cummins Engine Company, Inc. Columbus, Ind.*

George R. Vila — *President, United States Rubber Company*

John L. Gibbons — *Chairman of Trust Committee*

Crowdus Baker — *President, Sears, Roebuck and Co., Chicago, Ill.*

Robert C. Tyson — *Chairman, Finance Committee, United States Steel Corporation*

J. Wilson Newman — *Chairman of the Board, Dun & Bradstreet, Inc.*

W. Thomas Rice — *President, Atlantic Coast Line Railroad Company Jacksonville, Fla.*

Advisory Committee

Frank K. Houston — *Honorary Chairman of the Board*

Dunham B. Sherer — *New York*

Joseph A. Bower — *Retired*

Thomas R. Williams — *President, Ichabod T. Williams & Sons, Inc.*

John K. Roosevelt — *Retired*

H. E. Humphreys, Jr. — *Chairman, United States Rubber Company*

Graham H. Anthony — *Chairman of Finance Committee, Veeder-Root, Incorporated, Hartford, Conn.*

Adrian M. Massie — *Consultant to the Bank*

Frederick E. Hasler — *Chairman, Haytian American Sugar Company, S. A.*

James Bruce — *Director—Various Corporations*

B. F. Few — *Trustee and Vice Chairman, The Duke Endowment*

James B. Black — *Chairman of the Board, Pacific Gas and Electric Company San Francisco, Cal.*

Gilbert H. Perkins — *Consultant to the Bank*

Isaac B. Grainger — *Consultant to the Bank*

Charles H. Kellstadt — *Chairman of the Board of Trustees, Profit Sharing Fund, and Director of Sears, Roebuck and Co., Chicago, Ill.*

C. W. Nichols, Jr. — *Chairman of the Board, Nichols Engineering & Research Corporation*

MAIN OFFICE: 20 Pine Street, New York, N. Y. 10015
LONDON BRANCH: 25-31 Moorgate, London, E.C.2 · REPRESENTATIVE OFFICES: 12 Place Vendome, Paris 1, France
Edificio Torre Latinoamericana, Mexico 1, D. F. · 85 Ayala Ave., Makati, Rizal (Manila), Philippines
Edificio Karam Avenida Urdaneta, Caracas, Venezuela

Member Federal Reserve System · Member Federal Deposit Insurance Corporation
Charter Member New York Clearing House Association

THE WORLD AMERICAN SURVEY

Will Dollars Stay Home?

If only President Johnson's message on the American balance of international payments had come before General de Gaulle's press conference last week, the General might have modified his strictures on aggressive American investment in Europe; the main tenor of the message is that such investment must be curtailed. But since the effort to get consensus on what the message should contain delayed it until after the General had put an added strain on the dollar by his own aggressiveness, it is surprising that what the message did contain was only the lowest common denominator of all the arguments in Washington. But then that is the characteristic of a consensus. The delay was also unfortunate for another more important reason; there has undoubtedly been a stepped up outflow of dollars to other countries, particularly Europe, in recent weeks in order to forestall the restrictions which were known to be coming.

Even before the end of the year it was realised that America's international payments position had deteriorated badly in the fourth quarter of 1964, partly because of temporary factors. But the figures now published are even worse than expected; the deficit on regular transactions, with allowance made for seasonal factors, was at an annual rate of well over $5 billion. Since the earlier part of the year had been much more satisfactory, the deficit for 1964 as a whole was only $3 billion and maintained the steady improvement since 1962's large $3.6 billion; moreover these figures are overstatements when compared with the way other countries calculate their international deficits. But even so this progress, says the President quite rightly, is too slow, especially when the great efforts that have been made in the last eighteen months to speed it up are remembered. Unfortunately it is doubtful whether the President's latest proposals will add lasting impetus.

There are only two certain ways of cutting down excess outflows of private capital—to increase interest rates at home or to impose general exchange controls—and both of these have been rejected, mainly for political reasons, by Mr Johnson. He himself is fearful, by temperament and by tradition, of dear money, particularly at the present time; to make borrowing more expensive now might undermine the domestic economic expansion, already unusually lengthy, which he has promised to sustain. It seems that, for the moment at least, he has induced not only the Treasury but also the central bank to acquiesce in the maintenance of interest rates at current levels.

In essence President Johnson and his Administration are relying mainly on voluntary co-operation to check the outflow of capital. He does not even threaten, in public, at least, to make this co-operation compulsory, although officials of the Treasury, the Federal Reserve Board and the Department of Commerce may not be so tactful when they meet with bankers and businessmen to develop programmes for limiting bank and corporate lending to, and direct investment in, "advanced" foreign countries. Discussions along these lines are reported to have begun already, particularly with the oil companies. Firms will report each quarter on their contributions to the reduction in the international deficit and review their "marginal" decisions involving foreign investment, when not "export-directed," to make sure they are essential. Congress is being asked to grant exemption from the anti-trust laws for competing bankers who co-operate in limiting the flow of bank loans abroad. The intention is that outstanding credits to foreigners shall not increase by more than 5 per cent over the level at the end of 1964.

Since it is almost entirely large and therefore presumably responsible American banks and corporations which are active abroad, such moral pressure may be more effective than cynical observers might think in controlling short-term loans and direct investments. These are the two loopholes through which capital can flow into other countries now that the President has invoked the Gore amendment to last year's interest equalisation tax to make this levy on purchases of foreign securities apply as well to bank loans for one year or longer. Why the Gore amendment had to be invoked is explained in the survey of American investment abroad on page 669. The tax is also to apply to non-bank credit and to be extended until the end of 1967. The Canadian government is taking steps to stop the flow of funds into Canada; new Canadian issues are exempt from the tax.

The President's package contains only two tasks for Congress, apart from the anti-trust exemption. Legislation is needed to cut the amount of duty-free purchases which American tourists can bring home from abroad by about two-thirds, to $50 retail value. More important, tax incentives are wanted to induce foreigners to invest in American securities. Efforts to bring in more tourists from abroad and to encourage Americans to holiday at home are to be stepped up; but there is no mention of the tax on Americans leaving their country about which there were such well-substantiated rumours beforehand. The drive to promote exports, already showing impressive results with a record trade surplus last year, is to be redoubled; so are the efforts of the Defence Department, the foreign aid agency and other government organisations to reduce their overseas spending of dollars, already cut to the bone—or so it had been thought. But there is no suggestion that actual military commitments abroad will suffer.

After all this the question remains whether President Johnson's second instalment of measures to deal with the intractable problem of America's balance of international payments will be any more effective than was President Kennedy's first instalment. Mr Johnson has extended the barriers against outflows of capital but these are still far from comprehensive. It is not surprising that his message ends with an expression of receptiveness towards international steps to create new reserves to supplement gold and dollars.

Riders on a Supplementary

Presidential messages are coming so thick and fast that *The Economist* cannot keep pace. This week Mr Johnson's recommendations to right the balance of payments have shouldered aside, at least until the next issue, consideration of farm policy. But one small victory has been chalked up in this field: on Tuesday the President won from Congress the right to use his own judgment on whether to continue sending surplus food to Egypt. A ban on such shipments was attached to a supplementary appropriation by the House of Representatives. The Senate then came to the rescue with the offer to give the President full discretion; this has now been accepted by the House. But this victory had to be paid for. It is said that to switch certain votes a vital passage in the farm message was toned down.

The President has also had to agree not to shut any ex-servicemen's hospitals until May 1st. This step was announced in January as a means of improving efficiency and saving $24 million a year; the hospitals concerned were old, badly situated and had few patients. The closing of three of them was actually proposed ten years ago by the Hoover Commission. But hospitals, however little patronised, support languishing local economies and the proposal to close them united Senators usually as far apart as Mr Robert Kennedy of New York and Mr Mundt of South Dakota. To its credit, the Senate resisted the temptation to take this excuse and refuse to confirm the appointment of Mr Driver, the new head of the Veterans' Administration. But it may have realised that a stronger weapon was at hand. The reason why this particular Bill attracted riders is that it appeared to promise them a swift, safe passage. It contained the money for supporting farm prices; until it was passed the till was empty.

Black Belt on the March

LONG lines of Negroes waiting to register to vote or of schoolchildren being marched off to court in Selma, Alabama—these bring home to Americans all over the country, as nothing else can, the fact that in spite of the passage of three Civil Rights Acts the franchise is still withheld from Negroes in the Black Belt. Selma is its so-called capital and it is in Selma that Dr Martin Luther King chose to make this point, though other places will have their turn. Over 3,000 people have been sent to gaol in and around the town; most of them have now been released on bail. Dr King himself deliberately broke a local ordinance against parading without a permit so that he would be gaoled. Selma feels that it is a bit hard to be pilloried on the front pages of newspapers all over the world. Its new young Mayor, elected just last autumn, is ambitious to attract industry and such publicity may frustrate this. The head of the town's police force has dealt as firmly with violence by whites as with that by Negroes. The Negro's real enemy is an official of the county which regulates voting—Sheriff Clark.

Selma's white moderates complain that they are being crushed between two extremes (though the appearance of Malcolm X, the leader of the Black Nationalists, ought to have reminded them how lucky they were to have Dr King, the apostle of non-violence, to deal with). It is true that Selma has made an effort to accept the latest Civil Rights Act. But only 300 Negroes are registered to vote, out of 15,000 who are eligible. Normally the registrar's office is open only two days a month and under Alabama law would-be voters may be required to demonstrate their ability to write and to explain abstruse points of constitutional law. Dr King won a local victory when a federal judge ordered the registrar to abandon this literacy test and to deal more rapidly with applicants; if all Negroes who apply by July 1st are not registered by the end of the month, the judge said that he would appoint a federal registrar.

But Dr King's real victory was won in Washington, where the hints in the State of the Union Message are now confirmed: President Johnson will seek strong new legislation to guarantee the Negro's right to vote wherever he lives. What Dr King wants (and would like the credit for) is a network of federal voting officials all over the deep South. Whether this is what the President will propose, and whether the proposal will take the form of a Bill or a constitutional amendment, is uncertain. But what a difference Negro votes can make was underlined in Congress last week when Representative Weltner of Georgia proposed that the House Un-American Activities Committee should forget about communists for a bit and turn its spotlight on the Ku Klux Klan. Mr Weltner was the only Congressman from the deep South to vote for last year's Civil Rights Act. This endangered his seat but he was saved by the votes of Atlanta's Negroes.

Rockefeller Divides to Rule

NEW YORK

THE Democrats in New York State may now have a leader in the State Senate and a Speaker in the Assembly (in both cases thanks to intervention by the Republicans) but they are still as divided as ever. Both of the legislative leaders chosen last week were the candidates favoured by Mr Wagner, the Democratic Mayor of New York. But what makes his victory seem somewhat limited, if not illusory, is the fact that he had little, if anything, to do with it. The Republicans, wearied and bored with the five weeks of bickering and inactivity which prevailed in the State Legislature while the Democratic majority tried, and failed, to resolve its internal conflicts, brought the stalemate to a sudden end last week. They switched their votes from the Republican leader of the Senate to Mayor Wagner's man, Senator Zaretzki, thereby electing him Temporary President of the Senate (traditionally the Temporary President becomes the majority leader) by a vote of 40-18, the Republicans supplying 25 of the necessary votes. The next day they followed the same pattern in the Assembly, electing Mr Anthony Travia (again the Mayor's man) by giving him 46 Republican votes and a majority of 81 to 56.

Several of the Democratic leaders in the state cried "foul," complaining that a deal had been made between Mayor Wagner and the Republican Governor, Mr Rockefeller. But the reason why the Republicans intervened appears to be that Governor Rockefeller wanted action to be taken on his legislative proposals, particularly on his sweeping tax plans for the state; continued delay could only work against him. Moreover, the Republicans, by stepping in in this way, have emerged as the solid, responsible element in the Legislature, a subject which the voters will undoubtedly hear more about this autumn when new elections to the Legislature are scheduled to take place.

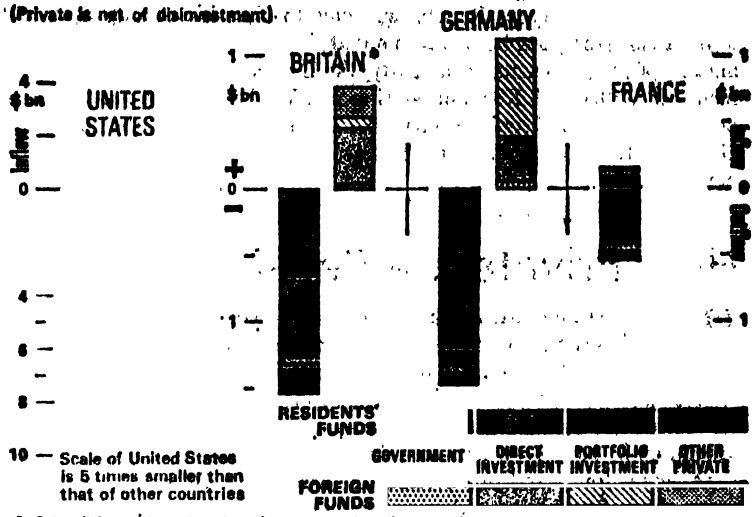
Why the Governor urged the Republicans to back the Mayor's candidates is another question. The best guess is that the election of these men will continue to divide the Democrats most deeply. The Mayor represents New York City and thus is suspect to Democrats outside it. His Democratic opponents hoped to fashion a strong, united party by making inroads into areas outside the city which have more often than not gone to the Republicans. Furthermore, the Mayor's victory (and the control of patronage and committee assignments that go with it) benefits a minority of the Democrats in the State Senate. There is little doubt that Mr Wagner will be re-elected Mayor of New York City this autumn, but his success in Albany damages the party's hopes of winning the Governorship next year. Many Democrats felt that Governor Rockefeller could be defeated in 1966 if a candidate other than Mayor Wagner were chosen. His tactics during the infra-party battle have only increased their opposition to him.

Continued on page 670

Where the Calculation Went Wrong

America's payments deficit has all along been purely a deficit on capital account—in theory at least the easiest account to bludgeon back into balance. The inhibition in practice—if the finer niceties of international financial ethics are to be observed—is that so large a portion of the capital outflow is private. Yet it is precisely these private flows that have been almost entirely responsible for the persistence of the country's payments problem since 1960. Savings of over $1 billion on the foreign exchange costs of all government programmes overseas and a $2½ billion increase in America's surplus on current account over the past four years together very nearly matched the total payments deficit recorded in 1960. But these gains have been offset by no less than a $2½ billion rise in the level of private capital outflows since 1960—$2 billion of it from 1963 to 1964 alone. The total deficit for 1964 still touched $3 billion.

FLOWS OF LONG-TERM CAPITAL IN 1963
(Private is net of disinvestment)



*"Other Private" includes direct investments by oil companies.
Government capital outlays include unilateral transfers.

Recent Disappointments

The introduction of the interest equalisation tax on foreign securities in the New York market in the summer of 1963 did initially have a dramatic success. From a record annual rate of nearly $2 billion (seasonally adjusted) in the first half of 1963 net outflows on portfolio investment from the United States fell back to a mere $230 million over the remainder of the year and remained at roughly that level through the first half of 1964. The final enactment of the new tax in the autumn of last year, however, was followed by a renewed spurt of foreign security issues in New York, largely exempt Canadian issues, and while the flow of American funds into foreign securities remained below the peak rate of the first six months of 1963, for 1964 as a whole it still topped 1960 by nearly $500 million.

The real snag with this technique of raising the effective cost of overseas borrowing on the capital market piecemeal while leaving the general level of American interest rates relatively low has been that foreign borrowers in many cases have simply turned to the banks. And the banks have not been slow to accommodate them. Long-term bank loans jumped from just over $300 million at an annual rate during January-June of 1963 to more than $1 billion during the second half of the year. And if the American authorities were tempted at first to think that this was only a temporary phenomenon the most recent statistics shattered that hope. After a dip in the early months of 1964, long-term bank loans to non-residents again touched new heights in the closing months of the year; for 1964 as a whole they were up $400 million on 1963. Moreover, clearly this week's extension of the interest equalisation tax to these loans could similarly be frustrated by a shift to corporate funds and to short-term bank loans rolled over to provide long-term finance. In 1964 outflows of such short-term finance were already running at $2 billion. Mr Roosa, former Under Secretary at the Treasury argues that the Federal Reserve could discourage this, and still avoid raising interest rates, by giving banks making heavy short-term loans abroad "a cool reception" when they wanted to borrow from the central bank. But this is not wholly convincing.

Old Problems

The renewed upswing in bank loans late last year coincided not only with the spurt in American purchases of newly-issued foreign securities but also with a further rise in the outflow of American funds into direct investment abroad. Four years of expanding markets at home had done little either to dilute the attractions to American companies of setting up behind European tariff walls or to swell the inflow of foreign investment into the United States. Over the period capital expenditures by American manufacturing companies overseas rose some four times as fast as their investments within the United States. And although by far the largest part of the financing of the foreign affiliates of American companies has come from retained earnings—earnings which the Administration would very much like to see remitted home—and, increasingly, from foreign sources, calls on dollars have also continued to mount. Between 1961 and 1964 the drain on the American balance of payments of direct investment abroad rose by fully a third to some $2½-2¾ billion; at least half, a record portion, of this total last year went to western Europe. And the latest survey by the Department of Commerce made last summer suggested that this outflow would rise further in 1965 as both manufacturing concerns and oil companies, heavily committed to explorations in the North Sea, pushed forward their investment.

Dividends v. Exports

Admittedly, the returns on past capital outlays abroad in the form of remitted profits, dividends and interest earnings are now enormous, dwarfing by comparison new outflows of long-term capital from America. Moreover, undoubtedly the establishment of foreign affiliates does at once give rise to additional exports. But there are snags. First, the payback period of private investment abroad tends to be long. Secondly, while a foreign affiliate may import certain of its materials and equipment from home, equally its sales abroad to some extent displace exports from domestic companies. Statistics gathered by the US Department of Commerce show that the sales of foreign affiliates of American manufacturing companies are much larger and much faster-growing than the exports of the parent companies and in 1963 alone topped $22 billion.

HOW ALL PAYMENTS BALANCE OUT

($ millions)		Goods and services	Unilateral transfers	Long-term capital: Official	Long-term capital: Private	"Basic" balance	Short-term capital*	Total
	1960	+3,851	−2,336	− 577	−2,107	−1,169	−2,712	−3,881
	1961	+5,586	−2,559	− 665	−2,177	+ 185	−2,555	−2,370
	1962	+5,063	−2,657	− 850	−2,609	−1,053	−1,150	−2,203
	1963	+5,685	−2,719	−1,210	−2,244	−1,488	−1,156	−2,644
	1964 (est)	+7,500	−2,900	−1,300	−4,000	− 700	−2,300	−3,000

Continued from page 668

Not only did he accept Republican votes to elect his candidates in the Legislature, but he also committed the political sin of accusing one of his opponents in the party, the Democratic State Chairman, Mr William McKeon, of offering political bribes. He is still demanding Mr McKeon's resignation. In short, it looks as though Governor Rockefeller may have little to fear from the Democrats next year.

How Private are Pensions?

PRIVATE pension schemes have grown so rapidly since the war that they now pay benefits to 2.5 million people compared with the 13.5 million (some of them the same individuals) receiving old-age pensions under the government's insurance system. It is estimated that by 1980 the 25 million workers covered by private schemes will have grown to 42 million (60 per cent of the non-farm labour force) and that reserves of these funds will have risen from about $75 billion today to around $225 billion. Already the way in which their resources are invested has a perceptible effect on the economy, particularly on the stock market.

There are other reasons why the President's Committee on Corporate Pension Funds (a Cabinet-level body set up in 1962 by Mr Kennedy) believes that such private schemes affect the public interest and should meet certain standards. They exist—at least on their present scale—only because the contributions of employers and the income earned by reserves are exempt from taxation—at least until they are paid out as pensions. Every year the Treasury forgoes billions of dollars of revenue (ranging, according to the method of computation, from $1 billion to over $3 billion). The public interest is also affected if the mobility of labour is reduced because a worker must stay with the same company to protect his pension rights.

The committee has not proposed, as some people feared, that private pension schemes should be merged with the government's social security system. It treats them as a valuable supplement to the basic insurance against old age. But a number of important reforms are suggested. If Congress accepts all the recommendations, executives would find retirement less glittering, pension funds would not be able to invest more than 10 per cent of their resources in securities of the parent firm and all pension schemes would have to disclose more information about themselves. But the most important reforms involve what are called vesting and funding. Pension rights, the committee argues, should not be lost when an employee is sacked or moves to another firm; ideally they should

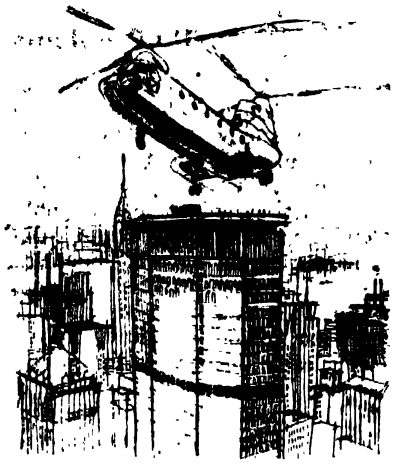
Helicopters Fly Solo

FROM A SPECIAL CORRESPONDENT

President Johnson's decision that the helicopter airlines should be completely weaned from federal subsidies by the end of this year may be a portent of things to come for the entire air transport industry. About $5 million a year in aid from the federal government is shared by three helicopter lines—New York Airways, Chicago Helicopter Airways and Los Angeles Airways. There are also a dozen local carriers—and one trunk service, Northeast Airlines—using conventional aircraft, which share another $70 million in federal subsidies. These are left untouched—for the present.

Using only thirty words of his Budget message, President Johnson dismissed the payment of subsidies to helicopter services as "undesirable" from the standpoint of the public interest. New funds will be requested from Congress only to meet commitments up to December 31st, the President said. Since Congress has criticised the helicopter subsidies repeatedly it seems unlikely that this particular White House economy will be reversed. Just how the three helicopter carriers are to manage without government help is left up to them.

Originally the Civil Aeronautics Board, which has been their wet nurse, had planned to ask Congress for $4.2 million to cover the expected needs of the three helicopter lines for the twelve months ending June 30, 1966. Not only is this proposal now abandoned but, to make matters even more awkward, current funds are expected to dry up before the



end of this fiscal year and the CAB will have to get a supplemental appropriation from Congress if aid to the three lines is to be continued even until June 30th.

The three lines had been counting on subsidies until 1970. But some of their best friends believe that they will not only survive the loss of their subsidies but may also, in the end, be the better off without them. At least one similar helicopter line operates profitably without federal aid: this is San Francisco-Oakland Helicopter Airlines Inc. which connects the airports serving the two cities. Started in 1961 with two leased Sikorsky 10-passenger turbine-powered aircraft, the operation began to make a modest profit last year. Three Sikorsky 10-passenger helicopters are now in use and a new 28-passenger Sikorsky S-61 has been delivered and will go into service on March 1st. A second S-61 will be delivered about June 1st. The company is also planning to experiment with the use of "hovercraft" for a local service across San Francisco Bay.

The airline's policy is to exploit the saving in cost and time which the helicopter offers. The fare between the two airports serving San Francisco and Oakland—each a major traffic terminal—is $8 for the eight-minute flight. The same trip by taxicab costs $16.10 and takes 45 minutes, sometimes longer. Helicopter services in New York, Chicago and Los Angeles offer similar advantages to the traveller in a hurry. Also working in favour of the survival of non-subsidised helicoper services is the approaching opening of the heliport on the top of the Pan-Am building in mid-town New York, the return of trunk line operations to Chicago's old Midway airport, which will increase inter-airport traffic in that city, and the natural growth of air communications between Los Angeles airport and the city's sprawling suburbs.

Technical break-throughs also seem imminent. The Hughes Aircraft Company has started flight tests of a revolutionary new type of helicopter which uses hot ducted turbine exhaust gases to drive the rotor blades through tip vents. Lift is thus provided without the need for either an energy-consuming gear box or a tail propeller to counteract torque. At the same time Sikorsky Aircraft and other manufacturers are offering ever-improved models of their conventional helicopters. The promise is that with rapid increases in speed (now close to 200 miles an hour) and carrying ability (up to 35,000 pounds for the latest twin-turbine models) technology may do what federal subsidies could not: make possible a profitable and expanding helicopter transport industry.

be "portable." As for funding, this means [illegible] reserves to meet all commitments; very [illegible] schemes today are fully funded and some—like the big one of the United Mine Workers—are on a wholly pay-as-you-go basis. Full funding, the committee suggests, should be required over a period of thirty years.

Both of these reforms would cost money—though the committee thinks it would not be much—and both arouse opposition. This comes not only from businessmen (who already provide 85 per cent of the contributions—$6 billion a year) but also from trade unionists. The unions fear that schemes which they have won will be crippled and that new ones will not be granted so easily. Consequently neither Congress nor the Administration is likely to move very fast toward implementing the report. But this is a nettle which must be grasped before long if many workers are not to be bitterly disappointed.

Atomic Reckoning

THE Atomic Energy Commission continues to grow old gracefully. If it does not gain in influence, at least it survives. In its report for 1964, sent to Congress recently, the AEC boasted of modest progress—more sophisticated nuclear weapons, thanks to underground tests, and a burgeoning atomic power industry which will provide electricity for seven million homes by 1980. Moreover, the agency has intensified its efforts to take salt from sea water and launched a series of subterranean experiments which pointed the way to creating not only new heavy elements but also large and useful holes in the ground. Here lies the hope for the AEC's political resurrection. The new Panama Canal could do for the AEC in the nineteen-sixties, what the hydrogen bomb did in the nineteen-fifties. The agency's commissioners are careful to be pessimistic about their chances: to blast a new trough through crowded Panama with nuclear charges would certainly be difficult under the terms of the treaty banning atomic tests. But the hope hangs obstinately over Project Plowshare, the AEC's search for peaceful uses for nuclear explosives.

Meanwhile, the AEC has a modest practical project, somewhat nearer home, in mind for Plowshare. It hopes to blow a passage two miles long through the mountains of southern California by 1967. (This may also require the approval of the signers of the ban on testing.) Eager to use the opening, if it is opened, are a railway and a highway. California, again a pioneer, has also agreed to co-operate with the AEC in building a 525-megawatt nuclear plant north of San Francisco; this is to be a new breeder type of reactor converting thorium into fissionable uranium and will use its power to pump water over the mountains to arid southern California. Because of its size, the plant may possibly be used as well to furnish power for an experimental desalination project. The AEC is also pushing ahead fairly briskly with its programmes of developing nuclear rocket engines and batteries for space flight. Last month it set off a deliberate explosion of a nuclear rocket in order to show that such blasts, if they did occur accidentally, would be nothing like as powerful as an atomic bomb.

Yet perhaps the AEC's most important function is to preside over the dissolution of its own empire. It took a giant step in this direction last year when Congress passed new laws—at the AEC's urging—ending the government's compulsory ownership of nuclear fuels for power producing reactors. Moreover, it has already begun transferring to the International Atomic Energy Agency the responsibility for making sure that the fissionable material which the United States has supplied to other countries under bilateral agreements will be used only for peaceful purposes. Continuing the transition, the AEC has embarked upon what it hopes will be a model surrender of government ownership—the sale of the once-secret plutonium-producing plant at Hanford, Washington, to a number of commercial firms interested in nuclear tech[illegible] And, in the same spirit, the AEC has set up a panel of outside experts to review the agency's own powers of granting licences for reactors and setting standards of safety.

Vanishing Death Sentence

FROM A CORRESPONDENT IN SAN F[illegible]

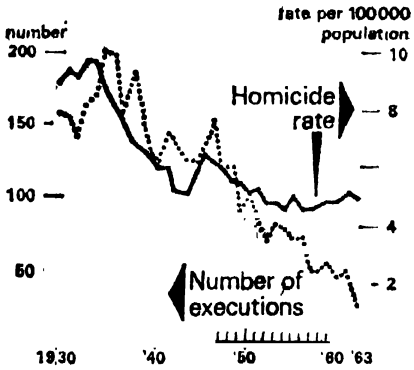
EARLY in 1963 California executed James Bentley, at 27-year old white man who had shot and killed a shopkeeper in the course of a robbery. Whether Bentley's execution is to be the last in the state's history, nobody knows. But since then California has gone for an unprecedented two years without executing anyone. Yet the death sentence has not been repealed, or even suspended; indeed, the number of men condemned to death is rising steadily. There are now fifty waiting in the Death Row of San Quentin Prison and more are on the way. Last year—the first full one without a single execution—saw more men condemned to die than any previous year.

Another curious and largely inexplicable fact is that California, where the approach to criminology is more modern and more humanitarian than in most states, is the most resistant to the abolition of capital punishment. Pleas to end it from Governor Brown have been rejected three times by the State Legislature. This year its climate is so hostile to "liberal" measures that abolition is less likely than at any time since 1960, when Caryl Chessman's execution, after a delay of twelve years, made the death sentence a major political issue in the state. Opinion polls show that the public still expects a life for a life and not one newspaper supports abolition.

It is the courts which have interrupted the use of the death penalty. The State Supreme Court reviews every capital sentence and that bench includes a group of judges who abhor capital punishment. The court has made it increasingly difficult for the prosecution to secure convictions for first degree murder, partly by narrowing the evidence which is admissible and partly by broadening the technicalities upon which appeals may be based. In recent months 23 condemned men have secured new trials.

At this moment, indeed, every one of the fifty men in Death Row is appealing against his sentence in some way or other, so that no dates for executions can be fixed. The case which made new trials possible for the largest number was that of Mr James Morse. In reversing his conviction the State Supreme Court ordered a new trial on the ground that the prosecution may not emphasise to a jury that a life sentence, under current practice in California, amounts to no more than a dozen years in prison. (Recently this argument has become a popular one with prosecutors seeking the death sentence.) But there are other avenues to a retrial and cases now before the court may end in decisions which will tighten protection for the accused and restrict the police and the prosecution even more. It is perhaps an irony that Mr Morse himself, after his new trial had won him a life sentence, killed a prison-mate and is once more under sentence of death—and appealing against that sentence. Nine others who obtained fresh hearings, however, were condemned to die a second time.

A Gallup survey of public opinion published this month reports that in the country as a whole retention of the death penalty is favoured by only 45 per cent of the population compared with 68 per cent twelve years ago. Yet of the fifty states only nine have abolished it: Michigan, Rhode Island, Wisconsin, Maine, Minnesota, North Dakota, the two new states of Alaska and Hawaii (which repealed it before they entered the Union) and Oregon, which became the ninth last November after a popular referendum.



Three states — South Dakota Kansas and Delaware — have restored capital punishment after a period of abolition but they use it sparingly. Indeed, as the chart shows, the number of executions in the country as a whole has been dropping steadily. It fell sharply to twenty-one in 1963 when California, which had been heading the list with from six to eleven executions a year, experienced its court-imposed moratorium. In 1963 the last year for which national figures are available only thirteen of the forty-one states which are empowered to take life did so. Half of the executions in that year took place in the South. Over half of the men put to death—thirteen—were white. The crime for which most of them —eighteen—died was murder; there were only two executions, both of a Negro, for rape.

Foul Weather at the Fair

NEW YORK

OFFICIALLY the New York World's Fair opens its gates again on April 21st, but so far the advance news has been considerably more gloomy than were the announcements coming out at this time last year. In 1964 the fanfare suggested that visitors to the Fair would enjoy all the delights of Disneyland while witnessing the wonders of the industrial world. This year the tenor has been mainly financial and the tone pessimistic. The culmination came last Friday when the 1964 audit revealed a deficit of $17.5 million instead of the large surplus that was being predicted at this time last year. Unless the fair can reduce its expenses for the coming season, as it is trying to do, it will have to take in almost $100 million, compared with $65 million in 1964, just to come out even; a surplus of nearly $50 million for the two seasons had been hoped for.

The trouble first came into the open last month when five leading New York bankers, including Mr David Rockefeller, president of the Chase Manhattan Bank, resigned from the fair's finance committee, complaining that they had never been given sufficient information about its financial state. Among other facts that came out of this squabble with Mr Robert Moses, the president of the World's Fair Corporation, was the news that he had placed funds in escrow to guarantee the salaries of the fair's executive staff. Meanwhile, Mr Moses, who has almost deliberately established a reputation for autocracy in civic affairs, has been waging battles with both the press and the city's officials. He has taken the press to task for printing unflattering stories about the fair and he blames the newsmen for last year's disappointing attendances; there were only 27 million paid visitors instead of the anticipated 40 million. The city officials, particularly the City Controller, have been rebuked by Mr Moses for over-zealousness in attempting to audit the fair's books.

The city, which had advanced the fair $24 million last year for improvements to the site, is afraid that it may not get its money back; Mr Moses suggests that it has no right to expect reimbursement if there are no profits. However, he hopes that more money will pour in this year as a result of the increase from $2.00 to $2.50 in the charge for a single admission. Mr Moses's immediate problem is to borrow $3.5 million to cover expenses until the fair reopens; he seems sure to get it since the investment in the fair —about $1 billion—cannot be allowed to go down the drain.

KETC's Sad Lesson

FROM A CORRESPONDENT RECENTLY IN MISSOURI

THE experience of television station KETC in St Louis indicates that it may be easier to sell the idea of educational television than it is to keep a good station going. This pioneering non-commercial station has just lost its seventh general manager in eleven years, because of differences of opinion about how a non-commercial channel should be used. Reductions in staff have balanced KETC's budget at about $300,000 a year, after a series of annual deficits running as high as $218,000. Unfortunately, the cost per viewer is large; last April a survey found that only 7,200 persons in a potential audience of 1,165,000 adults watched Channel 9 at least once a week.

The original aim of the station was to provide programmes to enrich the evening hours for adults, as well as to educate children during the day. Prize-winning programmes for adults were produced but they were responsible for the deficits. Unlike commercial television stations, the incomes of educational ones do not rise in proportion to the number of viewers because these stations are financed largely by educational institutions not by advertisers. KETC, meant to serve the local community with its own programmes, is now relying upon rented films and videotapes from the National Educational Television network to fill evening hours. The station has also found that, in spite of the goodwill of local school administrators, the demand for classroom programmes is also low. According to one survey only two out of ten hard-pressed elementary school teachers used ETV; in one school district, there were only 31 sets for 364 teachers. Even where sets are available, teachers often find that programme times do not fit into their timetable or else that the topics chosen for beaming to all school-age children are unsuitable for those at their particular age level.

The local education authorities continue to put up three-quarters of KETC's funds, but St Louis's two universities are no longer actively supporting the channel. Already schools are experimenting with closed-circuit television, organised independently. If this proves more effective and more economical than the use of a community channel, even the support from the school board might falter. The station is already in a poor enough condition to justify the Fund for the Advancement of Education, backed by the Ford Foundation to sponsor educational television, in giving a grant for a follow-up study of the shortcomings of the once revolutionary notion of learning by television.

SHORTER NOTES

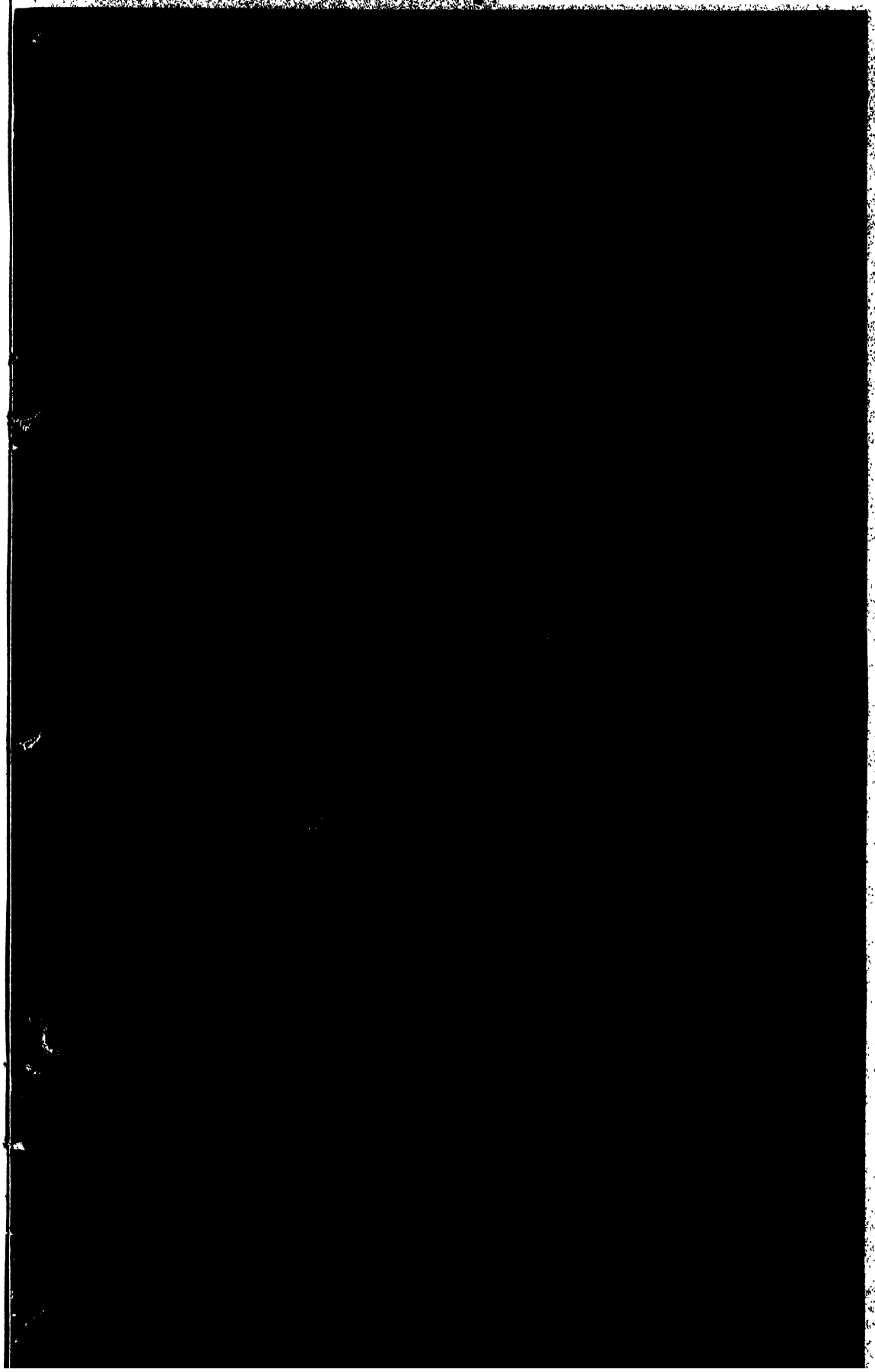
The idea that once Mr Johnson became President in his own right he would make a clean sweep of Kennedy appointees, however good, to find room for his own supporters is not borne out in his latest appointments. The new Attorney General is to be Mr Nicholas Katzenbach, Mr Robert Kennedy's deputy and acting Attorney General since September. The new deputy Attorney General, Mr Ramsey Clark, was also appointed originally by President Kennedy, as was Mr Brimmer, the new Assistant Secretary of Commerce for Economic Affairs, who is a Negro. Mr Johnson is, however, to have another Texan on his own staff: Mr Marvin Watson, who has been chairman of the Democratic party in the President's home state. His duties will be administrative.

* * *

Two kinds of electric toothbrush have received the approval of the American Dental Association. They were declared "effective cleansing devices"; there was not yet enough evidence to find them actually therapeutic.

Correction: Mr Fulbright is of course the Senator from Arkansas, not Alabama, as was stated erroneously on page 534 of *The Economist* of February 6th.

AEG means electricity



Up to the sound barrier - with clockwork precision

The mystery has gone out of generating electricity, but in some ways the marvel of it is greater than ever. The blade-ends of the low pressure turbine (background of the picture) achieve a speed approaching that of sound. Yet it all runs like clockwork. This is AEG precision. The same precision that is built into every AEG turbine, generator and power station. AEG have exacting standards for everything they make – and they make so much more than the example mentioned here.

Team up with AEG
AEG means electricity

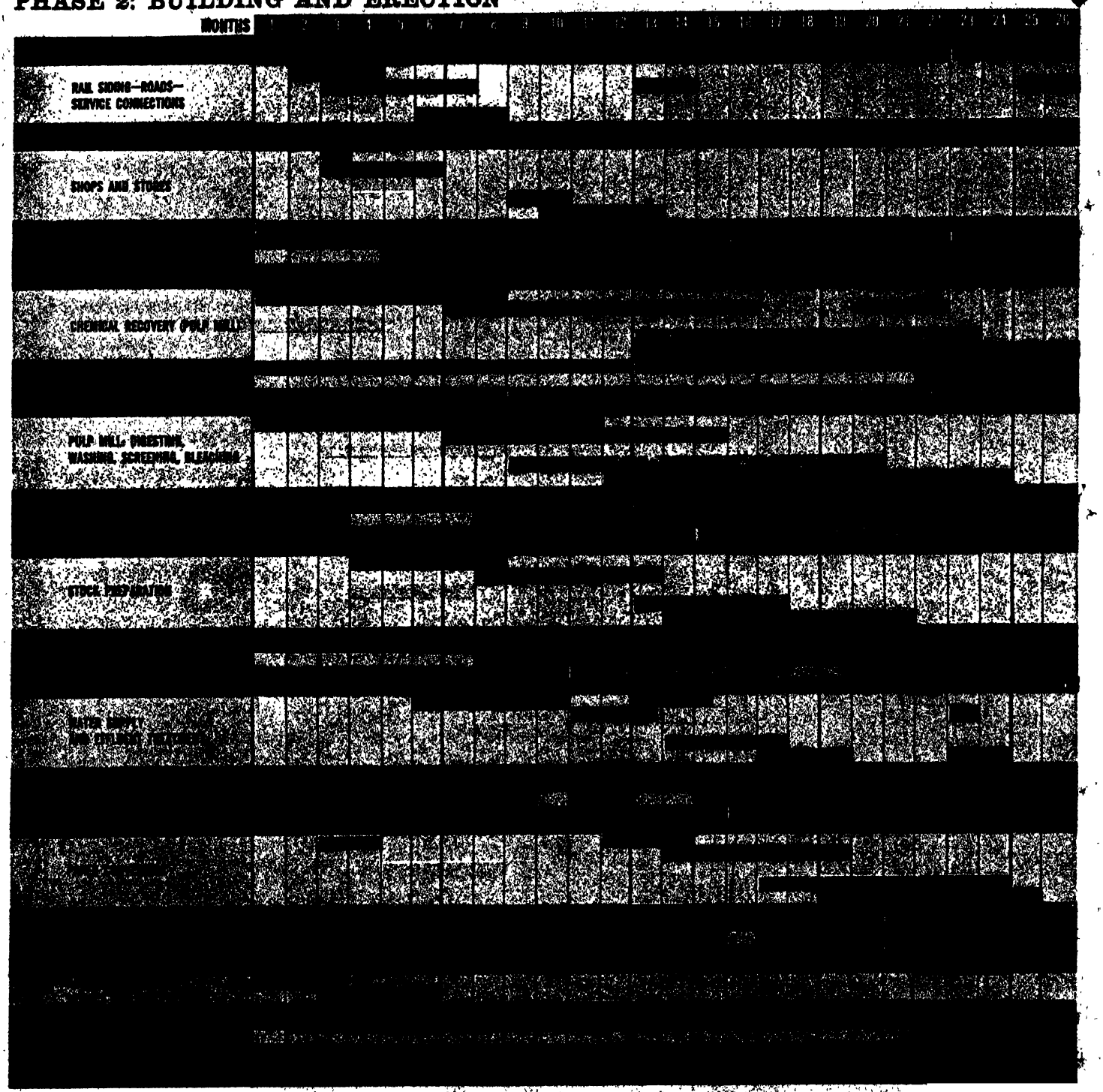
AEG

ALLGEMEINE
ELEKTRICITÄTS-GESELLSCHAFT
(founded 1883)
West Germany
Berlin – Frankfurt

Timetable for a

PHASE 1: FEASIBILITY REPORT AND PRELIMINARY ENGINEERING

PHASE 2: BUILDING AND ERECTION



PHASE 3: EQUIPMENT TRIALS, START-UP AND ACCEPTANCE TESTS

Turnkey Pulp and Paper Mill

The building of an efficient, profitable pulp and paper mill in a developing country requires broad experience and the precise, three-phase planning whose principles are shown in the chart.

The first service required is the preparation of a feasibility report, during which market potentials, sources of fiber, water, power, availability of chemicals and transportation are evaluated, and the plant site is chosen. After feasibility is established, satisfactory financing has to be arranged, and the basic mill design created. Only then, can the project be implemented.

The building and erection of the mill demands exact scheduling of every detail and perfect coordination of effort to assure on-time completion of the project. This entails preparation of literally thousands of engineering drawings; construction supervision; the procurement and erection of all equipment—not only the mainline production machinery but all of the supporting equipment. While this is going on, apprentice workers have to be trained to become, later on, the permanent operating crew. At the right time, a team of pulp and paper making experts must be brought in to start up the mill. Some projects will also require subsequent management and product sales service.

The problems arising from such a complex industrial project can be frustrating, and minor mistakes can lead to major losses. The solution accepted by many countries has been to assign the whole responsibility of the entire project to one contractor. The Parsons & Whittemore-Lyddon Organization, in the many turnkey mills it has successfully completed, has demonstrated its ability to assume undivided responsibility for every phase of a pulp and paper mill project.

With a staff of more than 650 scientists and engineers, 12 pulp and paper machinery factories in five countries, and offices in 18 countries, the Parsons & Whittemore Organization and its affiliated companies form the world's largest group serving the pulp and paper industry exclusively.

Parsons & Whittemore can complete a "package" mill for the utilization of any one of a wide variety of trees, agricultural fibers, reeds and grasses, and guarantee that it will produce a specified quantity and quality of pulp or paper every 24 hours. The 18 mills now completed and running at full production provide evidence of success that speaks for itself.

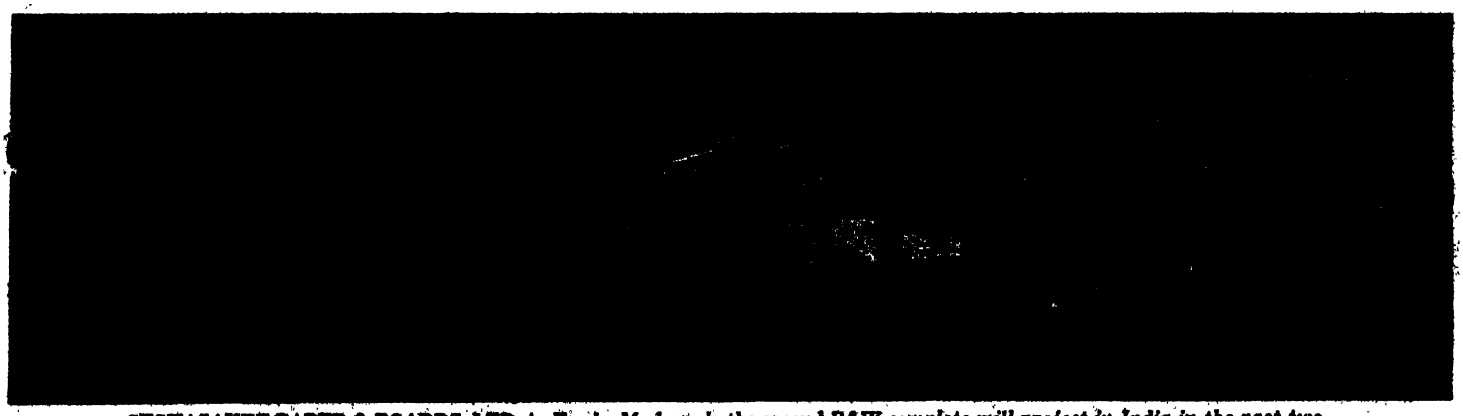
For the full story of the Parsons & Whittemore-Lyddon Organization—its facilities, services and projects—write for a copy of "Growing with the Paper Industry Since 1853."

PARSONS & WHITTEMORE PULP AND PAPER MILL PROJECTS

Here is the record of accomplishments during the past six years

	Turnkey Mill Projects		
	Completed	Under Construction	Recently Contracted
Mills	18	9	11
Countries	13	5	4
Contract Value	US$ 114,500,000	US$ 84,886,000	US$ 101,400,000
Total Investment	270,000,000	200,500,000	169,000,000
Annual Production (short tons)	951,250	519,100	334,250

The projects listed above call for the utilization of eighteen different woods, grasses and agricultural fibers.



SESHASAYEE PAPER & BOARDS, LTD. *in Erode, Madras, is the second P&W complete mill project in India in the past two years. It is the world's first integrated pulp and paper mill to pulp sugar cane bagasse and bamboo continuously. This $12-million project was handled by the Parsons & Whittemore-Lyddon Organization on a global turnkey contract covering overall planning, financial assistance, design engineering, equipment supply, erection, start-up and personnel training.*

THE PARSONS & WHITTEMORE—LYDDON ORGANIZATION

World leaders in the development of pulp and paper mills for the use of local fibers

20-26 Wellesley Road, Croydon, Surrey (London), England / Redenfelden/Obb., Germany

6 Rue Jean Mermoz, Paris 8e France / 150-A Mount Road, Madras 2, India

Arrive quickly at your financial destination via the complete banking services offered by Irving Trust. At home and around the world, the Irving has earned recognition as "the bank for bankers and businessmen."

IRVING TRUST COMPANY

ONE WALL STREET, NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BRITAIN

Storm over a Pool

THE British Medical Association certainly asked for too much. The effect of the proposal it put to the review body on doctors' pay last summer would have been to give general practitioners as a whole an additional £14 million a year—an increase of 23 per cent—and another £5 million in seniority payments to older doctors, making an increase of 32 per cent in the total cost of general practitioners' pay (net of expenses) from all official sources. The effect of the review body's award is to increase the cost by about £5½ million, an increase of about 9 per cent.

This wordy way of expressing a pay claim and award is made necessary by the extraordinarily complicated method of paying a family doctor in the health service. First, someone—since 1962 the review body—decides what should be his average net income from all official sources, having regard to such things as movements in comparable salaries, changes in the cost of living and recruitment. An estimate is then made of practice expenses, based on a sample of income tax returns. The total—net notional income plus estimated average expenses—is then multiplied by the number of family doctors in the health service, and the sum constitutes the pool, from which payments to doctors are made.

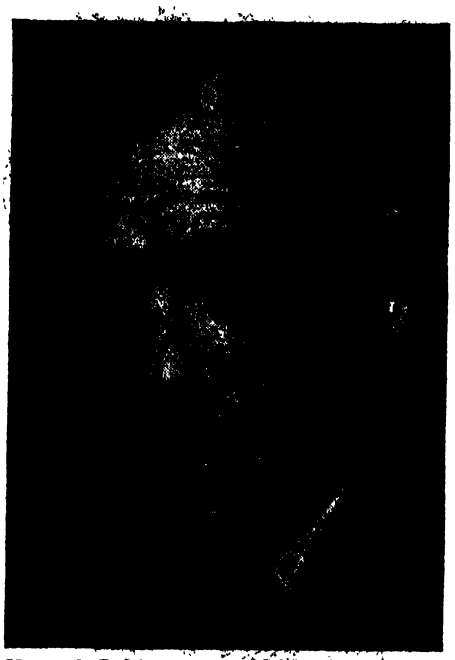
But those payments cover a whole range of services. Most family doctors do some work for local authorities; a great many for government departments, including the police; and a minority for hospitals. Most, again, do special work within family doctoring, for instance, maternity work and, in rural areas, dispensing. The important point to grasp about the pool is that expenditure on all these and other services has to be taken out of the pool before the amount available for paying doctors for their ordinary daily work in looking after the patients on their lists is known. Capitation fees in respect of these patients, though by far the greatest single source of income, are in fact a residuary legatee of the pool. The more the other items go up, the lower they will be.

The smallpox epidemic of 1962 brought this home to doctors clearly—and to many for the first time. In the smallpox areas doctors worked excessively long hours carrying out mass vaccinations, with the result that the local authority payments from the pool went up considerably and there was consequently less available to distribute to doctors for their ordinary work.

Thus the main proposal put by the doctors to the review body was that the amount of the pool should be calculated only in relation to this ordinary work for their ordinary patients. They proposed that the average notional net income should remain at the £2,765 recommended by the review body in 1963; that this, plus expenses, multiplied by the number of doctors should, as before, constitute the pool; but that the whole should be paid out by way of capitation fees. Doctors who have other earnings from hospitals and local authorities could then take them without feeling that they were reducing their own and their fellows' main source of income.

To a great extent the review body accepts the argument. It has, that is, recommended that payment for hospital, local authority and government work should be excluded from the pool; but it has not agreed to exclude maternity and dispensing fees, on the not unreasonable grounds that these services are part of family doctoring. Payment for the services that are to be excluded gives the doctors an extra £5.3 million a year. In addition, the review body has increased the notional average income by £10, so that the total new money available is £5½ million, compared with the profession's request, seniority payments apart, of £14 million.

BUT, and here is the rub, the review body emphatically does not want the new money to be distributed to doctors by way of an increase of £250 all round. The profession's anger is mainly provoked by the strings attached to the award. It so happens that for some months the Ministry of Health and the doctors have been working out a more equitable way of paying expenses. Under the present system doctors with higher than average expenses are penalised; so it was suggested that a part of doctors' expenses on ancillary workers (receptionist/nurse/secretary) should be directly reimbursed. This, however, meant that doctors who had benefited by having lower than average expenses would have had a cut in gross remuneration, with the result that the new scheme had not yet been approved. So the review body had a beautiful idea. It has recommended that most of the £5½ million extra money should be used to implement the scheme. Thus, doctors with heavy expenses will be helped without other doctors having to suffer a cut; indeed,



Kenneth Robinson—would like to be friends

the balance will be used to give all doctors an average increase of about £60.

There is a lot to be said for the proposal. It does provide doctors with an incentive to improve their practices, and heaven knows many of them need improving. But it is arguable that the review body is going outside its functions in laying down these conditions; expenses have always been considered a matter for negotiation between the profession and the Ministry. Much more serious, the review body does not seem to have appreciated the depths to which general practice has fallen. This is not just a matter of professional bleats about pay. The number of doctors in general practice is falling, while the population is rising, and vacancies cannot always be filled. The review body accepts this evidence, and also deplores emigration, but seems curiously unconcerned about it. It is rightly anxious to improve the look of the shop window of general practice, but does not appear worried that the goods on sale—that is, the medical services offered—are often deplorable. The pool system of payment must obviously go; it has become a fenced enclosure, which provides no incentive to good doctoring. But this should be only a preliminary to a complete reassessment of the purpose and structure of general practice. Mr Robinson has said he is willing to take part in this. The doctors should not reject this offer from a friendly Minister in favour of wrong-headed, childish tactics that can only bring them into disrepute.

Where is the laggard Spring, my Valentine?
She's close at hand (the snowdrops are her sign),
Waiting the signal of your smile to spread
Her flow'ry carpet 'neath your wheels and mine;
Waiting to bid a warmer sun to shine
And gild the road ahead.

Then fly with me! But what is this, my dear?
Some sorcerer has been at work, it's clear,
To blend this power that speeds our carriage hence.
So fast we go, with Cupid there to steer,
Surely I.C.A. moving spirit here
Of Super-excellence.

Will you be my co-driver all life through?
Swear by the moon you'll stay in orbit true,
By yonder neighbour moon—who, truth to tell,
Seems sometimes more accessible than you.
My own devotion's certain: certain too
You can be sure of.....

LAW COMMISSIONERS

The Law in Order?

LABOUR is honouring at least one of its election pledges—on law reform. Already this session the Government has facilitated the passing of the Bill abolishing capital punishment. This week the House of Commons has given a second reading to the Law Commissioners Bill. The Bill sets up five law commissioners who will be drawn from the judiciary, both branches of the profession, and academic lawyers at the universities, whose task it will be to keep the whole of the law under constant review and make recommendations for reform. The Opposition wisely did not divide the House on the bill, but the crabbing and sceptical speeches of its official spokesmen gave an unfortunate impression of unimaginative complacency about the state of the law, only partially neutralised by the warm welcome given to the bill by a number of Conservative backbenchers.

In the past law reform has been held up by widespread public and professional indifference to the whole question. The professional attitude is understandable if reprehensible: after all, lawyers, if reform goes through, have to relearn their law. The public seem deluded that law reform is of concern only to lawyers, an attitude reflected in the House of Commons which throughout the debate was almost deserted save for a scattering of lawyers.

This background of general indifference and professional hostility makes the need for a permanent law reform body all the more urgent. At present there are two principal agencies of reform, the Lord Chancellor's Law Reform Committee and the Home Secretary's Law Revision Committee, but both of these are only part-time bodies made up of lawyers who are already fully committed to professional work. Until now there has been no permanent body charged with the full-time duty of looking to reform. The pace of progress in the past has depended on the impulses of individual Lord Chancellors. Lord Birkenhead was subject to them. Lord Dilhorne was most certainly not. Law reform, like equity, has tended to vary with the length of the Lord Chancellor's foot. Lord Birkenhead was able to drive through a major reform of property law because of a personal obsession to get something done, but a political whirlwind is not often found ensconced upon the Woolsack. When the law commissioners are set up, progress in reform will no longer be dependent on individual chancellors' whims.

Some fears were expressed during the debate that the law commissioners would subvert ministerial responsibility and usurp the function of Parliament. While members were content that law commissioners should reform "lawyers' law," which is law of a mainly technical nature, they were unhappy

Lord Gardiner—more than a whim

about their touching such controversial fields as divorce law or family law. Of course, if law reform is to mean anything the law commissioners must be free to range over the whole field of law; but the rights of Parliament are fully safeguarded in the bill. The law commissioners are responsible to the Lord Chancellor and report to him. If he decides that legislation is desirable he still has to obtain the sanction of the cabinet before it is introduced.

Legal questions with moral and social implications will not be resolved by the law commissioners acting alone; they are empowered to refer such matters to special committees which could be set up ad hoc or may recommend a fully fledged Royal Commission. The existing law reform committee will remain in existence and continue to function as at present. The law commissioners will, in fact, be preparing the ground and putting forward proposals for substantive reform the final decision on which will remain the government's. But if the commission is effectively to influence law-making opinion all its reports should be published, whether or not the government is prepared to act on them.

Of course, if the law commissioners' work is to be effective, some means must be found of expediting law reform legislation in Parliament. It lacks the driving force of party interest, and therefore some special provision must be made. This is a matter which should be considered urgently by the select committee on parliamentary procedure which is now deliberating. The need is to devise some method by which legislation can be speeded up without Parliament being by-passed. One way of doing this would be to adopt a modified version of the Scottish Grand Committee system which has been effective in getting purely Scottish measures on to the statute book. In the short run the legislative bottleneck may be made worse by the commissioners' activities. This is not an argument against setting them up but for making the legislative process more efficient. Indeed, this may well be one of the favourable side-effects of their appointment.

LOCAL AUTHORITY BILLS

Westminster Veto

A CURIOUS scuffle over a bunch of bills presented to Parliament by local authorities in the past two weeks calls in question the worth of yet another piece of parliamentary procedure. Last week seven local authority bills, coming up for their second reading in the Commons, were blocked by a resolution from two Conservative members. A good deal of indignation was caused along the river Mersey by the fact that these two members, representing Eastbourne and Gillingham in the far south, had thus delayed for a week the passing of the Mersey Tunnel Bill over which the local authorities around Liverpool have been haggling and squabbling for some four years (*The Economist*, December 5, 1964). Among the rest of the batch was the neatly named Flintshire County Council (Higher Ferry Saltney Footbridge) Bill.

In the event, the Mersey Tunnel bill got its second reading this week, and now goes to be examined in committee. This week, however, the same two Tories, now joined by a third, have continued their demonstration against the principle that local authority bills go through on the nod. This time a Manchester Corporation Bill is held up, which could if it goes on for long be a considerable nuisance for the worthy people who run the city of Manchester.

However much of a nuisance it may be, the fact remains that, when local authorities do things needing legislation, the House of Commons has every right to debate what is being done. (There is a celebrated but sadly untrue story of a local authority bill, passed without anyone having read it, that contained at Clause 93 the provision: "The Town Clerk's marriage is hereby dissolved.") But Parliament really cannot be expected to devote a full share of attention to matters like that footbridge in Flintshire. One thing the new law commissioners might ask themselves is this: How much more freedom can be given to local authorities to arrange their own affairs, without infringing the citizen's freedom? And if the Commons must deal with the detail of local legislation, could they not do so in a committee and thus spare the time of the House for more pressing matters?

CIGARETTE ADVERTISING

No Puffs

As soon as you interfere with any form of freedom of speech—even the lowest form which television advertising often is—you have entered on a very, very slippery slope. That will be an unpopular opening comment on the Government's decision to ban television advertising of cigarettes; it nevertheless seems to us the right comment. Any defendant of free speech (including "bought" free speech) has to begin by defending it for unpopular causes, like for mad agitators, or for a drug which is at present contributing to a disease that kills around 25,000 Britons a year. There is a case for starting to impose direct restrictions on the manufacture, sale and use of this drug; but the Government is not doing that. There is every case for insisting that people who buy the drug should be warned of its dangers, if need be on the package; there ought to be unfettered speech for advertisements against cigarettes, as well as for them. But it is a terribly dangerous precedent to say that there should henceforth be a class of product which may be openly bought and sold, but which the Government forbids to be openly advertised.

The main effect of a ban on advertising will not be to cut smoking, but to cut down competition between brands; without advertising, it is impossible to introduce new brands. There can be argument whether a sort of cigarette might ever be introduced which would carry less risk of lung cancer; what is certain is that the possibility of any such marginal improvement in cigarette manufacture in Britain now diminishes, so that this week's decision is marginally more likely to kill more people than (so long as cigarettes can be freely sold) it will save. It may be argued that there are already certain fringe activities in commerce which, while not illegal, operate in a grey censored area because respectable newspapers will not carry advertisements for them; but anybody who thinks that, in consequence, these activities (some of them desirable ones, like the distribution of contraceptives) are carried on more efficiently, or less sleazily, or with more regard to the public interest, is a very odd judge. The worst result would be to send the industry of cigarette manufacture very slowly down the same unhappy road.

It may be said that the Government has not imposed a total ban on cigarette advertising, but only on the already censored television screen; so it may merely divert cigarette advertising to the newspapers (including to the new growth market of slightly pornographic men's magazines). If so, it is an absurd objective of government policy to divert advertising from a slightly more efficient to a slightly less efficient medium; but the Minister of Health defended himself against that by saying that the Government is considering restrictions on other forms of cigarette advertising, for which (unlike the ban on commercial television) legislation would be required. Any such legislative ban would become permanent; and the state of knowledge about, and processes of manufacture in, any consumer good should be constantly changing.

CONVEYANCING

Monopoly Challenged

The man who has been fighting to establish a legal position against the solicitors' monopoly of conveyancing business won only part of his appeal against prosecution by the Law Society last week—but an important part. Mr Sidney Carter runs the Harrow House Owners' Society, which undertakes for its members certain legal aspects of house buying, in return for a fee very much smaller than the scale fees charged by solicitors. It deals only with property already entered at the Land Registry, the central record of title to land, and advises its members to go to a qualified solicitor for the less straightforward business of unregistered land. But the main part of the case brought against Mr Carter was under Section 20 (1) (a) of the Solicitors Act 1957 which states that

> Any unqualified person who either directly or indirectly draws or prepares any instrument of transfer or charge for the purposes of the Land Registration Act, 1925, or makes any application or lodges any document for registration under that Act at the registry . . . shall, unless he proves that act was not done for or in expectation of any fee, gain or reward, be liable on summary conviction to a fine not exceeding fifty pounds.

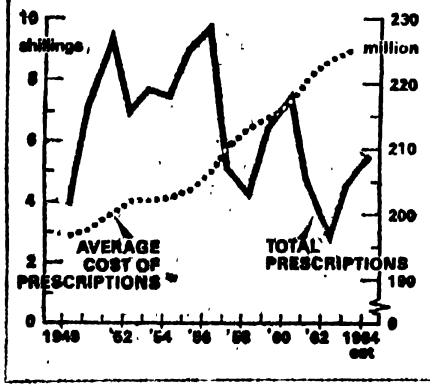
The charges under this clause fell into two categories: those concerned with the "search" for title, which involves copying out details from the register on to a special form—which anybody can do with the permission of the owners of the land; and others concerned with the act of transfer, also a matter of filling in a simple form. Mr Carter had lost his appeal last May at the London Sessions because the chairman held that he had failed to prove that he himself had no expectation of reward in these transactions. But before three judges in the Divisional Court last week an important distinction was made. Mr Justice Widgery maintained that the search itself did not come within the meaning of the Act, which could only be interpreted to refer to applications for registration of land not previously registered. He therefore allowed the appeal on these counts, thereby scotching any hope the solicitors may have had of furthering the impression that they alone should have anything to do with the register—an impression which could easily be gained from the wording on the Land Registry's search form. The appeal was disallowed, however, on the charges concerning the transfer of registered land, and on another charge that the wording of an advertisement for the North London House Owners' Society (as it then was) gave the false impression that the work would be done by a qualified person.

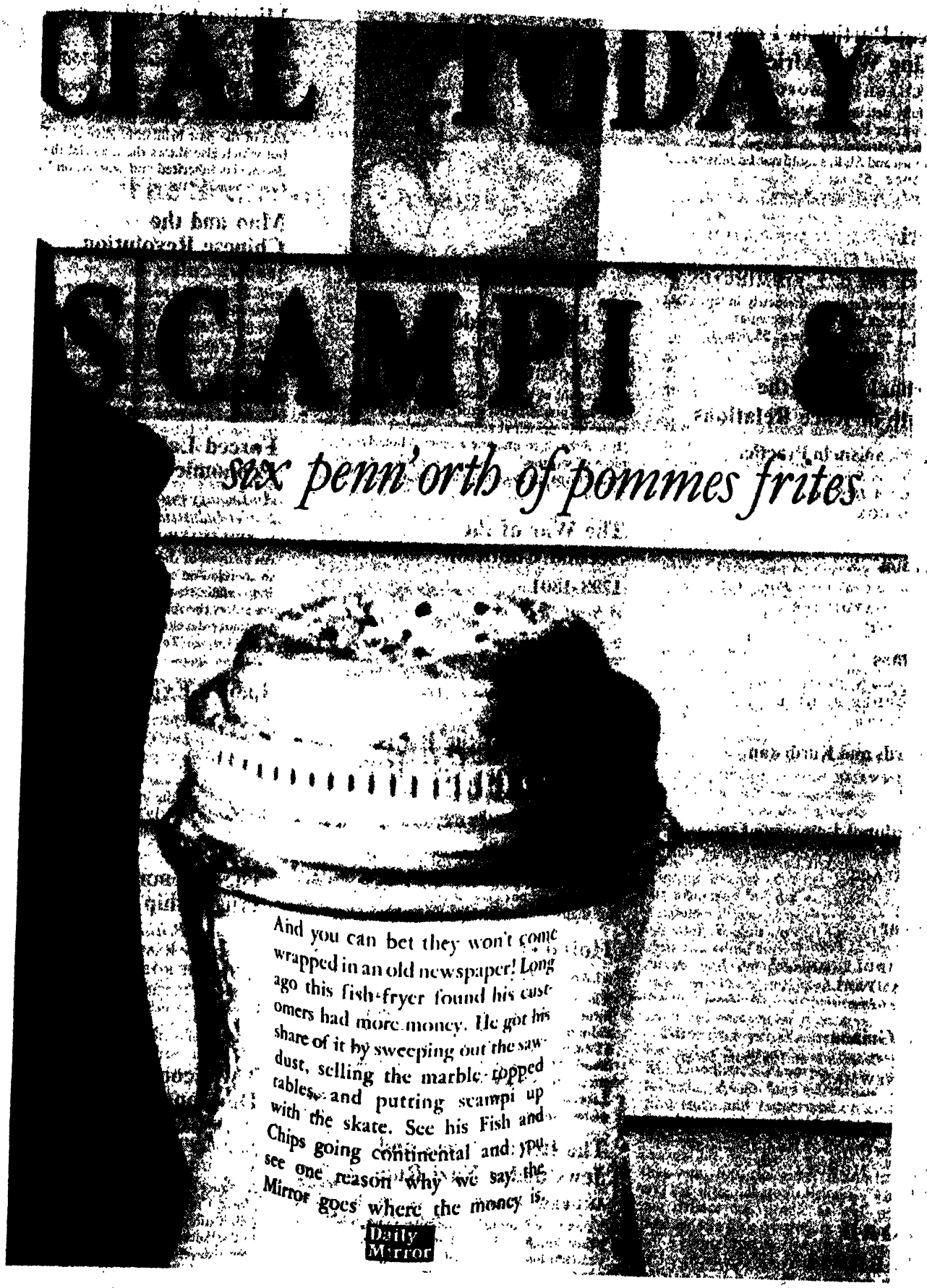
None of this means that Mr Carter and the Harrow House Owners cannot go on much as before. The society now has 900 individual members, who pay 5s. entrance fee and 5s. a year. A local house agency also belongs and itself pays the charge made by the society for its conveyancing work. This charge is on average about £20, which considering the high house prices in north London represents a large saving. The smallest semi-detached villa would cost about £5,000 which, if the property were already recorded at the Land Registry, would carry a solicitor's scale fee, fixed by the Law Society, of £43 15s.

The Harrow House Owners, nevertheless, make a comfortable profit which they are at present spending on fitting out new premises; later, members will receive a dividend. Mr Carter receives no payment; he does, however, some house agency work himself. The Law Society, however much it may worry about Mr Carter, may find it difficult to pursue the matter—as his counsel pointed out, his position is hardly different from that of the unqualified clerks who, in practice, do much of the conveyancing work in solicitors' offices. Since bringing the case the Law Society has announced an investigation into conveyancing costs. If Mr Carter has publicised the large monopoly profits that solicitors must be making out of high house prices he will have done more than win part of an appeal.

No Charge Now

While the average cost of prescriptions has risen steadily over the last 15 years, the number of prescriptions dispensed in England and Wales in a year has fluctuated around the 200 million mark. Charges introduced in 1952, and subsequently increased in 1956 and 1961, seem to have had some impact on the numbers. Will the removal of the charges have the expected effect?




CALL TODAY
SCAMPI
six penn'orth of pommes frites
And you can bet they won't come wrapped in an old newspaper! Long ago this fish-fryer found his customers had more money. He got his share of it by sweeping out the sawdust, selling the marble-topped tables, and putting scampi up with the skate. See his Fish and Chips going continental and you see one reason why we say the Mirror goes where the money is.
Daily Mirror

Political Parties in French-Speaking West Africa

RUTH SCHACHTER MORGENTHAU

'. . . this fully detailed study of political parties in former French West Africa, concentrating particularly on Senegal, Ivory Coast, Guinea and Mali, should not be missed . . .' NEW SOCIETY 55*s net*

Oxford Studies in African Affairs

Malawi

A Geographical Study

J. G. PIKE *and* G. T. RIMMINGTON

A study in some depth on the newly independent country in Africa previously known as Nyasaland. 20 *half-tone plates*, 55 *figures and maps*, 17 *tables* 30*s net*

Paperbacks from the Institute of Race Relations

Pan-Africanism in Practice

An East African Study
PAFMECSA 1958-1964

RICHARD COX

8*s* 6*d net*

Cameroon

United Nations Challenge to French Policy

DAVID E. GARDINIER

1 *map* 10*s* 6*d net*

Bantustans

The Fragmentation of South Africa

CHRISTOPHER R. HILL

Line maps 9*s* 6*d net*

The Kurds and Kurdistan

DERK KINNANE

8*s* 6*d net*

The National Language Question

Linguistic Problems of Newly Independent States

R. B. LEPAGE

7*s* 6*d net*

Zanzibar

Its Society and its Politics

JOHN MIDDLETON *and* JANE CAMPBELL

line map 8*s* 6*d net*

British Guiana

Problems of Cohesion in an Immigrant Society

PETER NEWMAN

9*s* 6*d net*

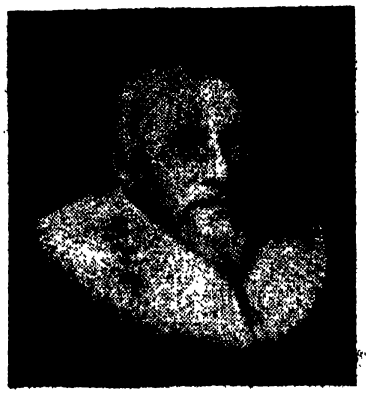
Bechuanaland

Pan-African Outpost or Bantu Homeland?

EDWIN S. MUNGER

9*s* 6*d net*

OXFORD UNIVERSITY PRESS



Sir Hugh Myddelton

Entrepreneur and Engineer

J. W. GOUGH

An account of this sixteenth-century business man and public benefactor, describing his public career and principal achievements.

'It is difficult to imagine a more scholarly piece of writing.'

THE TIMES LITERARY SUPPLEMENT

30*s net*

The War of the Second Coalition 1798-1801

A Strategic Commentary

A. B. RODGER

'. . . incisive, critical history, the harvest of years of reflection, clear reasoning, a broad outlook.' THE TIMES LITERARY SUPPLEMENT 48*s net*

A History of the British Trade Unions since 1889

Volume I: 1889-1910

H. A. CLEGG, A. FOX, *and* A. F. THOMPSON

'It is of impeccable scholarship. . . . It, and the succeeding volumes, will be, in their way, as definitive for our generation as the Webbs' was for theirs.' ECONOMIST 55*s net*

Hofmeyr

ALAN PATON

The author brings a novelist's perceptive intuition to this biography. Appointed Administrator of the Transvaal at twenty-nine, Hofmeyr became the hope of the liberals in South Africa after the war, either as the successor to Smuts or the potential leader of a Liberal Party: but in 1948 he died. 8 *half-tone plates* 58*s net*

The British Press and Jews under Nazi Rule

ANDREW SHARF

'. . . a very thorough book, the research is painstakingly wide and here is a distinct contribution to historical knowledge.' SPECTATOR 30*s net*

Chatham House

Mission to Turkestan

Being the Memoirs of Count K. K. Pahlen 1908-1909

Edited by RICHARD A. PIERCE
Translated by N. J. COUSILISS

'. . . an account which not only brings an area of the past brilliantly alive out of oblivion, but which also shows the material the Bolsheviks inherited and worked on.' *Edward Crankshaw in* THE OBSERVER 35*s net*

Mao and the Chinese Revolution

JEROME CH'EN

with Thirty-seven poems by Mao Tse-tung translated from the Chinese by MICHAEL BULLOCK *and* JEROME CH'EN

This is a dispassionate analysis of Mao's life and times. It studies, in particular, the Maoist pattern of revolution, Mao's own writings, and how he put his ideas into practice. 42*s net* (*To be published 25 February*)

Forced Labour and Economic Development

An Enquiry into the Experience of Soviet Industrialization

S. SWIANIEWICZ

An analysis of the economic factors which led to coercion on so vast a scale during the industrialization of Soviet Russia. The author considers the relevance of Soviet experience for under-developed countries, especially in Asia. 45*s net* (*To be published 11 March*)

Chatham House

India's Export Trends

and the Prospects for Self-Sustained Growth

MANMOHAN SINGH

This book discusses India's export trends from 1948 to 1960, the implications of these trends for prospects in 1970-1, and such issues of policy as bilateralism and devaluation of the rupee. 45*s net*

The Dilemmas of Trusteeship

Aspects of British Colonial Policy between the Wars

KENNETH ROBINSON

The Reith Lectures delivered at Acadia University in February 1963

Preface by WATSON KIRKCONNELL

15*s net*

The Economics of Development

An Annotated List of Books and Articles published 1959-1962

ARTHUR HAZLEWOOD

A sequel to [illegible] *Developed' Areas*. Con[illegible] publications; [illegible] introduction to the volum[illegible] on economic develo[illegible] 6*d net*

Oxford University Institute of Commonwealth Studies

BOOKS

The Secretary of Options

The McNamara Strategy

By William W. Kaufmann.

Harper and Row. 349 pages. 45s.

MR ROBERT MCNAMARA—witness those twinkling spectacles, that leanly pugnacious face—is a man of high intellect and an administrator of something like genius. These qualities made him the great success of President Kennedy's cabinet, and may do as much in President Johnson's, with an influence extending far beyond defence into the wider field of foreign policy. Not only is he the first Secretary of Defence to have got a more or less effective grip on the American armed services and on what Mr Eisenhower in 1961 gloomily called the "military-industrial complex." He has also managed to give the United States, for the first time, something that deserves to be called a strategy for the nuclear age.

Professor Kaufmann's admirable book describes the confusion into which Mr McNamara stepped in 1961. In the beginning, that is in the late 1940s, was the Bomb, and the Bomb was with America, and the Bomb was America's defence policy. By the time Mr Eisenhower left office most people had recognised the insufficiency of a policy that threatened to use nuclear weapons against any aggression, big or tiny, when the United States had itself become open to nuclear counter-attack. What nobody had done was to devise a fresh strategy and then shape America's armed forces to carry it out. This Mr McNamara, with the concept of "options" or "flexible response" that he worked out in conjunction with Mr Kennedy, has partly managed to do.

Mr McNamara's task was to provide the United States with the means to respond to any attack with the degree of force needed to contain it, without being pushed to a choice between accepting a humiliating defeat and starting an uncontrolled nuclear exchange. This task had three parts. The preliminary judgment must be that Mr McNamara has triumphantly succeeded in the first (in one sense, maybe, over-succeeded); half-failed in the second through no fault of his own; and largely failed in the third.

Where he has undoubtedly succeeded is in building a strategic force that is not obliged, once the decision to use nuclear weapons has been taken, to expend itself in a single gigantic spasm. Instead, the United States now has a big enough force of missiles and bombers and a sufficiently invulnerable control system to be able to "ride out" an enemy attack and still be able to choose between responding with one megaton or five hundred. Indeed, Mr McNamara probably has a rather bigger force than he needs even by his own standards, because he was pressed to over-expand by the panic that swept America between 1959 and 1961 about an imaginary "missile gap." (Mr Kennedy, in a major tactical mistake, helped to keep this myth alive in 1960.) One result of the over-expansion may have been to make the Russians alarmed about a missile gap of their own, and thus contribute to the overthrow of Mr Khrushchev.

But the United States is as interdependent as the rest of us, and Professor Kaufmann shows that Mr McNamara's achievements have been sharply limited once they involved getting the co-operation of allies. His second aim was to create an army capable of holding one or two substantial attacks without having immediately to whistle up nuclear support. For the United States itself he has succeeded. From the rather tattered creature of Mr Eisenhower's time, the American army is now a force capable within a couple of months of putting more than twenty divisions into a good-sized war. The awkward thing is that the only place where a "good-sized" war is likely to happen is Europe, and here the Soviet Army, though much smaller than people used to think it was, is still big enough to require America's allies as well as America itself to expand their armies. And this they have almost unanimously declined to do.

Where Mr McNamara has not really succeeded at all is in finding a reliable way of applying this increased American power to the problem of "wars of national liberation." A number of operations—the American landings in Lebanon in 1958, and the British ones in east Africa in 1964—have shown that fairly small forces can do this job provided they act quickly and then hand over to a local leader capable of keeping things under control. But where this local leader has to fight a prolonged war against a native rebellion, the United States can offer him nothing in the way of support between rather tiny anti-guerrilla units, which may not be enough to decide the course of the war, and rather clumsy air bombing, which may extend it dangerously.

Vietnam is right now proving the need for something between these extremes of too little and too much. Maybe the problem can be solved in the end only by a decision to station American and European forces for a long time at certain vital places in Asia [illegible] calls [illegible] policy of the West as a whole. Has the alliance a Mr McNamara to push it through?

One of the most interesting things about this sensible and well-ordered book is the amount of material that is quoted directly from speeches and statements to Congress by Mr McNamara and his colleagues. The American system so opens itself to inquirers that serious studies like this can be written in mid-stream, as it were, of the subject. Professor Kaufmann has used the chance well.

A Property Deal

Fifty Ships that Saved the World

By Philip Goodhart.

Heinemann. 278 pages. 35s.

For island powers fleets are more vital than armies. For world powers overseas bases are the essential instruments of strength. In 1940 Britain and the United States were both islands and world powers—though one of them was strangely reluctant to admit it. The continental bulk of the United States obscured but did not falsify the crucial fact that its principal frontiers were the Atlantic, the Pacific and the Caribbean. To fortify these frontiers against a world-aspirant Germany it needed the bases that only British imperial soil could supply—in Newfoundland and the West Indies. Dunkirk, by cutting Britain off from Europe, enhanced its insularity but did not diminish its world responsibilities. Equally, to survive and to succour, Britain needed the ships that only America could supply. So, out of analogous needs and complementary resources, the destroyer-bases deal was born. Mr Goodhart's book is, surprisingly, the first extended account of it to appear.

After twenty-five years the story has not lost either its drama or its significance, and Mr Goodhart's narrative does full justice to both. As an Anglo-American with political roots and experience on each side of the Atlantic, he is ideally placed to appreciate the tangle of party politics, strategical calculation, national pride and national fears that went into the great debate in America and the little debate in Britain. The American debate was public as well as private, because the fifty destroyers were not a trade but a commitment. For the country as well as its president they constituted, as public opinion well realised, an explicit admission that Britain's cause was America's. The

The great Swiss hotel in Geneva is an INTERCONTINENTAL

Where else can you dine on a Swiss terrace, plunge in a private pool, and still pay as little as $9.27 for a room with a view of an alp?

Switzerland's newest and largest hotel rises 18 stories over Geneva, with a view of Mont Blanc. Old-world comfort, underground garage. Cabañas and terraces surround the heated pool. Sumptuous recipes of the world at Les Continents Restaurant.

INTERCONTINENTAL GENÈVE, André Hamburger, General Manager. One of the 28 incomparable Intercontinental Hotels. Call your Travel Agent or Intercontinental.

HÔTEL
INTERCONTINENTAL
GENÈVE

British debate was a minor affair and mainly *post eventum;* it was a concern of worried civil servants and colonial governors and legislatures trying to translate the property deals of the titans into terms that would be acceptable to island populations which would never see a German but might find their lives turned upside down by GIs.

Mr Goodhart rests the main story on the diplomatic sources provided in Churchill's and other memoirs of the war years, the State Department's *Foreign Relations* series (to which no British counterpart volumes yet exist), the official war histories and of course the contemporary press accounts. But he has also supplemented these with graphic details provided by those who participated in these events—he has fascinating quotations from the naval commanders who had the job of actually riding these gift horses back to stable—and also from the Roosevelt and Stimson papers. The result is a lively, deft and highly informative story.

No Safe Room at the Top

Paris in the Terror, June 1793-July 1794

By Stanley Loomis.

Cape. 415 pages. 30s.

The Terror in Paris would be a better title: the Terror unleashed by Charlotte Corday's assassination of Marat in June, 1793, culminating in the Great Terror of 1794, Robespierre's Hundred Days between Danton's execution and his own. A year of growing tension and bloodshed, of invasion and civil war, in which factions fought in Paris while the generals, with the guillotine behind them and enemy guns in front, strove to defend France. The year in which the safety of the Republic was jeopardised by feuds within the Jacobin Club and the Committee of Public Safety.

That this simplification of historical complexities has been used by innumerable playwrights and novelists does not lessen the excitement of Mr Loomis's drama for which Paris provides the stage, the scenery—and the "noises-off." Ordinary citizens seldom appear except in the last act; and those mobs whose recruitment and motives are still hotly debated by specialists only enter "on their cues." Indeed Mr Loomis wastes no time on the democratic superiority of trousers to breeches or of *bras nus* to both: no doubt he agrees with Professor Cobban that the role of the Sans-Culottes has been exaggerated, and that even in sociological history you can have too much of a bad thing. He concentrates his considerable powers of analysis, characterisation and narrative on the performances of the chief actors: Marat, in whom feelings of frustration and self-pity became a murderous paranoia; Charlotte Corday, convinced by a strange mixture of Catholicism, idealised Roman history and Norman determination that the end would justify the means if she stabbed Marat—that the Girondins would be avenged and the Republic saved from further bloodshed and degradation. In effect, her heroic death provided Marat with a halo and the Terror with a justification. Royalists, Girondins and Marat out of the way, the stage was clear for the struggle between Danton and Robespierre. In this Mr Loomis does not take sides. He is scrupulously fair to both; and, as he draws them in the round, they and their fears and ambitions remain human. So do their henchmen: Collot, "the butcher of Lyons"; Cambon and Carnot, financial and military organisers of victory; St Just, delinquent turned doctrinaire; Desmoulins, eloquent pamphleteer whose opportunistic vacillations brought him to the guillotine.

And Fouché. The quiet family man who believed that crimes were better than blunders; the plotter of genius who, during the Great Terror when two thousand heads fell in Paris, stealthily gathered together all the threads of fear and suspicion until on 9 Thermidor he had Robespierre trapped. Fouché is the most portentous portrait in Mr Loomis's gallery. This ice-cold careerist, who later made himself dangerously indispensable to Napoleon and Louis XVIII in turn, worked always in the shadows—a sinister example of the survival of the fittest in the political jungle. The moral of his story, indeed of this book, is that in a revolution there is no safe room at the top.

Unreformable

Cabinet Reform in Britain, 1914-1963

By Hans Daalder.

Stanford University Press. London: *Oxford University Press.* 391 pages. 45s.

If one takes reform to mean, in the usual sense, a radical measure which starts from first principles and disregards obsolete forms, the cabinet structure never has been and probably never will be reformed; but it is a highly flexible instrument and has constantly been altered to suit changing needs and the desires of the Prime Minister of the time. Two-thirds of this book consists of a blow-by-blow account of the changes in ministerial organisation from 1914 down to the Macmillan government, with a postscript covering the transition to his successor. This is well done; it is in three parts, covering the general cabinet structure, defence organisation and the machinery for dealing with economic policy.

The rest of the book is concerned with the various proposals that have been made for reforming the organisation, either by rationalising the duties of departments and appointing overlords or by having a non-departmental policy cabinet in the fashion proposed by Amery and so notably deplored by Churchill. Since all these proposals have been put forward by ingenious people who were on the margin of true power, and since they have been uniformly disapproved by those who had the power to decide, it is a rather dull story of failure. The cabinet—down to and including Mr Wilson's—remains a pretty messy affair, rather too large

and formed on no Platonic principles; its size and nature are determined by the interaction of the prime minister's wishes and of the pressures on him.

As one reads the story of the last fifty years, one is driven to admit that, however slowly and unsystematically, the machinery of government has steadily tended to become more efficient in spite of the vastly increased burden which it bears. The least reformed part of it is the cabinet, doubtless because its size and functions correspond to a rather stable need of our political system: witness the fact that it has twice reverted to form, with all its faults and virtues, after being put on the shelf during a major war. However, one is bound to sympathise with Professor Daalder when he accuses of smugness those who defend the system as uniquely good and inevitable, rather than as the convenient accretion which it is, particularly when they have been at the centre of power and enjoyed all its benefits; non-cabinet ministers might feel rather differently.

This book was first published in Dutch, and was later both expanded and translated into English by its talented author. To anyone with a taste for politics, it makes succulent reading.

Exercise in Hindsight

Anatomy of Hatred: *The Wounded Land*

By Hans Habe.

Harrap. 296 pages. 25s.

Of the various postures available to those who choose to write about the assassination of President Kennedy, that of "I saw it coming" is most distasteful. Mr Habe, a European novelist and playright, was on a journalistic assignment to America in the autumn of 1963. In October, at a presidential press conference, he was dazzled by "the young father . . . who kindled a flame within us." A month later, when the writer was completing his tour, Mr Kennedy was killed. The event gave a focus for Mr Habe's earlier observations—Senator Goldwater's pleated shirt, gaudy shop windows in Harlem, washerwomen who talked psychoanalytic jargon. His premonitions of disaster seem to be limitless; while the piano tinkled in a Washington night club filled with Ugly Americans, "the wounded animal lurked in ambush on the corner of Elm and Houston Streets in Dallas, Texas."

This book has been published in Germany as "Der Tod in Texas" and in America as "The Wounded Land." It is worth noting therefore how Mr Habe has justified his exercise in hindsight. "If a madman murders the President of the United States, he is acting in accordance with the prevailing climate of politics and not independently of it." That climate is composed, among other ugly things, of "a disruptive revolutionary movement of the extreme Right" and America, the author finds, is "dangerously tolerant" in allowing the John Birch Society and Ku Klux Klan to preach hatred openly.

PAPERBACK SELECTION

Below is a guide to some of the paperbacks received by this journal in recent weeks. A further selection will appear in the near future.

Economics:

THE DOLLAR IN WORLD AFFAIRS: An Essay in International Financial Policy. By Henry G. Aubrey. 307 pages. 21s. *Pall Mall Press.*

INTRODUCTION TO WORLD RESOURCES. By Erich W. Zimmermann. (Edited by Henry L. Hunker.) 288 pages. 22s. *Harper and Row.*

ECONOMIC ANALYSIS AND POLICY IN UNDERDEVELOPED COUNTRIES. By P. T. Bauer. 162 pages. 7s. 6d. *Routledge and Kegan Paul.*

History and Biography:

A HISTORY OF THE UNITED STATES: Volume I, The Birth of the USA; Volume II, The Growth of the USA. By R. B. Nye and J. E. Morpurgo. 347 and 441 pages. 6s. each. (Pelican Original Re-issue.) ENGLAND IN THE TWENTIETH CENTURY, 1914-63. By D[illegible] 304 pages. 5s. (Pelican History of E[illegible]) NAPOLEON: For and Against. By Pieter Geyl (Translated by Olive Renier.) 431 pages. 12s. 6d. (Peregrine.) RENAISSANCE DIPLOMACY. By Garrett Mattingly. 313 pages. 12s. 6d. (Peregrine.) THE MEMOIRS OF CHATEAUBRIAND. Selected and translated by Robert Baldick. 432 pages. 8s. 6d. (Classics.) *Penguin.*

THE PRE-RAPHAELITE TRAGEDY. By William Gaunt. 256 pages. 10s. 6d. ENGLISH MONKS AND THE SUPPRESSION OF THE MONASTERIES. By Geoffrey Baskerville. 312 pages. 13s. 6d. ELIZABETH I AND HER PARLIAMENTS: Volume I, 1559-1581: Volume II, 1584-1601. By J. E. Neale. 434 and 452 pages. 15s. each. *Cape.*

FEUDAL SOCIETY: Volume I, The Growth of Ties of Independence: Volume II, Social Classes and Political Organisation. By Marc Bloch. (Translated by L. A. Manyon.) 531 pages in all. 10s. 6d. each. *Routledge and Kegan Paul.*

THE ALANBROOKE WAR DIARIES: Volume I, The Turn of the Tide, 1939-1943: Volume II, Triumph in the West, 1943-1946 By Arthur Bryant. 637 and 447 pages. 5s. each. (Fontana.) *Collins.*

RESEARCHES INTO THE EARLY HISTORY OF MANKIND AND THE DEVELOPMENT OF CIVILISATION. By Edward B. Tylor. (Edited by Paul Bohannan.) 312 pages. 21s. (Phoenix.) *University of Chicago Press.*

HAROLD WILSON AND THE "NEW BRITAIN": The Making of a Modern Prime Minister. By G. E. Noel. 143 pages. 3s. 6d. *Campion Press.*

THE POLITICS OF THE PRUSSIAN ARMY, 1640-1945. By Gordon A. Craig. 558 pages. 16s. 6d. (Galaxy.) *Oxford University Press.*

A SHORT HISTORY OF GERMANY. By John K. Dunlop. 188 pages. 13s. 6d. (21s. clothbound.) *Oswald Wolff.*

Philosophy and Religion:

THE ORTHODOX CHURCH: Its Past and Its Role in the World Today. By John Meyendorff. (Translated by John Chapin.) 257 pages. 15s. (25s. clothbound.) THE UNKNOWN CHRIST OF HINDUISM. By Raymond Panikkar. 176 pages. 12s. 6d. (25s. clothbound.) *Darton, Longman and Todd.*

THE MEANING AND END OF RELIGION. By Wilfred Cantwell Smith. 352 pages. 75 cents. (Mentor.) *New American Library*, New York.

PHILOSOPHICAL REASONING. By John Passmore. 158 pages. 10s. 6d. (Paperduck.) *Duckworth.*

A STUDY OF GURDJIEFF'S TEACHING. By Kenneth Walker. 221 pages. 10s. 6d. *Cape.*

The great Viennese hotel in Vienna is an INTERCONTINENTAL

Where else can you gavotte surrounded grand baroque and gold and still as little as $7 for a room with a view of the park?

Vienna's newest, most magnificent hotel is near the innermost ring of the city. Dining in grand Intercontinental sidewalk café, a view of the Stadtpark and all the spirit and delight of barococo Vienna.

VIENNA INTERCONTINENTAL, Hans Sternik, General Manager. One of the 29 incomparable Intercontinental Hotels. Call your Travel Agent or Intercontinental.

THE VIENNA INTERCONTINENTAL

Have that safe feeling

Don't just take out insurances against all the normal risks of business and private life. Go one better. Take them out with the Commercial Union Assurance Group. You'll have the security of one of Britain's biggest insurance groups, which handles every kind of insurance. And whether you're paying a premium or making a claim you'll find them always fair and reasonable.

COMMERCIAL UNION ASSURANCE GROUP

Head Office: 24 Cornhill, London, E.C 3 and numerous branches throughout the country—consult your local telephone directory.

BUSINESS

Should Britain Tax Overseas Investment?

Corporation tax, as outlined so far, will discriminate against British overseas investment. That may in itself be necessary—though the net effect on the country's external account needs more quantitative analysis than anyone has given it yet. But this incidental discrimination, with some odd side-effects, is the wrong way to do it

OVERRIDING its important peripheral uncertainties, the Government's proposed corporation tax will, unless December's outline is amended, have one undoubted general effect; it will discriminate against overseas investment by British companies. Should it? Some backroom observers, with their eyes on the arithmetic of Britain's balance of payments rather than on the problems of particular companies, have instinctively welcomed this as a useful backdoor check on capital outflows, since any frontdoor check through either stiffer exchange control or some form of special tax in the (now extended) American manner seems to have been stifled by Bank of England opposition. Yet the effect of private capital exports on the balance of payments, and therefore the desirability of applying any across-the-board deterrent to it, is far from clear-cut. And the new crude tax discrimination against overseas income that would arise from corporation tax as so far set out is in many ways an inefficient as well as an inequitable way of applying what should preferably be a carefully selective discrimination against only those forms of new overseas investment that do involve big net strains on the payments balance.

The *prima facie* case for some such curb is now pretty evident. Outflows of capital accounted for roughly one half of last year's basic deficit of around £800 million, and—as the governor of the Bank of England may have noted—it was the private rather than the public sector that was the culprit. Official outflows of long-term capital remained steady at their recent level of around £100 million net. But gross exports of private capital, which had earlier run at about £300 million, but had been not far from offset by the increased inflow of foreign capital into Britain, particularly into British Government securities and other portfolio investment, shot up in 1964 to an annual rate of around £460 million; at the same time the compensating inflow dropped sharply away, leaving a net outflow of well over £300 million a year.

But identifying the parts of overseas investment that it may be advisable to curb, and then finding an appropriately selective curb, is far from easy. The American example, of a special additional interest levy on foreign stock exchange issues and security purchases, which has now been extended to cover long-term bank loans, is only partly relevant, since these foreign issues in London are already strictly controlled, and purchases of non-sterling securities, as well as some direct investment outside the sterling area, must be made in the premium dollar securities market. This is supposedly a fixed pool cut off from the official reserves. In practice the pool has been known to develop leaks and to be fed by hidden springs that themselves cause a drain on the reserves; and the absence of similar controls on investment in the sterling area makes these leaks virtually impossible to eliminate—and equally makes the authorities reluctant to see the premium go above 12-15 per cent, above which the incentive to by-pass the premium market becomes correspondingly stronger.

But the efficacy of any new tax on overseas investment would be dubious unless it were applied to transactions with sterling area countries too; and the great bulk of investment here is direct investment. To curb this by fiscal means, or any other, would certainly provoke loud opposition from overseas sterling countries, and would not be easy administratively—though records of such investment are already compiled by the British authorities. Some special tax should not be ruled out. But—and this is the vital point—this or any other deterrent should be applied only with a wide range of administrative discretion.

THE extreme difficulty of arriving at any general conclusion on the balance of net advantage for capital exports as a whole can be seen from considering the extraordinary range of balance of payments effects that may flow from any given amount of overseas investment. At the most favourable extreme, such an investment might be entirely expenditure on export sales promotion in overseas markets, and result in a substantial early increase in British exports to the country in which the investment takes place. The investment itself may be substantially in the form of, say, equipment, spares and servicing facilities purchased directly from Britain. The investment might also yield a quick and high rate of return and be taking place in a country that has very low rates of company taxation and withholding tax on dividends, so that there is a little or no sharing of the profits from overseas investment with the host government. As a final bonus, the British company may arrange for all profits (and even capital as it is recovered) to be repatriated to this country.

At the other least favourable extreme, the same amount might be invested by a British company in, say, property or some other enterprise involving negligible direct additional demand for British exports; offering a low and long delayed rate of return with a high proportion of the profits retained abroad; and taking place in a country that has high company taxation rates and withholding taxes. Moreover, this country may trade relatively little with Britain, so that the improvement of its balance of payments through the additional investment would not result even indirectly in additional exports from Britain. In such a case, assuming a net of tax return of 6 per cent and half of all the annual profits reinvested at the same rate of return, it would take 23 years before cash remittances to Britain amounted to the initial sum invested and thus offset the initial drain on the balance of payments.

The effect of overseas private investment on the British balance of payments may, therefore, range from a substantial early offset followed by a long-term further improvement to, on the other hand, an immediate deterioration in the balance of payments from which, as dividends trickle in, it would take nearly a quarter of a century to recover. Typically, many investments probably combine some characteristics of each of these extremes; for example, investment in Australia which has relative high tax rates (40 per cent on companies and 15 per cent witholding tax on dividends), but trades fairly heavily with Britain.

BECAUSE of this wide range of net advantage that may be obtained on overseas investment, attempts to deter such investment through special new taxes levied when the foreign exchange is supplied, or what would amount to much the same thing, a special exchange rate for capital transactions, would inevitably be inefficient. They would reduce both the investments that brought about substantial overall improvements in the balance of payments as well as those which led to a long-period drain. The corporation tax is probably more indiscriminate still, as it must fall equally not only on these extremes but also on existing overseas investment, which it would generally not be practical to expect to be liquidated as a result of the tax.

Subject to possible relief in the form of transitional provisions—which could clearly be important—the corporate tax, if it is at a relatively low rate of 35 per cent, will substantially increase the tax burden of all overseas companies, in so far as they are remitting profits to Britain for dividend distributions. At the one extreme, profits remitted from countries in which they have borne no taxation would suffer the 35 per cent plus the 41.25 per cent dividend tax (the new standard rate of 8s. 3d. in the £) on the remaining 65 per cent, making a total tax of 61.8 per cent compared with the 56.25 per cent tax which would have arisen under the present legislation. At the other extreme, profits remitted from a country in which it had borne tax at 56.25 per cent or more would under the present legislation have involved no further tax liability in Britain; but under the new tax regime would involve an additional tax of 41.25 per cent on the sum remitted when it is paid out as dividends. The additional tax might therefore range from 5.6 per cent to 41.25 per cent of the sums remitted—probably tending towards the latter, larger figure, since most British overseas investment is in countries with relatively high tax rates.

Offsetting this potentially formidable tax burden is the fact that profits remitted to this country for re-investment here or transfer from one overseas country to another (either would have involved the same tax consequence under the old tax regime) would suffer less tax under the corporate tax proposal, to the extent that the profits in question came from countries in which they had borne tax at less than 56.25 per cent. If they had, for example, borne zero tax, the present legislation would tax the remittances at 56.25 per cent, while the corporate tax would tax them at only 35 per cent. But this is likely to be of relatively small advantage, since these remittances for retention would probably have involved relatively low additional tax under the existing legislation, and are probably small relative to the remittances for dividend payments to British shareholders. In the longer term it might be possible for companies to reduce their additional tax burden by shifting more into countries where the taxes are, say, 35 per cent or less, thus at least avoiding paying the difference between the British 35 per cent rate and the higher overseas tax rate. This might be welcome as improving the real return to Britain on overseas investment, and giving companies an incentive to seek out low tax treatment overseas; but scope for it is limited by the few politically and economically safe countries now offering low tax rates. A long tax holiday is in itself not sufficient to offset the possible danger of future expropriation.

IN all, then, the new tax legislation is likely to introduce a net increase in the ultimate tax burden on overseas investment. This lower return might directly induce some companies to reduce their overseas investment; but this would probably be mainly companies only marginally interested in overseas investment. And these may include companies that invest abroad primarily as a means of promoting their own exports. It is also questionable whether reductions in investment in foreign manufacturing and assembly plants are desirable: these may in many cases be a forced alternative to, or inevitable long-run consequence of, direct exports. The effect on companies whose main business is overseas, such as oil, mining and plantation companies will depend largely on their financial resources. The lower rate of return net of tax is itself unlikely to induce them to cut down their overseas investment, since they have very few investment opportunities in this country. But the sheer magnitude of the additional tax burden will deprive them of potential resources for some of their overseas investment opportunities. Whether this is good or bad for the country will depend on the kind of investment it is, on the tests outlined above. These effects, however, are likely to be attenuated by the special transitional provisions aimed at reducing the immediate impact on overseas investment.

The corporation tax will also—and this has been much less widely noticed—have very important implications for incoming foreign investment into Britain, since it seems certain to entail re-negotiation of double taxation agreements in the direction of significantly reducing the amount of British tax withheld on dividends paid abroad. At present this tax is the standard rate of income tax, though other countries operating a corporate tax system (e.g. the United States, Canada and Australia) generally withhold only 5-15 per cent. These countries seem certain to demand more reciprocity now that the withholding at the standard rate can no longer be justified on the grounds that the standard rate is really a part of the system of company taxation. (It is most unlikely that America would accept withholding at the new standard rate, especially now that it is attacking its own payments outflow, since this would result in British taxes of nearly 62 per cent. American corporations could get only 50 per cent or so of this as a deduction from their American tax liability. Moreover, America has reduced its corporate tax from 52 per cent to 50 per cent and plans a further reduction to 48 per cent.)

The effects of this re-scheduling are complicated and to some extent vary from country to country; but the immediate effect is likely to be a reduction of British taxes paid by foreigners and a division of the benefit between the foreign nationals and their

BUSINESS BRIEF

President Johnson has, as expected, announced further measures to bring down America's payments deficit—among them the extension of the interest equalisation tax to long-term bank loans.

Sterling made its best showing in eight months this week as short-term funds flowed back into London on a substantial scale. If the January trade figures are good, the import surcharge might well be cut to 12½ per cent before the February 22nd EFTA meeting. But Bank rate is unlikely to come down before the surcharge.

Confirmation from British businessmen this week of the strength of their immediate investment plans still leaves it probable that a downturn will come before the year is out. So a budget designed to cut back excess demand in the short run could possibly be diluted with a cut in indirect taxes later on.

OPINIONS POLLED: USEFUL OR NOT?

Confidence a little less, but by no means badly shaken by the Labour government's measures of restraint : this sums up the second of the Federation of British Industries' post-election surveys of business trends. Nearly two-thirds of the firms are just as optimistic about the outlook for their industries as they had been pre-sterling crisis, pre-7 per cent Bank rate, pre-corporation taxes. Only a quarter are less optimistic. Replies suggest that although the rate of new order intake is down on three months ago, it is sufficient to support a rising output, that investment plans for the next twelve months are barely affected, and that both export deliveries and orders are again up. But is this a true picture? How useful are the answers to this and similar business inquiries carried out in other countries?

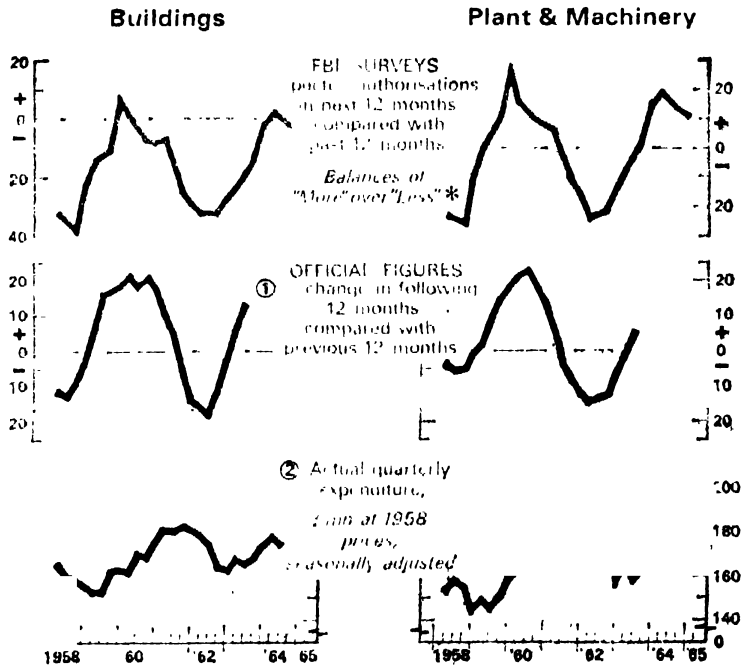
The chairman or managing director, in answering "more," "same," "less" (or "up," "same," "down") to these questionnaires, is only indicating the direction of change, not its magnitude. The only effective and simple way of bringing out the trend is to calculate the balances, in terms of the percentage of replies, between the "more" and "less" (or "up" and "down") replies, ignoring the "sames." At the best, this is only a rough guide. The point is that it is an up-to-date one and one lending itself to forecasting.

Lead on Investment

Few of the answers that the FBI collects about expectations are made public. But those about capital expenditure are. The chart shows that the balance on the answers to this question gave clear advance warning, a year to a year and a half ahead, of the turning-points in manufacturing investment in 1959, 1961 and 1963. If, as we think, the small dip in businessmen's expectations since last June is significant, on past form the next downturn in British private investment will start in the fourth quarter of this year.

Although the FBI question about

INVESTMENT IN BRITISH MANUFACTURING



* Difference between the percentage of firms expecting to authorise "more" in the next twelve months (+) and percentage (—) expecting to authorise "less."

capital expenditure looks so far into the future, it may well be the most successful. Top businessmen may be much less clear about current production figures or the seasonal pattern from one specific month to another. It was on the accuracy of the backward-looking answers that the FBI survey came so conspicuously under fire last year. (Below, the table shows some of the results.) It may be that in some cases the FBI results give a truer picture than the official figures. But there is no way of proving this.

Last year's arguments made the FBI re-jig its trends survey. This month's is a grander affair than ever before, with a better weighting system and twenty-seven industrial groups disinguished. A year ago, there were only some 660 replies, this month 1,067 (this exaggerates the number of firms participating because some have a wide enough range of manufacture to answer more than one of the industrial questionnaires).

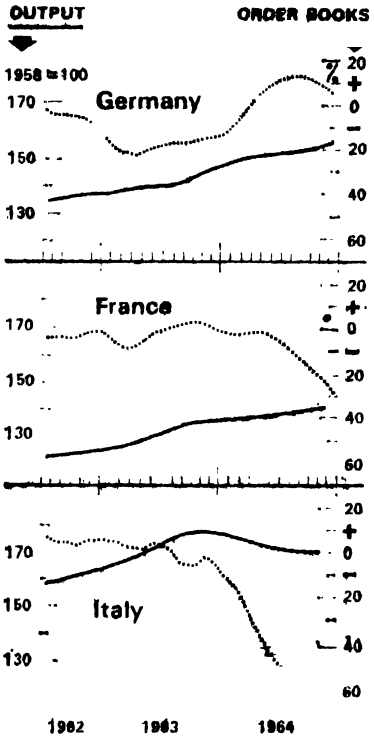
The European Test

Nevertheless, even after these refinements, the British trend survey is still infrequent (only three times a year) and limited. British experience in the technique is also not all that long-lived, dating back only to 1958. *Konjunktur* tests were first started as long ago as 1949 by the Munich IFO Institute. Now, France, Italy, Holland, Belgium, Sweden, Austria and Finland all have their own business tests, the questionnaires varying considerably but nearly all covering a wider sector than the British one and mostly occurring monthly. All the European survey-takers send results to participating firms; most release summary figures to the general public, but not so the Belgian or the Dutch ones.

As in its attempts to harmonise official statistics, the European Economic Commission ran into a packet of difficulties when it tried to plan a Common Market business test. National surveys continue to be carried out in different ways and at different intervals by the national institutes but the Commission has got them to ask, monthly, five common questions. Three questions call for current assessments, one of total order-books, another of export order-books and the third of stocks of finished goods; the remaining two require forecasts of trends in production and selling prices. As in Britain, the EEC questions are limited to industrial firms, some falling into more than one industrial group and filling in more than one questionnaire. Samples are much larger than the FBI one; some 4-5,000 replies each month in Germany, 3,000 in France and about 2,000 in both Italy and Belgium. Only the Netherlands keeps aloof from the European test. It is the one country where the same office produces both the production index and the poll results and could, therefore, check one against the other, firm by firm. Do the two sets of results from the same firm differ so widely that least said about them the better?

In the European test, the assessment of whether order-books at the moment are above, below, or about normal seems the most sensitive indicator and more reliable than answers to questions about the trends of order-books in the last three or four months. The chart alongside shows how this assessment of order-books tends to lead production by about two months: at least, this seems to have been true of the German spurt in mid-1963 and the Italian recession a little later. Does the current turndown in German order-books, even if they are still full, therefore herald a slowing-down in output?

(Continuous lines are official indexes of industrial production (seasonally adjusted, 1958=100); broken lines of businessmen's views of their total order-books (difference between the percentage of those who find them above normal (+) and the percentage of those who find them below normal (−).)



Publish and Be Damned?

Some policy makers are still dubious about the usefulness of these business surveys. But firms continue to co-operate, which surely means that they get something out of the detailed results they are allowed to see but the public in general are not. It is still widely feared that the publication of business expectations, even in an imprecise form, may lead to an exaggeration of business fluctuations—just as there is a fear that Gallup polls of political voting intentions may influence the actual outcome. This seems a flimsy excuse for concealment.

BRITISH SURVEY OF PAST TRENDS

FBI Inquiry	Balances of percentage of firms replying UP over those replying DOWN Trend over past four months* 1963 Oct.	1964 Feb	1964 June	1964 Nov.	1965 Feb.
New orders total	+37	+47	+52	+35	+26
export	+26	+25	+28	+24	+25
Output	+29	+45	+53	+38	+30
Export deliveries	+25	+24	+28	+20	+30
Employment	+6	+20	+29	+22	+14
Stocks of raw materials	+2	+10	+30	+27	+18
Selling prices	+1	+19	+23	+13	+21

* Four months is the usual interval, but the general election delayed the autumn poll and latest comparison spans three months only, previous comparison five months.

BRITAIN'S PRIVATE INVESTMENT ACCOUNT
(£ million)

	British investment abroad				Overseas investment in Britain				Net outflow (−) or inflow (+)		
	Direct*	Portfolio	Oil & misc.	Total	Direct†	Portfolio	Oil & misc.	Total	Overseas sterling area	Non-sterling area	All areas
1958	−144		−163	−307	+87		+78	+165	−195	+51	−143
1959	−196		−115	−311	+146		+30	+176	−136	+1	−135
1960	−247	+28	−95	−314	+189	+43	+50	+282	−166	+80	−86
1961	−226	+4	−99	−321	+236	+115	+65	+416	−131	+226	+95
1962	−205	+12	−60	−253	+130	+64	+56	+250	−115	+112	−3
1963	−223	−16	−70	−309	+160	+31	+78	+259	−124	+74	−50
1964 I	−67	−17	−24	−108	+82	−19	+10	+73	−73	+8	−65
II	−62	−9	−42	−113	+42	−8	−21	+13	−80	−20	−100
III	−53	−70		−123	+40	+11		+51	−55	−17	−72

* Excluding oil and, before 1963, insurance. † Excluding oil and insurance.

Revenue. For example, if the British withholding is reduced to an average of 15 per cent (the American rate on dividends paid to a British taxpayer), an American company with a minority interest in a British company would see its British tax bill on profits paid out in dividends reduced from 56.25 per cent to 44.75 per cent (35 per cent + 15 per cent withholding on the balance). But with American corporate tax at 50 per cent the American company would probably have been getting tax relief in America for at least 50 per cent (and correspondingly would have to pay American tax to bring the total rate paid up to 50 per cent where the foreign tax was less than 50 per cent). Hence the British reduction in tax of 11.5 per cent (56.25 per cent − 44.75 per cent) will be shared 5.25 per cent by the American company and 6.25 per cent by the American Revenue. The private American shareholder, however, would probably find his reduced British tax liability entirely compensated by an equal increase in his American tax liability. The immediate effect on the balance of payments of the corporate tax and this reduction in withholding would therefore almost certainly be significantly adverse, as the overall tax "take" from dividends paid out is reduced by 11.5 per cent.

Offsetting this is the fact that earnings remained in the British subsidiaries of foreign companies will avoid both withholding and foreign taxes; this might encourage them to retain more of their profits in Britain. It is also possible that the reduction in British withholding tax will encourage further continental portfolio investment in Britain. Yet on balance a reduction in the withholding tax to an average of, say, 15 per cent that applied to the bulk of existing overseas equity investment in this country, would probably result in a substantial net debit for the payments balance.

But even when the details of the legislation and the revised double taxation agreement are known, any firm conclusions on the impact on the balance of payments must still await the answer to the initial overriding question: the balance of net advantage accruing from capital exports. This points to the urgent need for further examination—already suggested by the recent Federation of British Industries conference at Eastbourne—of the impact on the balance of payments of various categories of investment. The Bank of England and Board of Trade have the necessary information: they should now use it with the specific aim of formulating a fiscal policy towards British capital exports (sterling area as well as non-sterling area) that does not treat them either as wholly good or wholly bad but which is selective, pragmatic and effective.

The Politics of Colour

The decision whether Europe will adopt a common system for colour television is becoming too political for technical sense to prevail

In six weeks' time, a colour television advisory sub-committee of the International Telecommunications Union meets in Vienna to decide between three systems of colour television for Europe. They are the American NTSC (National Television Systems Committee, which chose this system for the United States twelve years ago; Japan has since followed), the French SECAM (sequence and memory) and the German PAL (phase alternating line) system, which is basically a refinement of some aspects of the American system. Judging by the ferocity with which the battle is being conducted, one would hardly credit that the three systems had 95 per cent of their parts in common. And if the delegates fail to agree on the 5 per cent that are different, then there will be a repetition of what happened in 1947, when a very similar meeting failed to agree on a common European system for black-and-white television. After that failure, France went ahead with an 819 lines system, Britain reverted to its pre-war 405 lines and the rest of Europe chose 625. These variations have undoubtedly slowed down the development of Eurovision and also of trade in television sets and components within Europe. Significantly enough, both France and Britain are now, slowly and at immense inconvenience, going over to 625 lines (which at 60 cycles is reasonably compatible with north America's 525 lines at 50 cycles). So the pressure to conform this time is considerable, technically, programme-wise and commercially.

Nevertheless both France and this country are taking uncompromising positions vis-à-vis colour in advance of the Vienna meeting. Britain, if the funds are available, is committed to a colour television service by 1967, almost inevitably using NTSC whether Europe agrees on a common system or not; we have, after all, delayed our decision for two years hoping for such agreement. After a slow start the French radio industry and the French government are solidly behind SECAM; PAL remains a private venture of the Telefunken company, and no-one is quite certain up to what hilt the German government is committed to it. For the rest, western Europe wavers between NTSC and PAL, with Switzerland certainly in favour of PAL as more suitable for mountains. No conclusive evidence has yet been produced that anyone in western Europe, apart from the French, is at all happy with SECAM. But the east Europeans are crucial: the

French have made a massive effort to sell SECAM to the Russians, sending M. Peyrefitte no less, the Minister of Information, to Moscow with a high-powered industrial-cum-political delegation where the Americans, in their innocence, sent mere engineers. Now the British Post Office has openly come out in support of NTSC, thus implicitly refuting French rumours that Britain was wavering in its support. Such a posture from the GPO juggernaut is equivalent to the oracle giving voice. Previously the GPO had maintained lofty silence and left it to the BBC to make the running. With its statement, the battle becomes openly political.

In theory, the French SECAM has one considerable advantage for the East Europeans. It sends its signals in a way that is theoretically much more reliable and interference-free than either the American or the German system. Thus it is more suitable for the poor black-and-white television land lines found in eastern Europe, and makes it possible to start a colour television service of sorts with cruder transmitting equipment—and Russian equipment is not advanced. But recent rival demonstrations using two different land lines from London to Moscow showed the American up very well against the French system, which suffers on these occasions whatever its theoretical advantages from being still largely experimental.

Recent transmission trials showed that some of the inefficiencies of American NTSC over long land lines not designed for colour have been removed by Dr Lewis of the British Post Office with his " multi-burst correctors " designed jointly with the BBC. And as fast as German PAL and French SECAM improve, it improves faster, helped by the eventual take-off of colour television in the United States. Introduced prematurely ten years ago " with an engineer to each set " as one manufacturer bitterly remarked at the time, the first colour sets were unreliable, complicated, atrociously expensive, and the subject of more bad jokes than almost any other then-current aspect of American life. By 1963, prices were down and reliability up: in 1964 1.4 million sets were sold (35 per cent of the whole television market); in 1965, a minimum of 2 million colour sets is expected. The television networks are making increasing use of colour, the price of a good set is now down to $400 to $500, which no longer looks quite so excessive: in Britain, with its highly-developed television rental and wire systems, the change to colour could be faster and more painless than in the US, involving no capital outlay to the viewer, but merely the replacement of a black-and-white set costing something under 10s. a week by a colour set costing perhaps 30s. And the colour sets themselves, with angled instead of straight tubes, are getting less obtrusive, the screens becoming more rectangular and less unnaturally circular in shape. At the same time, one of French SECAM's aces, its automatic control of shades and intensity of colour, has been trumped by a possible similar control for NTSC.

The growth of colour TV in the United States makes a decision in Europe that much more urgent; it is also an argument for standardising on NTSC, not only because it can be seen to work, but because the viewer gains rather more from it than from the French or German systems. Both of them, but the French even more than the German, are simpler at the transmitting end, more complicated at the receiving end where additional pieces of equipment are required in the colour set that will add probably betweeen 3 and 6 per cent to the cost. While the French delay-line (see box) is a comparatively simple affair, the German one has to be a thousand times more accurate, and neither is anywhere near mass production. In mountainous country—of which Europe has plenty—the German system is outstanding, as it is in towns where there is interference from high buildings; ironically enough, the Germans themselves have shown that this is not a major advantage. Black-and-white television suffers in the ultra-high frequency wave bands from the same trouble, and the Germans have overcome this in the Moselle valley cheaply and sensibly by community aerials.

Present differences, especially between the American and German system, are marginal, so marginal that it matters little which is chosen, so long as everyone agrees to standardise on it. The German has the twin advantages of being of

Putting Colour into Television

Once the colours have been separated out by the **triple camera** used for colour television, they have to be put into the television signal to be transmitted, along with " instructions " about the intensity of the light, so that the picture can be received and used on a normal black-and-white receiver as well as a colour one, i.e., it must be " compatible." All this information has to be conveyed in a band-width no greater than that used for black-and-white. The **colour information** itself consists of (a) colour, and (b) its intensity: television colour, based on electronics, has a greater potential here than film colour, which is chemical. Additionally, the three primary colours of light used, red, green and blue (not the same as primary colours in paints), have all to be assembled at the receiver so that the eye does not see them separately. The human eye is fortunately not as sensitive to **gradations of colour** as it is to variations of light: although 6 million light-information spots have to be transmitted every second, only 1 million colour-spots are needed. This makes it possible to reduce the number of essential signals, both for colour and intensity of light, and to do away with a separate signal for green altogether.

The American NTSC system sends its two **colour signals** simultaneously. So does the German PAL, which then evens up the possible variations and distortions of the system by a continuous averaging process of two signals, each carrying both colours. At the receiver the first two-colour signal is stored in a **delay-line** to await the arrival of the second, and the two are then combined. French SECAM goes further on the same sophisticated track: it transmits one colour at a time, stores it and then adds it to the next signal, which contains the second colour, rather than averaging the two. These operations mean that both SECAM and PAL have **extra parts** to their receivers that NTSC does not need. It also follows that less information can be transmitted with SECAM or PAL than with NTSC.

At the receiver, the key to all systems is the **3-gun cathode ray tube** (one for each colour) and its screen of a million phosphor dots, one third lighting up to each of the three primary colours. Each gun has a shut-off for the colour it is not sending on to the screen, so that the responding dots stay dull. It is these dots which the viewer sees. The tubes are probably the single most complicated device to be made in large quantities for a consumer durable, cars not excluded. One of the major problems, that of lining up the three guns so that their images do not overlap, would be solved by the use of a **single-gun tube** which would also be less bulky and complicated.

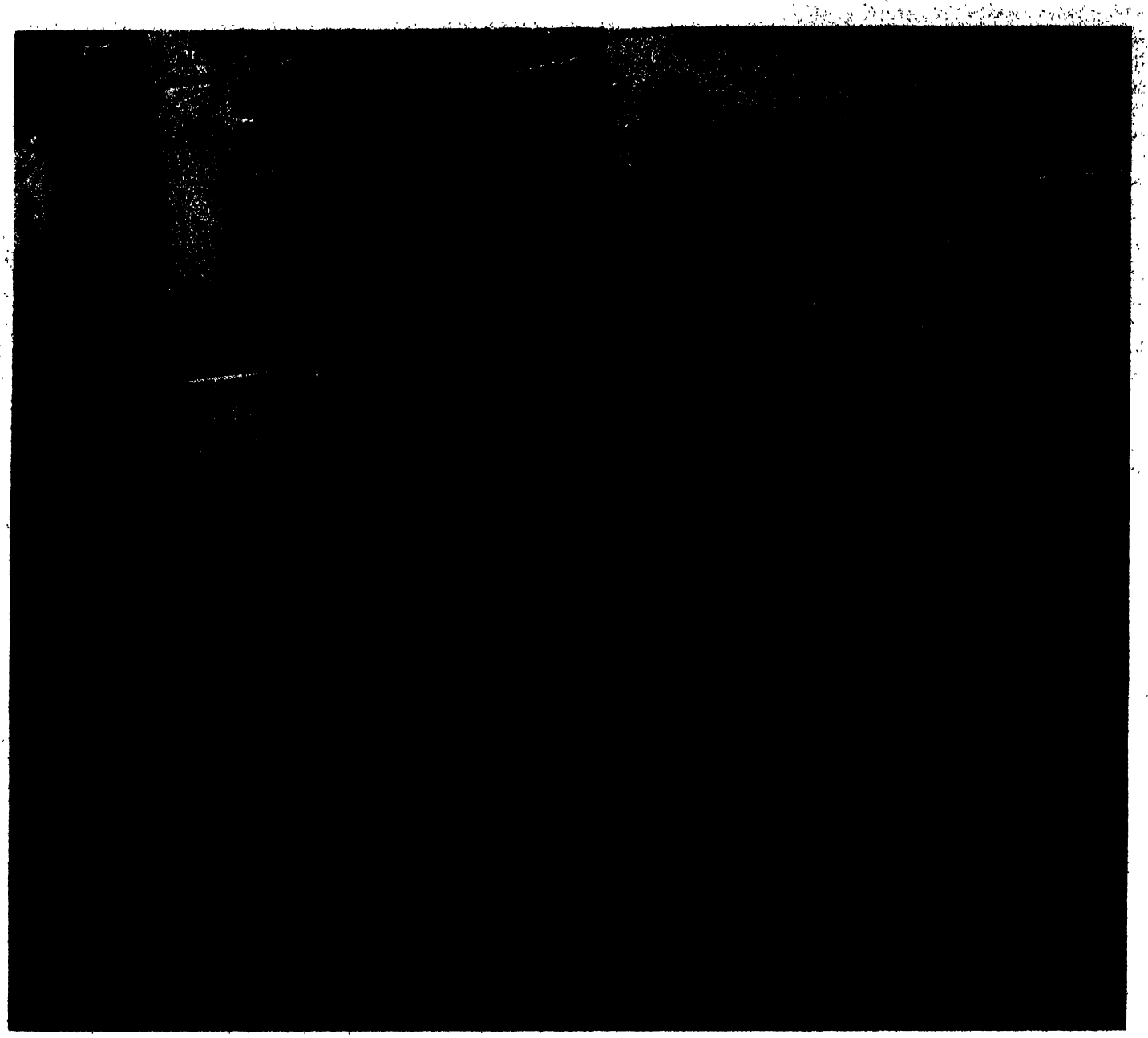
PIA maintenance standards—among the industry's highest

During the last five years PIA have cut delays for engineering reasons from 3.1% to as little as 2.1%. This is a fact; and a fact which goes a long way to explain this achievement is PIA's own standard of maintenance. Among the highest in an industry of high standards, it has won for PIA the admiration of aircraft manufacturers and airlines alike, while seasoned travellers the world over say PIA are great people to fly with.

LONDON FRANKFURT MOSCOW GENEVA
ROME BEIRUT TEHRAN KARACHI DACCA CANTON SHANGHAI

PAKISTAN INTERNATIONAL AIRLINES

GREAT PEOPLE TO FLY WITH



Shell keeps this classroom free from insects

When insects hide they hide in the most inaccessible places, where most insecticides can't reach them. Vapona, Shell's latest insecticide, can reach them.
Vapona vaporizes as soon as it is released, spreading for up to 100 feet from the point of release to reach into the tiny cracks and crevices where insects hide. Vapona is powerful too—kills all types of insects, including even resistant strains. Yet because of the minute dosage needed to destroy insects, Vapona is absolutely safe to use, causes no harm or discomfort to humans or animals.

The range of Shell chemicals is wide and diversified. In agriculture and industry, in almost every country of the world, they are contributing to greater efficiency and lower costs. Shell are eager to give you all the help they can. If chemicals can solve your problem contact the Shell company in your country.

VAPONA

Shell Chemicals SHELL

respectable European origin, and also largely compatible with the American system ; it looks an attractive compromise choice. But the differences, such as they are, are going to grow rather than diminish in the future. Two developments are crucial: the single-gun tube and the development of much larger screens for semi-public viewing. The single-gun tube (see box) may be five, ten or fifteen years away ; but Philips has one that works now—and it is much easier to use these tubes with the American than with other systems. Similarly, and more important, larger screens will require a much higher standard of vertical picture definition than is needed at present. Both the German and the French systems are wobbly in the vertical, which is immaterial now, but represents an inherently incurable defect that becomes more obvious as screens get bigger. Hence the British decision to go American, a decision backed almost without dissenting voice among the broadcasting engineers in this country.

But it is the Russians, not us, who hold the casting vote ; if they and their friends were to plump unhesitatingly for American NTSC, this system would probably carry the day, and everyone except France would probably accept the decision. (American companies think France will vote French whatever the rest of Europe does.) There are both French and American supporters within the Russian technical camp ; but the French have been giving lavish hospitality at a high political level with offers of technical aid to set up the necessary equipment. If the Russians go French, the British will refuse to follow ; so, probably will most of the other West Europeans and the chance of standardisation will be lost for all time—or at least until television in 3-D raises the issue again.

BUSINESS □ BRITAIN

TRANSPORT

Mr Fraser's Trump

THE Minister of Transport has extricated himself from the highly embarrassing situation in which he was placed before Christmas, when the Luddites in the Cabinet vetoed the appointment of Dr Beeching as a transport policy rapporteur, with a considerable degree of skill and no small credit. In place of Dr Beeching, the cabinet has now had to accept Lord Hinton, no whit less formidable a technocrat and one known to suffer fools even less gladly than the man he replaces. Admittedly, there is to be an advisory council appointed with Lord Hinton, the sort of breathing-down-the-neck assistance from the transport pressure groups that Dr Beeching had refused to accept. But it has no power to interfere in what Lord Hinton does or writes. It will meet once a month ; Lord Hinton will be a member of it ; but it has been made plain that he will prepare a report on a co-ordinated transport policy for the minister without its help, its advice, or without its approval. Dr Beeching may have lost the battle, but he has indirectly won the war. And in more senses than one, for the advisory council includes, most surprisingly, two transport economists who have been among the strongest exponents of a road pricing system.

The lobbies that successfully barred Dr Beeching's appointment may ultimately regret not settling for the devil they knew. Lord Hinton is, ironically, another graduate from Imperial Chemical Industries, a chemical engineer responsible for munitions plants during the war and then for the building of all the Atomic Energy Authority's factories and its first power station at Calder Hall. He became chairman of the Central Electricity Generating Board at the critical point when it was becoming apparent the CEGB was burdened with an excessively large and expensive nuclear programme. Lord Hinton cut it, although a matter of months before he had been atomic energy's strongest advocate. This particular intellectual approach, with its willingness to accept the logic of a technical argument wherever it leads, over whose prostrate bodies, and even if it involves a total *volte face* in one's own published and publicised opinions, may produce startling results when brought to bear on the problem of co-ordinating a transport system that has growed like Topsy and is full of built-in pressures against un-growing again. It would be a brave Minister who was prepared to follow wherever Lord Hinton's intellectual curiosity is liable to lead him, but Mr Fraser can be certain of one thing, if nothing else, that there are unlikely to be any bromides in the advice he gets. And it was with this aim that he and the prime minister originally decided to offer the job to Dr Beeching.

AIRCRAFT

Whoa There!

IT is an odd role for *The Economist* to find itself attempting to defend the aircraft industry against the efforts of those who are trying to cut it down, but there is reason in all things and the government seems to have lost its. The Minister of Aviation may be sick and disgusted by the crass lobbying of the aircraft industry during the past weeks, an industry that, as Sir John Lang has pointed out, has had opportunities for making very sizeable profits on government contracts during the past twenty years and who is to say that it has not taken them ? But to say that the industry is no longer capable of functioning alone, without under-pinning from Europe and the United States, is not the voice of common sense, it is the voice of plain, blind panic. Mr Jenkins has inherited a ripe load of British rubbish which has baffled more politically experienced but not necessarily better men than he. But there is no excuse for running away from it. The aircraft industry of this country is:—

too big
too blustering and
building the wrong aircraft,

none of which are necessarily reasons for shutting it down. As an industry, it needs slimming, reorganising, severely frightening and a blood transfusion of new talent.

As long as five years ago, it was obvious that aviation was shorter on management talent than anything else and Rolls-Royce and Hawker Siddeley at least saw the light and did something about it. The chairman of Hawker Siddeley can roundly and safely abuse past and for that matter future governments because he knows that for all the cuts and chopping and changing of policy, his company has some things worth buying and that they will be bought.

There are two flaws in Mr Jenkins' argument for international co-operation all round. One is that the "international" aircraft projects undertaken so far have been total disasters, Concord between France and Britain, the Transall between France and Germany, the Europa rocket between seven countries, have produced precisely the wrong sorts of design in which national prestige becomes so irrevocably entangled that no one can get escape. Mr Jenkins' baptism with Concord ought to have told him that. The other is that it takes two to make this sort of bargain and if one examines the reasons why the last govern-

ment held up decisions on a vertical take-off fighter for so long, and for which it was so bitterly criticised by Sir Roy Dobson, the answer lies in protracted and ultimately fruitless efforts to get German co-operation.

His House in Order

MR JENKINS has every right to demand that the aircraft industry should start on only those projects for which there is promise of a reasonable market, which in terms of today's development costs means an export market as well as a home one. And he rightly recognises that others—if they also have aircraft industries—are only likely to buy from us if we also buy from them, and this in its most sensible form means an elaborate species of international division of labour. But before he lays it down as a matter of government policy that nothing must be started on our own, Mr Jenkins might inquire first how Rolls-Royce succeeds in selling aircraft engines the world over. And before placing the whole onus of reform on the aircraft industry, the Minister might ponder how to put his own house in order. There is no escaping from the conclusion that the technical advice given to successive governments over the past two decades has been dreadful, so that Ministers who are unlikely to know their aspect ratio from their horizontal stabiliser (assuming they have one) have supported on the recommendation of their experts, aircraft that are unsaleable or unusable and have killed, through neglect or through a thumbs-down, developments that might have helped the aircraft industry to keep its place in the world markets. The three services and the Ministry of Aviation must carry the lion's share of the blame for what went wrong; they, after all, authorised it.

This is one reason for regretting that the second part of Sir John Lang's inquiry into the Ferranti profits was published at a time when it was bound to be eclipsed by the fury of Tuesday's aviation debate. For it is critical of the way that Ministry contracts are let, and prices agreed with companies, more critical than it might seem at first glance. It is deeply suspicious of the actual profits that may have been earned on these contracts, remembering that only by chance coincidence did those of Ferranti (more than 80 per cent) come to light.

> "Industry," said Sir John, "is willing to accept Ministry of Aviation contracts knowing the profits margins that are currently being allowed in prices. This suggests to us that industry earns more profit than that ostensibly allowed for in the fixing of prices. . . . In our view, contractors can have, and sometimes do have, such an advantage over the Ministry when prices are agreed that profits can result in excess of those allowed in prices."

and this, the report considers, is why industry continues to accept prices negotiated on a nominal profit margin of a mere 7½ per cent and is not wildly keen on a change.

ATOMIC ENERGY

Splitting The Atom

AN announcement of considerable importance for the future of the Atomic Energy Authority slipped out quietly and almost unnoticed on Tuesday. It was that for all practical purposes the AEA has been split into two separate organisations with their own separate accounts and balance sheets—the one concentrating on research and the other handling the growing volume of commercial business which has now an annual turnover of £29 million, of which £7 million alone comes from the sale of electricity. The way this has been done without introducing legislation is through the formation of a separate Trading Fund that will take over a number of production plants with a present book value of £37 million (they will probably need revaluing), among them the Calder Hall and Chapel Cross power stations, will pay interest on its capital to the Treasury, and have the right to retain any profits. It actually has a profit target of £3.9 million in five years.

This may look no more exciting than any other internal book-keeping re-organisation; but it amounts to the creation of a separate nationalised industry in all but name and marks the end of a fairly furious battle by the Authority's commercial salesmen to win their commercial freedom from the inhibiting and often depressingly uncommercial control of the AEA's London headquarters. New men at those headquarters, and new men in Whitehall (in particular, Mr Cousins's Ministry of Technology) gave them their chance and, at the same time, official recognition that a new industry had emerged. Britain is bidding with a fair measure of success to become one of the world's major atomic fuel suppliers. When so much else seems to be going wrong, this, at least, is worth a cheer.

COTTON

Chance for a Rethink

THE Board of Trade has asked for the views of the cotton industry on the future of the Cotton Board. This review, which the board is obliged to carry out every five years, will consider whether the Cotton Board should continue in existence and, if so, in what form and with what powers. One of the last surviving development councils created by the previous Labour government (the only other one is furniture), the Cotton Board has a statutory existence with certain powers, including the power to levy contributions and call for statistics. The industry, which has changed enormously since the last review, has for some months been discussing the form it would like the board to take. Lancashire has had its reorganisation scheme, but much still remains to be done and the government has not said how much power it would like to retain in the future directly to intervene in the industry's affairs. The industry could well feel that it is able to get on by itself, with the more normal sort of trade association and no nonsense about compulsory levies. The changes in ownership in the industry have strengthened it and taken it more nearly towards the logical "multi-fibre" ideal. (A fact recognised by the board's taking in the man-made fibre users as full members.) Whether this could, as logically, be extended to form a really comprehensive textile organisation which would include wool is something that may be un-

KEY INDICATORS

THE BRITISH ECONOMY

RETAIL TRADE

Down again slightly

STEEL OUTPUT

Still at high level in January, although slightly below December rate

	Month	Index 1958=100	Percentage change from: Previous month	Three months ago	Twelve months ago
Industrial production	November		+1	+2½	+5
employment	November		Nil	Nil	+1·1
productivity	November	126	+1	+2½	+4
Export trade	December	131	+6	+10	+3
Retail trade	December	120	−1	Nil	+1
Unemployment	January	77	−4·7	−8·1	−25·8
Wage rates (weekly)	December	125	+0·4	+0·8	+3·6
Retail prices	December	117	+0·4	+1·3	+4·8
Export prices	December	108	Nil	Nil	+2

** Seasonally adjusted. Indicators of export and retail trade reflect movements in volume terms, i.e., in value at constant prices. Unemployment indicator refers to numbers wholly unemployed, excluding school-leavers. Total unemployment level in January running at an annual rate of 1.4 per cent.*

consult us at the earliest planning stage. More than 1000 Royal Bank branches throughout Canada are in an excellent position to provide practical help and information to anyone interested in this growing market. Wholehearted co-operation and practical assistance is available to you through our London offices.

THE ROYAL BANK OF CANADA

Incorporated in Canada in 1869 with limited liability

HEAD OFFICE: MONTREAL · ASSETS OVER $6,000,000,000

LONDON BRANCHES: MAIN BRANCH 6 Lothbury EC2 · MONarch 6633
WEST END 2 Cockspur Street SW1 · WHItehall 7921

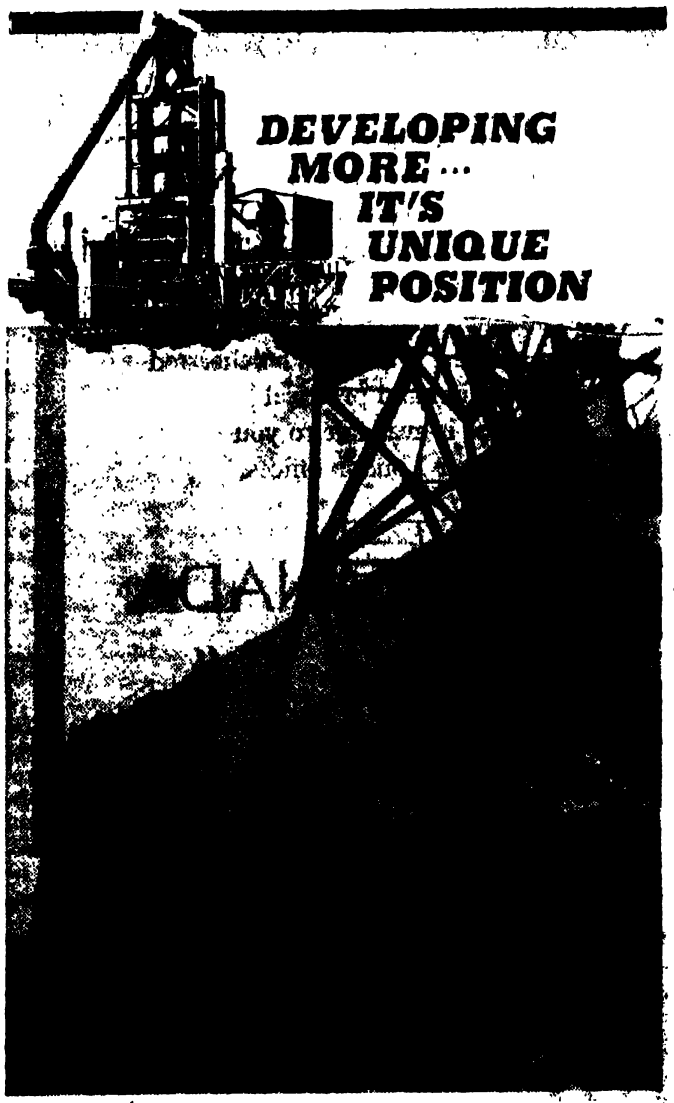
NKB — YOUR COMMERCIAL BANK ON THE SCENE

The name KANGYO means promotion of commerce and industry. Nippon Kangyo Bank has continued to do just that since its foundation in 1897. Its long tradition and vast experience have yielded a smooth flow of trade between EEC countries and Japan. In your trade transactions with Japan, turn to NKB, Japan's representative commercial bank with a worldwide network of correspondents. You will be guaranteed efficient, expert and courteous banking service.

Japan's Commercial Bank

NIPPON KANGYO BANK

HEAD OFFICE: Hibiya, Tokyo. DOMESTIC OFFICES: Over 130 branches throughout Japan. LONDON REPRESENTATIVE OFFICE: 22, Wood Street, London, E.C.2, England. Tel: MONarch 3562. NEW YORK AGENCY: 40 Wall Street, New York 5, N.Y., U.S.A. TAIPEI BRANCH: 35 Po-Ai Road, Taipei, Taiwan.



The integrated heavy industrial manufacturer NKK is one of the representative steel manufacturers in Japan, which makes a firm position as a unique steel maker for handling Shipbuilding and Plants too, supplying steel from its own mills, processing it to its final stage.

Shipbuilding Division has recently expanded their shipways to 100,000 tons for big scale tanker production, is one of the main force of NKK with steel making division.

Moreover NKK is building a new (THE LARGEST) steel plant in the World, to cope with increasing demands for steel.

In this way NKK with mutual cooperation of the Steel-Making & Shipbuilding Divisions, is always taking leadership in its new field.

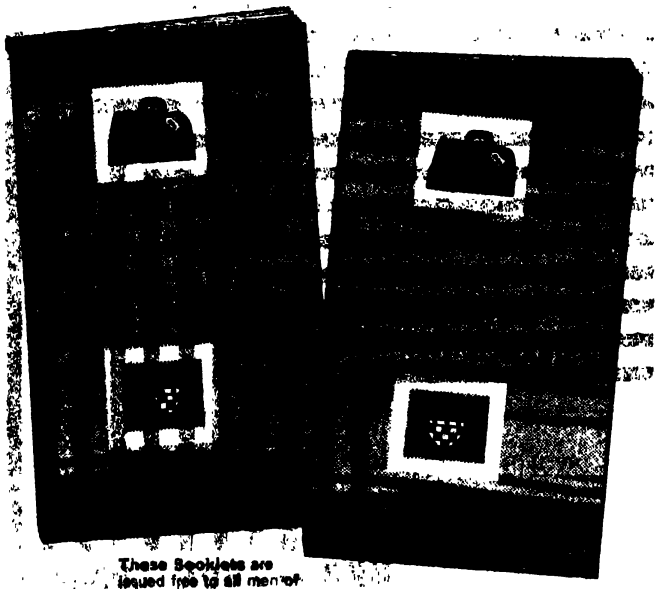
NKK **NIPPON KOKAN**

Head Office: 2, 1-chome, Otemachi, Tokyo, Japan
Overseas Offices: New York, Los Angeles, London, Duesseldorf, Singapore, Hong Kong

Are you a business man bound for **Australia or New Zealand?**

Then you must take with you copies of Australia and New Zealand Bank's pocket-sized companion booklets. These handy guides contain all the pertinent information you will need for your visit.

★ Coloured maps of main cities and useful addresses.
★ Hotel tariffs and tipping.
★ Car hire and fares.
★ Customs and Exchange Control regulations.
★ Business framework and taxation.
★ Climate and entertainment.



These Booklets are issued free to all men of business. Get *your* copies today.

Australia and New Zealand Bank Limited

HEAD OFFICE: 71 CORNHILL LONDON EC3 TEL: AVEnue 1281

Over 1,000 branches and agencies

popular in Yorkshire where a long and ultimately victorious battle was fought against a development council for wool—but it should be seriously considered.

REDUNDANT PLANEMAKERS

Looking for a Job

THE cancellation of the Blue Water missile in 1962 was the making of the computer industry in Stevenage. The missile makers walked out of the English Electric works into the design offices of International Computers and Tabulators. The redundant aircraft workers from Hawker Siddeley may take longer to find jobs and probably not without retraining.

In the last year there has been a marked increase in the stability of labour in the Coventry area as workers seemed to have sensed a change in the employment climate, even though the unemployment rate has remained stable at about 1 per cent. There are now 1,300 vacancies in engineering companies in the area conveniently reachable for a commuter from Coventry, but these are not nearly adequate to absorb the 4,000 or so men from the Hawker Siddeley works at and near the city who may soon be redundant. These represent about a third of the company's labour force in the area, and more redundancies are possible.

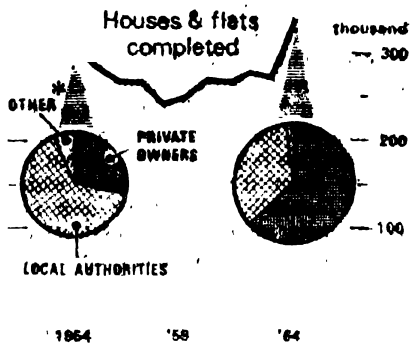
One natural reaction has been for shop stewards and union officials in other factories to be on their guard against undue favouritism towards former aircraft men, so companies are more than usually guarded when asked whether they are likely to take anyone on. Two strands emerge however: some skills, like those of systems engineers and draughtsmen will be immediately welcome in a number of factories; but the mass of the others, semi-skilled metal workers, would probably be absorbable only over the rest of the year, given the present expansion plans of a number of factories.

At the moment of course the whole area is one where the Board of Trade has been refusing development certificates and encouraging companies to expand elsewhere. Reliant Cars at Tamworth is still battling to be allowed to expand: the company's case is presumably stronger now that it can point to all this labour coming on to the market. Or will Coventry be declared a development district? If Hawker Siddeley's men failed to get work, the Coventry unemployment rate would hit 6.5 per cent.

At Southampton the news was hardly out that 240 men from the Hamble drawing office would be jobless before a local engineering company was asking for them and turning them down. There are plenty of jobs on offer but not so many for airframe designers—which most of the Hawker-Siddeley workers are—unless they can turn their hand to heating and ventilating engineering or high pressure pipes.

Building More Houses

Last year was only the second since the war in which the number of houses and flats completed in England and Wales passed the 300 thousand mark. The previous peak in 1954 was topped by nearly 28 thousand. Three out of five of last year's completions were for private owners—more than double the 1954 proportion.



* Government departments and housing associations. New town development (4,884 houses in 1964) included under local authorities

PRESERVING MILK

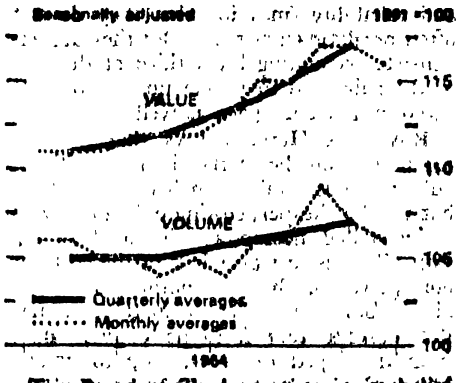
Not So Much a Process

THE drive behind the search for a process to preserve milk in a way that tastes as like the real thing as possible has not been the needs of the world's underfed, but the escalating cost of maintaining a seven-day milk-round in a five-day week. Last week Express Dairy announced a process that keeps milk tasting fresh for six months unrefrigerated, indefinitely if refrigerated. The Milk Marketing Board is decidedly interested, for this could revolutionise milk distribution. Similar methods have been used commercially in Switzerland for eight years; but the Swiss process was not acceptable to the Ministry of Agriculture here because it pumps steam, and hence water, through the milk which the Ministry does not allow even though the Swiss remove the water before the milk is sold. The object of both the Swiss and Express Dairy process is to heat the milk up as quickly as possible to a critical temperature above 280° F., keep it there for seconds, and then rapidly cool it. As he was not allowed to use direct steam heating, which the technical director of Express Dairy has acknowledged as being the easiest and possibly the best method, Express Dairy has opted for indirect heating.

Dutch, Swedish, and British plant to do this has been on the market for some time. It produces normal tasting pasteurised milk that keeps for up to three weeks unrefrigerated, and this is already available in Europe, but it has to be stored at 90-100° F. for one or two days after processing to allow the "cooked" taste to dissipate. This, plus the time-lag for distribution and delivery, raises doubts about whether dairies in Britain could legally describe this milk as "fresh." The Express Dairy breakthrough lies in managing to reduce the time needed for the "cooked" taste to die from days to a matter of hours so that the company is entitled to market the milk as "fresh." But producing sweet-tasting and sterile milk is one thing; finding containers that keep it that way is another.

Express Dairy was at first convinced that the only container that fitted its needs was the Swedish Tetra Pac—the heavy paper carton with polythene lining used in milk vending machines. But just before last year's Dairy Show, the other milk combine, United Dairies—the agents for Tetra Pac machinery in this country, announced machinery to sterilise glass bottles to the temperature required—something which had not till then been thought possible. This machinery has already attracted interest abroad and a major export order is imminent. Express Dairy, which would like to be rid of bottles for ever, is staying with the paper carton; nevertheless, the development of machinery to super-sterilise bottles could be almost as important, particularly from the point of view of exports, as the development of the long-lasting milk itself.

RETAIL SALES: Rising or Falling?



The Board of Trade persists in its belief that the trend of retail trade last year was "sharply upwards." Our chart shows that this is a fair enough assessment in value terms, if sales are averaged quarterly, but that most of the rise was absorbed by price increases. Moreover, on a monthly basis, the year closed for retailers no better than it had begun.

MARINE DIESELS

Government Aid

THE recent announcement that Ruston & Hornsby is developing a new range of two-stroke diesel engines for use on land and at sea with—significantly—the financial backing of the National Research Development Corporation, could start a trend away from the cathedral-like marine diesels that now power most of the world's big ships.

The advantages of these big engines, some of them up to fifty feet high and weighing 1,000 tons are comparatively low fuel bills and reliability (meaning that they do not often break down at sea). But they are expensive, accounting for a third of the cost of the ship, and they take up considerable cargo weight and space as well.

Ruston & Hornsby says that its new engine due on the market in 1967 will not only be considerably smaller and lighter, but will be cheaper, costing only about £10 per installed horsepower installed in the ship. This is just over half of the cost per horsepower of the big continental marine diesels built under licence in this country. But current cathedral-type engines have been developed to provide up to 30,000 bhp which means that two or more of the new higher revving units—each providing up to 10,000 bhp—will have to be fitted to get comparable power. This is feasible because the new engine is geared to the shaft instead of driving it directly as the major marine diesels do at present.

The problem facing the development of these high speed diesels is one of maintenance. It will take a long period of hard testing, largely at the expense of the developers, to persuade shipowners that despite lower initial costs, they are not going to have to spend considerably more on repairs. But if the developers do their homework properly the new high-speed diesel could provide Britain with an important foothold in a world market now dominated by continental manufacturers.

Mirrlees is also working in this field under a development contract from the Department of Scientific and Industrial Research, so that the government is financing two competing developments through two separate and apparently competing channels. One reason why the government has had to step in and provide the finance for these developments is that marine diesel builders in this country are not accustomed to spending over-much on research and are finding life increasingly difficult, largely because there are too many of them.

SHORTER NOTES

The discovery that at least 1,500 science places went unfilled at the universities and technical colleges last year is disconcerting but can be exaggerated. It represents a small proportion of the 15,500 science places on offer; it may in part reflect the fact that there are very marked variations between the reputations of different science departments in different universities, variations of which students are well aware and to which they attach much more weight than they might in the arts. But it also reflects badly on the standard of science teaching in the schools—the places did not go empty for want of candidates, but for want of enough capable of meeting university standards of entrance.

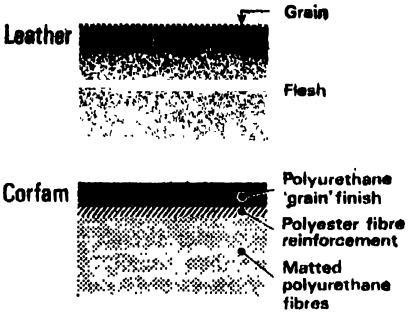
SYNTHETIC SHOES

Hell for Leather

SEVERAL thousand pairs of shoes made of a new synthetic leather are secretly creaking around Britain in the last stages of development trials. By summer, Imperial Chemical Industries should know whether it will go on to pilot plant production. Although this puts it two years behind DuPont, whose full-scale plant came on stream in America at the end of last year, it is not a process that can be hurried. A mistake is human, but an unsatisfactory material, hastily-marketed, could ruin ICI's prospects. Perhaps the company is fortunate to follow the trail blazing DuPont, said to have spent $25 million so far on developing its own "Corfam" synthetic leather (or "poromeric material" as it prefers to be called—no doubt to avoid being saddled with the second best implications of a synthetic).

The job has been a long one, and difficult, because of the complexity of leather and its unique properties. Made of a tightly matted mass of protein fibres, of which the "weave" is loose on the inside and grades to a tight, continuous grain on the outside, leather is tough, flexible, porous yet waterproof, easily moulded and shinable. As a result it is comfortable and looks good. But it is difficult to prepare (tanning is a lengthy, crafty business) and varies wildly in its properties: from skin to skin and even on different parts of the same skin. Making shoes from this material, although increasingly on a production line basis, is still a complex craft. DuPont has devised a material that is tough and porous, and so as comfortable as leather, and done it by constructing a leather analogue. Starting with a loose fibrous mat of polyurethane and reinforced with polyester fibre, "Corfam" is finished off with a grain that is waterproof and can be anything from suede to peccary. Even though DuPont has been at it for a long time, there are still snags: few colours are available (black is still the best) and the shoes, although theoretically "wipe-clean," tend to look grubby when unpolished. It has, however, the huge advantage of being a continuous, homogeneous material which arrives in rolls 35 inches wide, all of it usable.

DuPont is in no doubt about the possibilities for its new material, the latest in a long line of chemical substitutes for natural products. The leather industry in the United States of America is worth $700 million a year and the shoe industry its largest customer by far, seven times as much. In Britain, out of total shoes sales in 1963 of 220 million pairs, 128 million, worth nearly £40 million, had leather uppers which needed about 200 million square feet of hide. To attack this, and the continental market, DuPont last month brought on stream in Belgium a small plant to finish (apply the final surface coating and colouring to) imported "Corfam" from America. The European market has already been probed gently with small quantities put out for trial; the full-scale attack should soon follow, to launch what could be DuPont's biggest development since nylon. Having learned from experience with other substitutes that it is nearly impossible, once a product has been aimed at the cheap end of the market, to move up the scale, the new material is being priced rather more expensively than fine aniline calf leather—the equivalent of 86d. a square foot. This is a straight marketing strategy, for the shoes that result are in the price bracket of five guineas and upwards. But at a guess with scale production, the price can come down and "Corfam" shoes, trailing a luxury image, could be more realistically priced.



Competitors, sniffing a juicy market, are on DuPont's track. It is debatable whether the company's lead will be long enough to gain a grip of the market or whether it will merely win acceptance, expensively, for other producers to exploit. Cheaper, non-porous, competitors are already available: a Courtauld's subsidiary has one, "Quox," at 30d. a foot, from which men's shoes can be made in the cheaper (39s. 11d. to 59s. 11d.) range—although it is having some difficulty in getting off the ground. Other industrial giants have products being developed—Union Carbide and Goodrich among them. Shoe manufacturers who have seen ICI's product are even prepared, tentatively, to favour it over "Corfam." DuPont must accept that the period available to exploit a new invention is ever shortening, but it would be bitter if it found itself with another "Delrin." That plastic took 15 years and many million dollars to develop and when it came out—at an appropriately high price—it soon encountered Celanese Corporation's "Celcon," a nearly identical plastic which cut the profitable, patent-sheltered lead DuPont had expected to nothing.

BUSINESS INVESTMENT

WALL PAPER MANUFACTURERS

Any Room for Counter-Move?

VIGOROUSLY pursuing its policy of breaking out in all directions, Courtaulds has joined with Reed Paper in a £54.2 million bid for the giant Wall Paper Manufacturing company—the largest in Britain, with more than three-quarters of the home wallpaper market, a large decorative paints side (Walpamur and Duradio are the main brands) and 700 retail shops (including the John Line and Crown chains), to sell them through. It is only a fortnight since the board of WPM—a company notoriously fighting a losing battle with its size and inefficiency—erupted in a full-scale row as a result of which the then chairman and vice-chairman left. The board that remains, headed by Mr John Watson, has "reached broad agreement on commercial grounds" with the bidders who have offered the equivalent of 25s. in cash and shares for each 5s. ordinary share. The actual composition of the offer and the mechanics of the operation have still to be worked out. On the day of the announcement, the shares rose 1s. 1½d to 21s. 3d. and on Thursday evening closed at 24s. 6d. This prices WPM at an earnings yield of 9% and a dividend yield of 4%; but with profits for the current year already admitted to be down on last year, the earnings yield could be a couple of points lower still. However, WPM is fairly full of assets: at book values, net equity assets equal 16s. a share, of which 8s. is property valued at cost—some of it 19th century. So there could be room to squeeze cash out of the company to pay for itself (as Courtaulds so effectively did for its massive Lancashire Cotton and Fine Spinners bids). When *The Economist* went to press on Thursday evening, the WPM directors were still discussing their reply to the bid. But there is very little room for the defensive fight that Courtaulds itself put up against ICI. WPM has no cash and few trade or other investments. Some of its shops could be sold and leased back but there is little evidence that the board could profitably use the released funds, although the new men who took over in the palace revolution can claim that they have not yet had time to show their ability to improve the group's tarnished image.

It remains to be seen what view the Labour government will take to the implications of the bid. WPM has fulfilled its undertaking given after last year's report of the Monopolies Commission on the industry in informing the government if it should receive an offer to acquire a controlling interest in the group.

On the surface, nothing could be more logical than the bid. Reed, like all paper manufacturers is under pressure to secure outlets for its productions and it already provides WPM with 15 per cent of its wallpaper base. The rest comes from WPM's three mills. Moreover, it tallies well with Reed's policy of diversification into paper conversion and, ever further, into all sorts of other barely related fields including building. However, beyond the mills is likely to be Courtaulds territory. Here again WPM's interests mesh nicely on paper. The Courtaulds subsidiary, Pinchin Johnson (second largest paint manufacturer in the country) is strong in industrial and trade decorative paints, while WPM's paint interests are in the retail decorative field, offering a way into the do-it-yourself market that Pinchin has so far failed to make for itself with "Gaymel" paints. Moreover, the wallpaper itself offers a logical diversification for Pinchin's interest in the decorating market generally and WPM's shops could profit from stocking a wider range of home decorating products.

This is where the companies are aiming, for the building industry must—whatever the government does to the rest of industry—go on growing rapidly. Other companies have come to the same conclusion—notably ICI, whose newest £2 million wallpaper mill only recently came into operation and whose paint interests now claim more than half the decorative market, gained while Pinchin Johnson and WPM slept. The paint threat has been there for some time: the wallpaper threat is only beginning. Starting with 2% of the market two years ago, ICI now claims about 10%; meanwhile WPM's share has dropped from over 90% to 80%. It would be a poor lookout for a company with ICI's resources, given its interest in this market and the new products and manufacturing techniques it is developing, if it could not get another, say, 15% of the market in the next few years. This means that the bidders could be buying, on an earnings yield of less than 8%, a company for which the prospects are even gloomier—which would be an expensive buy, unless Reed and Courtaulds are not so much buying a business as buying a foothold in another industry.

The bidders have stated their intention of running WPM as a joint venture, and have dropped heavy hints about extending their interests in the building industry. Taken at their face value, this means that WPM is to be set up as a building materials company into which Reed would presumably put its own building interests (some plastics fabrication and pitch fibre pipes) and Courtaulds would weigh in with Pinchin Johnson—with some suitable adjustment of the equity to keep the venture joint. The alternative, of breaking the company up, seems unlikely in the face of the bare fact of the joint bid. But WPM patently cannot bring much in the way of management into the union; Reeds may have some to offer; what can Courtaulds spare? Stretched to the limit with the need to reorganise its recent textiles and spinning acquisitions and launching a new fibre in a sharply competitive market, Courtaulds has enough of its own troubles to look after. One must admire it. Its chairman, Mr Kearton, clearly recognises the need to keep moving, even if into quite different fields. But will

KEY INDICATORS

MOVEMENTS ON THE WORLD BOURSES

LONDON
Aircraft apart, quite a jolly week.

NEW YORK
Vietnam and the balance of payments put the index below 900 again.

SWEDEN
Over the top

	INDICES *		Percentage change from:		
	Feb. 3 †	Feb. 10 †	A week ago	A month ago	Twelve months ago
London	400·6	403·3	+0·7	+4·6	+ 4·7
New York	906·3	892·9	−1·5	+1·1	+13·2
France	95·8	93·5	−2·4	−4·4	−10·1
Germany	103·0	102·6	−0·4	−2·1	− 2·7
Holland	366·6	364·2	−0·7	+2·3	+ 4·4
Italy	383·4	391·7	+2·2	+[illegible]	−21·1
Belgium	134·3	134·5	+0·1		
Sweden	256·8	251·3	−2·1	+5·2	+15·7

* For Bases and Stock Prices and Yields, see pages 724 and 725.
† London, February 4th and 11th.

Courtaulds' shareholders welcome so soon the injection of yet another ailing company? And will the many institutions holding WPM shares welcome a further addition to their already large holdings in Courtaulds?

IMPERIAL TOBACCO

New Look Dividend

IMPERIAL TOBACCO'S trade investments—consisting largely of its minority holdings in Gallaher (36¾%) and British-American Tobacco (28½%)—are to be hived off into a separate company (Imperial Investments) but, and it is a big but, this company will remain wholly owned by Imps. Thus ends a year of gossip and anticitpation in the City, where it had been eagerly hoped that shares in the investment company would in fact be distributed to Imps shareholders, supposedly to their great benefit.

These shares could have been distributed in one of two ways. The capital of Imps itself could have been reduced through the Court; or a capital dividend could have been paid (consisting of shares in the investment company) out of the unrealised capital profits on the trade investments. The first possibility was ruled out because of the cost of compensating creditors (£80 million) and holders of loan and preference stock (£60 million against an equity valued in the market at £240 million), as their security would be reduced. The Inland Revenue blocked the second alternative by threatening to bring a test case to establish whether this particular type of capital dividend should be treated as income in the hands of the shareholder.

In the circumstances the decision of the Imps directors was unquestionably correct. Those who have agitated for a hive off need reminding that a board of directors owes a duty to its company and hence to the shareholders in general and not just to those who are about to sell their shares and are therefore interested in the market price now. But the dividend policy, probably the most important single factor underlying the dismal performance of the shares since the early nineteen fifties, is another matter. In 1962, for example, a dividend of 15% (adjusted) was paid for the fourth consecutive year. Of this 5% was attributable to investment income and the remainder was covered by net trading income no less than 3½ times. Here again the company is turning over a new leaf. This week the dividend for 1963-64 is up from 15¾% to 20% (with profits before tax up from £31.2 million to £35.2 million and equity earnings from 30% to 33%). And in future substantially all the income of the investment subsidiary will be distributed and the balance of the 20% dividend this year, the directors are at pains to point out, is covered 2½ times by income. Hint? About one-third's earnings is investment income (representing only 40% to 50% of the actual trading profits of Gallaher and British American Tobacco). Capitalising this part on a 7¼% yield basis (roughly the dividend yield on BAT's and Gallagher) and the remainder on the basis of Gallaher's earnings yield (16%) Imps share price would be 57s. 6d., against 53s. 6d. in the market.

Finally the board of Imperial Investments, high powered though it may be (including three merchant bankers, Sir Humphrey Mynors and Mr G. H. Ross Goobey), will be empowered to dispose of the BAT holding and nearly all the others only with the approval of the Imps board. There is one exception—the Gallaher shares. The President of the Board of Trade was consulted about the arrangements and "sees no objection": Labour saw plenty of objections to the Gallaher holding itself when it was in opposition. Was the *quid pro quo* for non-interference, that Imps should dribble a steady stream of Gallaher shares on to the market, or into the portfolios of willing institutions? Or '*pace* the Monopolies Commission' does Labour now regard Imps' 36¾% holding in its main competitor as a relatively harmless method of inoculation against the greater "danger" of an American take-over?

CIGARETTE ADVERTISING

Hurting the Weak

BEFORE this week's ban the commercial television contractors depended on tobacco advertising—virtually all of which was for cigarettes—for about 7% of their income, a proportion up by about ½% in the last year. Granada has the lowest proportion, about 5.2% of income, a reduction on last year, and Rediffusion-London the highest at nearly 9%. But two factors prevent the four major companies from being too badly affected: their time, particularly in peak hours, is over-booked, with a queue of advertisers waiting to take up the slots vacated by the tobacco companies: and any income they might lose is being taxed at a rate of 45% by the Treasury anyway. So the ban had little impact on share prices.

The smaller companies, who tend to have time on their hands, will lose something, but the general trend of television advertising is so healthy that the ban will show only in a diminution of growth.

No collection of media can take up the revenue lost by the television companies. The scale is too large: it would take four or five full page advertisements in the *Daily Express* to absorb the money spent advertising cigarettes each evening on television. But clearly other media could benefit to some extent—except the pirate radio stations, which are seeking respectability by forswearing this revenue. Whatever they may say about not spending more money elsewhere the tobacco companies are not unprepared: within forty-eight hours of the appearance of the United States Surgeon-General's report early last year emergency plans for the use of other media had been made here in case of such a ban.

Helping the Strong

MR E. J. PARTRIDGE of Imperial Tobacco this week recorded his opinion that the ban would have no significant effect upon total cigarette consumption at all on the experience of the pattern already established in Italy and Czechoslovakia. But at the same time the industry's costs will fall by between £5-£6 million in a full year less any amount by which the companies now decide to increase their spending on other mass media or in other forms of promotional activity (such as Carreras' in horse-racing and cricket). Why, then, the fuss?

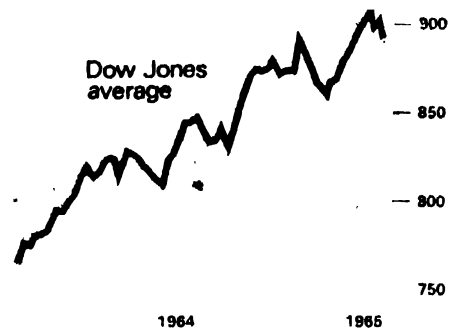
The effect of the ban seems likely to be not on total cigarette sales but on individual manufacturers' ability to increase their share of the market by launching new brands. Of the three leading tobacco companies, Carreras, by a whisker, might be the relative loser initially, since a slowing down on new brands might well mean a slowing down on the switch to filter tipped cigarettes, its speciality. But a healthy increase in the tobacco duty in the budget could easily change this. On past form this would hurt the smoker far more than the tobacco companies and Carreras would not only lose less than either of the other two companies—it might actually gain. For no marketing technique is half so effective as a duty increase for diverting the smoker's attention to the tipped cigarette.

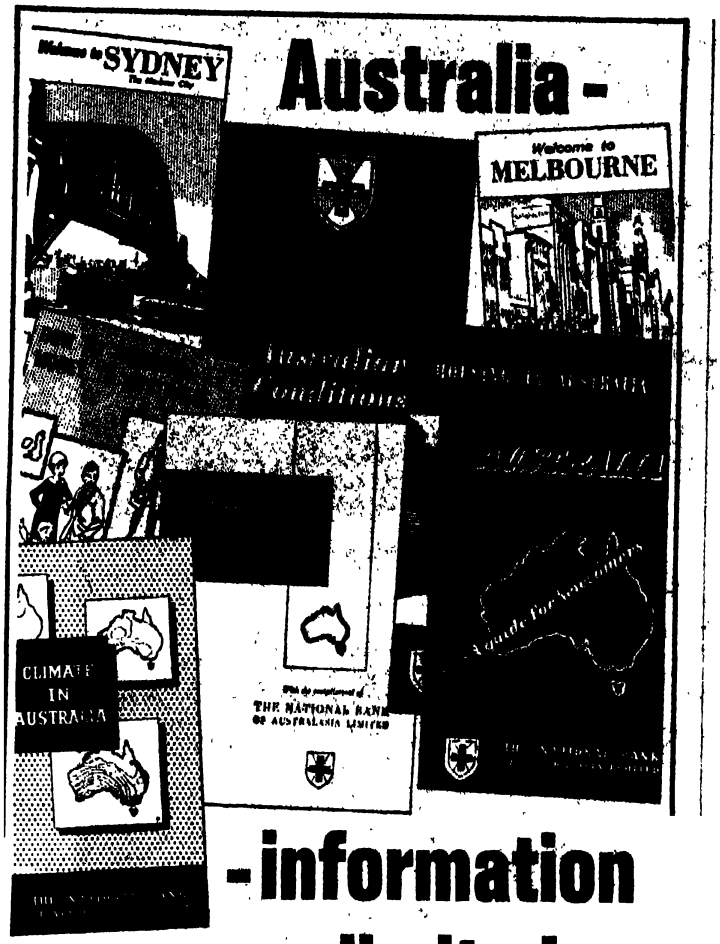
WALL STREET

Briefly Through 900

WHEN the Dow Jones industrial average went over 800 less than a year ago, Wall Street immediately turned to discussing how soon it would hit 900. Most thought this likely before the end of 1964

900 PLUS AND MINUS





-information unlimited

To any firm or individual interested in Australia we can be of invaluable help. We can supply Trade Introductions, Reports on the Australian Economy and information on possible locations for industries, or arrange services for Portfolio Investors and intending Emigrants. The following publications are all freely available:

"Australia—a Guide for New Companies", "Australia—a Guide for Newcomers", "Australia—a Guide for Portfolio Investors", "How to Transfer Money to Australia", "Housing in Australia", "Climate in Australia", and Guide maps of principal cities.

THE NATIONAL BANK OF AUSTRALASIA LIMITED

(Incorporated in the Commonwealth of Australia)

Write or telephone for all enquiries:
Chief London Office. 6-8 Tokenhouse Yard, London EC2
Telephone MONarch 8070
or call for Emigration & Travel enquiries at:
Strand Branch: Australia House, London WC2
Telephone TEMple Bar 0643

Established 1858 Over 1000 offices throughout Australia

all over Eur-ope

WORLD WIDE
HERTZ
RENT A CAR

One call to your local Hertz office or travel agent reserves a new Opel, Vauxhall or other fine car throughout the United Kingdom, Europe and the world.

let **HERTZ** put you in the driver's seat!

PROFITABILITY with high efficiency Intol SBR

Start out with the best possible rubber—a grade from the Intol range. There's no better start to any profit making product. Intol SBR's process easily and quickly. They reduce mixing time and power consumption right down to a very thrifty minimum. They flow readily—even into the most intricate moulds. They calendar smoothly without 'grabbing'. They extrude continuously, which cuts down on rejects and recycles. Intol compounds make fast cures safely—your plant is at full production rate all the time. You make good products and good profits. When you need high efficiency rubber—get in touch with ISR.

ISR

We'll be pleased to let you have any information you need on ISR rubber—simply write to **The International Synthetic Rubber Co. Ltd.** Brunswick House, Brunswick Place, Southampton, Hants. Tel 28901 Telex. 47519 (Answer back: INTOL SOTON)

but when the average finally did pierce the 900 mark late in February there was a striking lack of "on to the 1,000" talk. And this week the average has fallen back closing on Wednesday at 892.92. The market's failure to stay long above 900 reflects the continued fighting in Vietnam and the new measures announced by President Johnson to alleviate the present balance of payments problems.

The average had been wafted through 900 on a tide of tremendously strong profit reports from major corporations for 1964 and these are still flooding in. But now it is not only the Street's greybeards that are muttering the ancient cliché that "trees don't grow to the sky." Market letter writers, like other economic forecasters, have begun noting that the boom this month completes its fourth full year and apprehensively noting that the market in the past has turned down before the general economy. But it can be argued the big 1962 break on Wall Street caused not a ripple in the general prosperity. However investors cannot be certain that a sharp break in the stock market would not this time be followed by a recession after such a long period of economic expansion.

HILL/SAMUEL

Britain's Biggest Board?

It will not be long before Philip Hill and M Samuel can get together under one roof. One minor problem facing the two merchant banks in their new headquarters at St George's House will be that the garage holds just 30 cars; and there are 36 directors. This outsize board tops even the clearing banks; Barclays has 35 directors on its main board and National Provincial 34, and fewer of these are working directors than in the new and surely rather unwieldy Hill/Samuel board.

With the full merger proposals comes a partial lifting of the veil that conceals the banks' assets and their record of profitability. Average profits before tax and before transfers to the secret contingencies reserves for the last three years amounted to £850,000 for M. Samuel and £1.3 million for Philip Hill. The disclosed profits of the two banks for the same period are £278,000 for Samuel and £624,000 for Philip Hill, which suggests that Samuel has made much more use of its privileged position than Philip Hill—and is a stark reminder of how misleading published bank profits can be. These comparisons are complicated however by the fact that over the [illegible] Samuel has made three issues of ordinary share capital and its profits do not reflect the full benefit from the injection of fresh funds. Thus despite its lower profits Samuel had at the end of 1964 net assets (before deducting contingencies reserves, and taking quoted investments at market [illegible]s and properties at estimated realisable [illegible]) of £12.7 million against £8.9 million for Philip Hill. By comparison, Samuel's published net figure (at end-March 1964) was £8.5 million, or 67% of the figure now revealed, and Philip Hill's published net assets were £6.4 million, or 72%,—so that the disparities in valuation were much more similar for net assets than for profits.

HOLDINGS AFTER MERGER

	%
Philip Hill Trust	24·6
Samuel family and trusts	24·2
The public:	
Philip Hill Trust shareholders	22·3
Existing shareholders of M. Samuel	11·5
International Bank Corpn.	10·3
Mr. Clore's family trust	7·1
	100·0%

But after all these niceties, the merger between the two banks is to be achieved on an equal basis, with Samuel doubling its capital and at the same time subdividing its shares into 5s. units. Samuel at present has in issue 4.2 million £1 shares, so that Philip Hill Investment Trust, which holds all the equity of the banking subsidiary, will receive 16.8 million 5s. shares. Of these it is retaining 8.25 million shares, distributing 7.5 million shares to its own shareholders on a one for six basis and selling the remaining 1.05 million to International Banking Corporation (representing First National City Bank of New York) at 15s. each. The other big shareholding is that of Mr Clore who acquired 600,000 shares in M. Samuel last year.

The Samuel shareholders have the forecast of an extra half point on the final payment making the effective dividend 10%. Thus at 58s. 9d. the shares yield 3.2%. Philip Hill Trust shares now stand at 18s. 3d. to yield 5% on the forecast 16% dividend and with the proposed distribution of Samuel shares worth 2s. 5d. a share.

SWEDISH BOURSE

Not Since Kreuger . . .

The Swedish stock market has been among the most buoyant in the world. But the boom rests largely on fears of inflation—and similarly based equity cults in other countries have proved disagreeably short-lived.

Stockholm

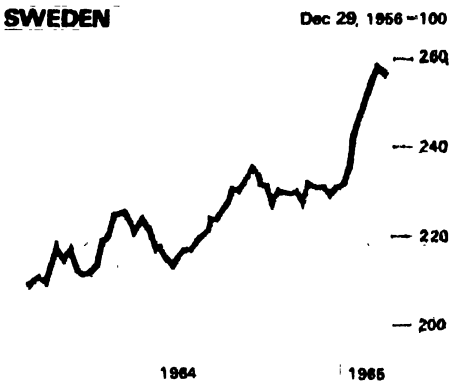
Swedish share-owners have in recent years had no reason to complain. In 1963 share prices rose on an average by 26%, and last year by a further 16%. This favourable trend has accelerated this year as under hectic trading prices have gone up by another 10% and more. And turnover on February 1st was in absolute figures the highest recorded since April 1930, which saw the height of the Kreuger boom. But relative to total market values turnover was still less than one sixth of the earlier peak.

Prices have gone up on a very broad basis. Apart from banking shares which have been affected only to a minor extent, the boom has spread over most branches, with engineering shares as a bellwether. On the whole, it is the blue-chips such as Alfa Laval, ASEA, Atlas Copco, Electrolux and Volvo—last year's winner—that have recorded the largest gains.

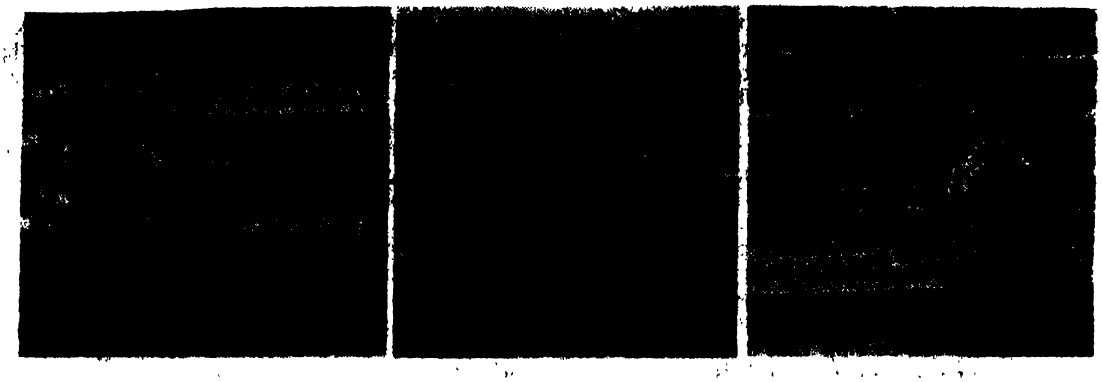
It is generally thought that the serious inflation threat in Sweden during 1965 is the most influential factor behind the rise in the bourse. Official estimates point to a deterioration in money value by close to 6% in 1965; and this may be conservative. As from July 1st, purchase tax is to be raised from 6.4% to 9.8% which should be added to the secular rise in prices of some 3.5%. According to a statement by prominent Swedish top executives Sweden is faced with the threat of a 15% price increase in these two years, which would be more than in any other period since the Korean boom. Again profits staged a very satisfactory recovery in 1964 and are calculated to continue upwards this year. The balance-sheets so far presented show a definite improvement reflected in higher dividends and free share issues.

One special factor has greatly influenced the market. A committee of inquiry is at present engaged in drafting a capital gains tax bill, the provisions of which are the object of much speculation. It has generally been taken for granted that the tax, which will in all probability take effect from the beginning of 1966, could not be made retroactive. But the Minister of Finance has suggested that it could. This has had a temporarily dampening effect on the market, but it has been very seriously called in question whether a tax comprising purchases made prior to its introduction would be in accordance with legal practice in Sweden and thus acceptable to Parliament.

There is little evidence that the strength of share prices has been boosted by short-term speculation. The majority of investors buy with the purpose of keeping their shares for fairly long periods. The possibilities of using shares as security against bank loans are at present fairly limited because of the low prices at which shares are valued by the banks. In this respect, the present boom is in striking contrast to the conditions in the 30's, when short-term speculation loomed large on the bourse.



High Street 1965



WOOLWORTH BRITISH HOME STORES

Variety in the Chains

PREDICTABLY, the chairman of F. W. Woolworth, Mr F. L. Chaplin, blames three factors for Woolworth's poor showing in 1964, when profits before tax remained were almost unchanged at £37.7 million. Two of these probably represent the price to be paid now for benefits in future: for example, by cutting prices of its toiletry goods in the summer Woolworth suffered lower margins for about four months of the year, but the benefits—a higher volume of sales of toiletry and other goods—will emerge more gradually. Similarly, the new stores and stores that are re-built or re-located need up to two years to recover their full sales potential, and Mr Chaplin estimates that Woolworth had as many as 100 stores (out of a total of 1,100) not at full potential in 1964. Thirdly, although retail sales were up 5% overall (by value, and 3% by volume) in 1964, the buoyancy was most marked in higher priced types of goods; but Woolworth, along with other retailers, noticed a sharp upturn in sales in the last quarter of the year, when the diversion of spending power into motoring, weekends in the country, &c., caused by the long hot summer, had come to an end.

But **British Home Stores**, another variety chain about one-tenth the size of Woolworth, has done much better. Pre-tax profits were 17½% up at £3 million, and earnings per share were 3d. up at 1s. 5d. permitting an increase in the dividend of 1d. to 10d. Obviously, BHS, selling higher priced goods than Woolworth, and being more orientated towards clothing, ought to have done better. But this is not the full story, for three weeks ago **Marks and Spencer** forecast an increase in pre-tax profits of 8% (admittedly, for the year to March). What special factors have been at work for BHS? One possibility could be its vigorous strides into retailer branding in the last three years. Its policy of trading up (also followed by Woolworth) must have played its part in the favourable outcome.

On earnings and dividend respectively, Woolworth at 20s. 10½d. offers 6.8% and 4.8% while BHS at 20s. 4½d. yields 8.3% and 4.9%. Thus, at present prices BHS, which would suffer less from the corporation tax and, with only 85 stores, has more obvious scope for profitable expansion, looks the better buy.

TESCO

Taking on Too Much?

A BARE month after the bid for Cadena Cafes, Tesco has announced the acquisition of Adsega, a privately owned company, recently backed by Samuel Montagu, and operating a chain of 50 supermarkets, mainly in Lancashire and the Midlands. Shareholders in Adsega were given 2,235,000 shares in Tesco and, at 9s. 3d. a share, the price paid was £1,040,000. For the year to August 31, 1964, Adsega's pre-tax profits were £133,000 and, if a full tax charge is assumed, the purchase has been made on an earnings yield of 6.8%, compared with Tesco's 6%.

No figure is given for trading profits but if these were 50% higher than pre-tax profits—roughly the relationship for Tesco itself—profit margins could be only 2½% on the £8 million sales, and this looks poor even for a supermarket chain which aims to operate on high turnover and low margins. Presumably, Tesco thinks it can improve the profitability. Certainly it should have no difficulty in merging the new company into the group. Adsega's directors deliberately adopted Tesco's techniques of central buying, self-service and extensive price cutting.

Tesco is still in a great hurry to grow. Over the past year it has doubled the number of shops it runs, mostly by acquisition. If the bid for Cadena is successful, it will also have a chain of cafés and cake shops, which will probably be converted into supermarkets in time; the Cadena know-how will certainly be used to provide coffee-bars within Tesco stores. The chairman, Mr Jack Cohen, is confident that supermarkets will continue to grow in popularity: Tesco will have 100 within a few weeks. All the same one wonders if the future is as unclouded as he thinks. Competition in food retailing is keen and is leading to a number of concentrations in the supermarket field. But can Tesco avoid a bout of indigestion?

NORTHGATE AND ENGLISH

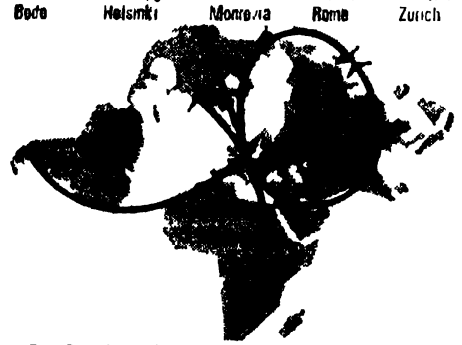
Building on Foundations

HOLDERS of shares in Daintifyt Brassiere Holdings will find little uplift in the proposed offer from the fast expanding Northgate and English Stores group. But since Mr M. Komjat and his fellow directors, holding shares with more than 50% of the votes have indicated they will accept the offer, the alternative to acceptance is not (in a term often used in this trade) alluring. Placed at 12s. 3d. back in 1959 the "A" shares touched 29s. 6d. in 1961 but in the face of declining earnings and a maintained dividend the shares have been down to below 14s. in the past few months and stood at 15s. 9d. before the Northgate bid of 16 2s. 6d. shares or 5 2s. 6d. and £5 in cash for every ten 4s. "A" shares in Daintifyt. With Northgate at 10s. the offers are worth 16s. and 15s. respectively. A similar offer has also been made for the "B" shares, held entirely by Mr Komjat and his family, which, while not ranking for dividend until converted into "A" shares, carry equal voting rights and half the total votes.

On the full share offer Northgate is buying Daintifyt on an 8% dividend yield and an earnings yield of over 20%. But the prospects of Daintifyt shareholders looked none too bright with their company operating in a highly competitive field, and with the prospect that their ranking capital might be doubled at any time. Daintifyt should fit well into Northgate's manufacturing interests which are primarily in lingerie and underwear while this Liverpool based group also has over 150 shops and department stores, mainly in Cheshire, Lancashire and Yorkshire with some in the London and Birmingham areas. Many of these stores have been recent acquisitions and have yet to make their full impact on profits. Northgate has also obtained a concession to provide main departments for at least 30 of the "one stop" shopping centres which Gem Supercentres are planning to set up in this country. But even Mr Jack Rubin, Northgate's ebullient managing director, has had to admit that this will possibly not show a profit in its first year. Over the longer term the growth prospects of Northgate look markedly better than those of Daintifyt and the latter's shareholders should accept the bid—albeit reluctantly.

Where in the world are you going?

Abidjan	Cairo	Karachi	Moscow	Sao Paulo
Algiers	Calcutta	Khartoum	Munich	S. Stockholm
Amsterdam	Chicago	Kiruna	Nairobi	Stavanger
Anchorage	Cologne	Kristiansand	New York	Stockholm
Athens	Copenhagen	Lisbon	Nice	Stuttgart
Baghdad	Damascus	Los Angeles	Norrköping	Teheran
Bangkok	Dubrovnik	Luleå	Oslo	Tel Aviv
Barcelona	Dusseldorf	Madrid	Palma de Mallorca	Tokyo
Bardufoss	Entebbe	Malaga	Paris	Tromsø
Beirut	Frankfurt	Malmö	Prague	Trondheim
Bergen	Geneva	Manila	Rio de Janeiro	Turku Abo
Billund	Gothenburg	Milan	Rome	Vienna
Bodø	Hamburg	Monrovia	Tokyo	Warsaw
	Helsinki			Zurich



FLY

SCANDINAVIAN AIRLINES SYSTEM

Call your SAS authorized agent or London Regent 4020, Mayfair 292139 Birmingham Central 8806 Manchester Deansgate 8431 Newcastle 21544, Glasgow City 5832

SAS—FIRST OVER THE POLE

Osmund Espedal's cucumbers take a short cut that gets them to market three weeks early

In fact, his lettuce, tomatoes and spring onions also reach the market weeks earlier than they would have done a couple of years ago.

The short cut? Gulf liquefied petroleum gas. At his nurseries in Lier, forty kilometres from Oslo, Osmund Espedal uses it to produce carbon dioxide.

Even in the limited daylight of the Norwegian winter, his crops assimilate three times the normal quantity of carbon dioxide. This dramatically advances their growth.

Gulf LP gas is at work in every corner of Norway. Heating and lighting chalets and fishing boats, preventing railway points from freezing up, cooking meals, drying crops, and putting more power to industry's elbow.

Whether it's a big project or just a little thing, Gulf believes in giving service. Throughout Europe, Gulf is busy putting this philosophy into practice. And from worldwide resources is putting more oil, more energy, to work for Europe.

Gulf Oil Corporation, Pittsburgh, Pa., USA, and throughout the world.

Gulf

GULF IS OIL

BUSINESS INTERNATIONAL

Paris Puts Its Terms

EXACTLY a week after General de Gaulle proclaimed the golden principles of France's new monetary faith M. Giscard d'Estaing, his finance minister, has loyally spelled out the practicalities of the new negotiating position that this involves. It marks a major and disturbing switch from the position presented by French officials in international discussions hitherto. The basis of the new French position, M. Giscard d'Estaing stated, is a return to the gold standard without a revaluation of gold. It involves five main points:

(1) The major powers should declare that henceforth settlement of deficits should be in gold only.

(2) Deficits of a "fundamental" character may be settled in a certain degree by credit facilities, but only those foreseen at Bretton Woods—the International Monetary Fund, supplemented by the General Arrangements to Borrow—but excluding, presumably, facilities such as bilateral swap credits under the Basle arrangements or "Roosa bonds."

(3) Central banks should no longer be allowed to hold reserves in national currencies, and should progressively eliminate their existing foreign exchange balances.

(4) All major currencies should be convertible into gold, between central banks.

(5) Provided this reform, i.e., dismantlement of the gold exchange standard, takes place; and provided it is objectively established that world liquidity is really short; *then* one may create additional owned reserves linked to gold, which would be the only assets other than gold that central banks would be allowed to hold.

This is an indirect reference to the Composite Reserve Unit, previously the core of the French position but now not even mentioned by name. As an American Treasury official commented sourly last week the CRU "doesn't have that eternal verity." This new French position is in a sense more frightening than the Rueffian ideas that inspire it, for by formally abjuring an increase in the gold price the proposed return to gold is starkly and unequivocally deflationary.

KEY INDICATORS

WORLD COMMODITY PRICES

The interruption of supplies threatened by the Mount Isa mine closure and the United States east coast dock strike are the main factors that have caused copper to put on nearly £150 in the week to Thursday, and lead to firm by £7. Wheat prices have been shaken, despite recent massive purchases, by the North American price war, and by the prospect of the renewed International Wheat Agreement allowing lower prices after July, 1966.

The all-items indicator ROSE by over 2½ points this week (to February 10th). Maize, sugar and copra prices advanced, cocoa and meat declined. In contrast to copper and lead, prices of tin and zinc lost some ground.

	Index 1958=100		Percentage change from*	
	Feb. 3	Feb. 10	Previous month	Twelve months ago
ALL ITEMS	103·9	106·6	+0·9	−5·0
Food	101·7	102·1	−2·0	−15·7
Fibres	100·6	100·5	−0·1	−9·9
Metals	179·2	214·1	+17·8	+68·2

The Economist Commodity Price Indicator includes nineteen commodities weighted according to their relative shares of world trade in 1958.

** Changes relate to this week's figures, but these, except for the metal group, are provisional because quotations for tea and wool are not yet available beyond last week.*

THE EXCHANGES

Golden Ripples

THE combination of President de Gaulle's new onslaught on the key currency system and the heightening of the crisis in Vietnam left the exchange markets unruffled up to Thursday afternoon, but pushed up turnover on the London gold market during the five days since Friday last to a total not far short of the volume reached during the sharper but briefer run into gold that followed the announcement of France's intention to convert existing dollar balances into gold early last month. But this latest spurt in demand did not have the same marked impact on prices. As official supplies were given freely except on Wednesday, the price rose 1½ cents only over the five days to $35.14 an ounce at Thursday's fixing—a level 5½ cents below the peak touched in January. But clearly the cost to the central bankers' gold pool of keeping this surface calm must have been considerable.

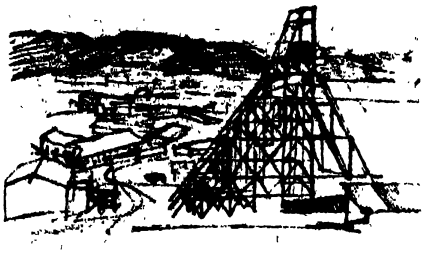
Dealings were particularly heavy last Friday as dealers, always susceptible to an attack of nerves just before a weekend, took in the full implications of the French President's pronouncements—they have now to take in M Giscard d'Estaing's. But the fact that demand remained high throughout the following week was attributed primarily to the [illegible] Vietnam. Any fears [illegible] would be a belated stampede by central banks out of dollars, on the French example, proved quite premature. The overhang of official claims on the American gold stock is admittedly enormous. A decision by Germany and Japan to push up the ratio of gold to their total reserves to 90 per cent would involve a call of $2,7 billion; similar decisions by the smaller low-gold-ratio countries—Austria, Sweden, Israel, Spain and Portugal—could involve calls of $2,5 billion. But reports that a $100 million conversion by Spain last week signalled the first recruit to the so far splendidly exclusive Gaullist club are not fully convincing: Spain's purchases of American gold averaged $136½ million a year during 1960-63, and its gold ratio last year had fallen from 51 to 44 per cent.

If the exchange markets largely discounted President de Gaulle's call for monetary reform, they were equally sceptical about the immediate impact of President Johnson's new measures to plug America's payments gap. While the dollar rose significantly against the Swiss franc, movements in the rate against most continental currencies were small. The pound, on the other hand, continued to gain ground, helped by the rumours and finally the hard news that the special central bank credits extended to Britain last November had been renewed as expected, so that the whole $3,000 million remains available until the end of May. Since it now appears that the Bank of England has not actually drawn very heavily on these credits (having decided not to debit its commitments run up in its earlier support of forward rates), there is a fair chance that by the time that the new deadline for repayment runs out, the bank may have recouped most of its losses from inflows of short-term funds into London. But Britain's reserves would even then need reinforcement: at end-December, the published figure was $2,316 million, of which $1,000 million was already drawn from the International Monetary Fund. The further drawing now being explored should therefore be a large one.

AUSTRALIA

Mount Isa Misery

MOUNT ISA MINES in remote north-west Queensland is one of the economic jewels of modern Australia. Since December 15th, production at the mine has been totally shut down, with the unfolding of a story of economic nihilism staggering even in Australian terms. Mount Isa Mines is losing money at the rate of a million pounds



a week. Australia is losing export income from copper at the rate of £20 million a year. The Queensland State Railways, which has recently spent £30 million on much-needed improvements to the line between Townsville and Mount Isa, is losing £200,000 a month. The township of Mount Isa, one of the liveliest in Australia and reckoned to be the biggest white settlement in the tropics, has been losing good workers and stable families, and has had its vigorous expansion sadly put into reverse. The mining company, nearing the end of a massive expansion programme, has been rocked by a stoppage which is now six months old. A week ago, 750 miners voted to continue their strike, thus confounding expectations that work would be resumed. Now there is no sign of a settlement.

The ins and outs of this dispute make fascinating reading for connoisseurs of labour relations that go wildly wrong for less than adequate reason. The miners began last August by banning contract work (that is, payment by production) in their campaign for higher wages. The Queensland Industrial Commission had turned them down on a £4 a week wage claim; it was the Queensland government that ordered the men back to contract work in December. To this the men responded by a rude gesture, ignoring the injunction that had been brought against them, but pursuing their claim in the State Supreme Court and actually getting an award of £3 of the £4 they were claiming.

By this time, money had ceased to interest them, for the Australian Workers' Union, which had started the argument against contract work, had lost control of its members, and all rules of order were swept aside. The rebel leader, Big Pat Mackie (born in New Zealand but a Canadian citizen) was fired both by the company and by the union. So he led the strikers into the arms of a faction calling itself the Mount Isa Labour Council (on the model of what happened at Broken Hill) claiming to be the only negotiating body on the minefield. Intimidation is rife. A vote on a six-point plan of extensive demands, plus the reinstatement of Mr Mackie, was put by the chairman with the friendly warning: "If any man intends to raise his hand against this motion I will not be responsible for saving him"; democracy in those parts being what it is, there were no dissenters.

Instead of a hotly argued claim about a wage increase, the dispute has thus turned into a war of senseless attrition and skullduggery. Mount Isa is being bled white, the AWU has lost support, communist intervention has had a spectacular success, and the State government has been made to look like a monkey. The population in the township is steadily falling, and will take a long time to rebuild when the mine reopens—even under normal conditions. Mount Isa is a headache for its labour manager, with a turnover of about 50 per cent a year. It is a good, if fairly rugged, place to earn a living, and it had made a considerable success in bringing 16,000 people of forty nationalities (over a quarter of them children) into a most promising new community. The responsibility for destroying such social and economic values can hardly sit lightly on anybody's head.

US INVESTMENT IN EUROPE

Germany More Anxious

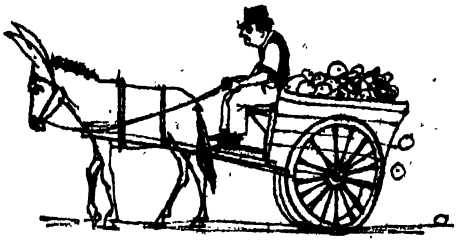
Frankfurt

HARDLY a week goes by without several foreign firms being entered in the trade registers of West German cities. American enterprises in particular evidently see Germany as the most suitable platform for their activity in the common market, since the climate in France is becoming increasingly inclement for them. Here, the authorities are quite receptive to foreign direct investments, which are encouraged by relatively uncomplicated formalities.

Two new events have now thrown the problem of foreign—and particularly American—investment into the limelight. First, rumours are circulating that Chrysler is about to take a considerable share in BMW. In this way, the third of the American "big three" would get a foothold in the German automobile industry. Secondly, Dr Hermann J. Abs of the Deutsche Bank has proposed the creation of a records centre for foreign investment. Dr Abs is certainly the last man anyone could accuse of being an advocate of investment autarchy, which makes his stand all the more remarkable. Although he stated explicity that he was not thinking of the introduction of a licensing procedure for foreign investments, it would not really be surprising if those German economic circles that are watching the growing activity of American firms on the German market with unease, took the opportunity to put forward tougher proposals.

Foreign competition inside German industry is already making itself quite noticeable in many sectors of the economy, and in addition everything indicates that this development has not yet reached its peak. Particular ill-feeling is caused by the fact that Americans who want to acquire firms in whole or in part not infrequently offer prices described as excessive by interested German buyers. This seems to be the case especially for small firms through which an American firm may try to establish an initial base, which it can then build up in the course of time. However, the German authorities are still very reluctant to impose any restrictions themselves. They seem to be hoping for the solution to come from the other side of the Atlantic: it is believed that the Americans will soon be forced by their balance of payments deficit to limit direct capital exports in the same way as the buying of foreign securities. It may have been just this prospect that caused American firms to accelerate their investment activity so much lately.

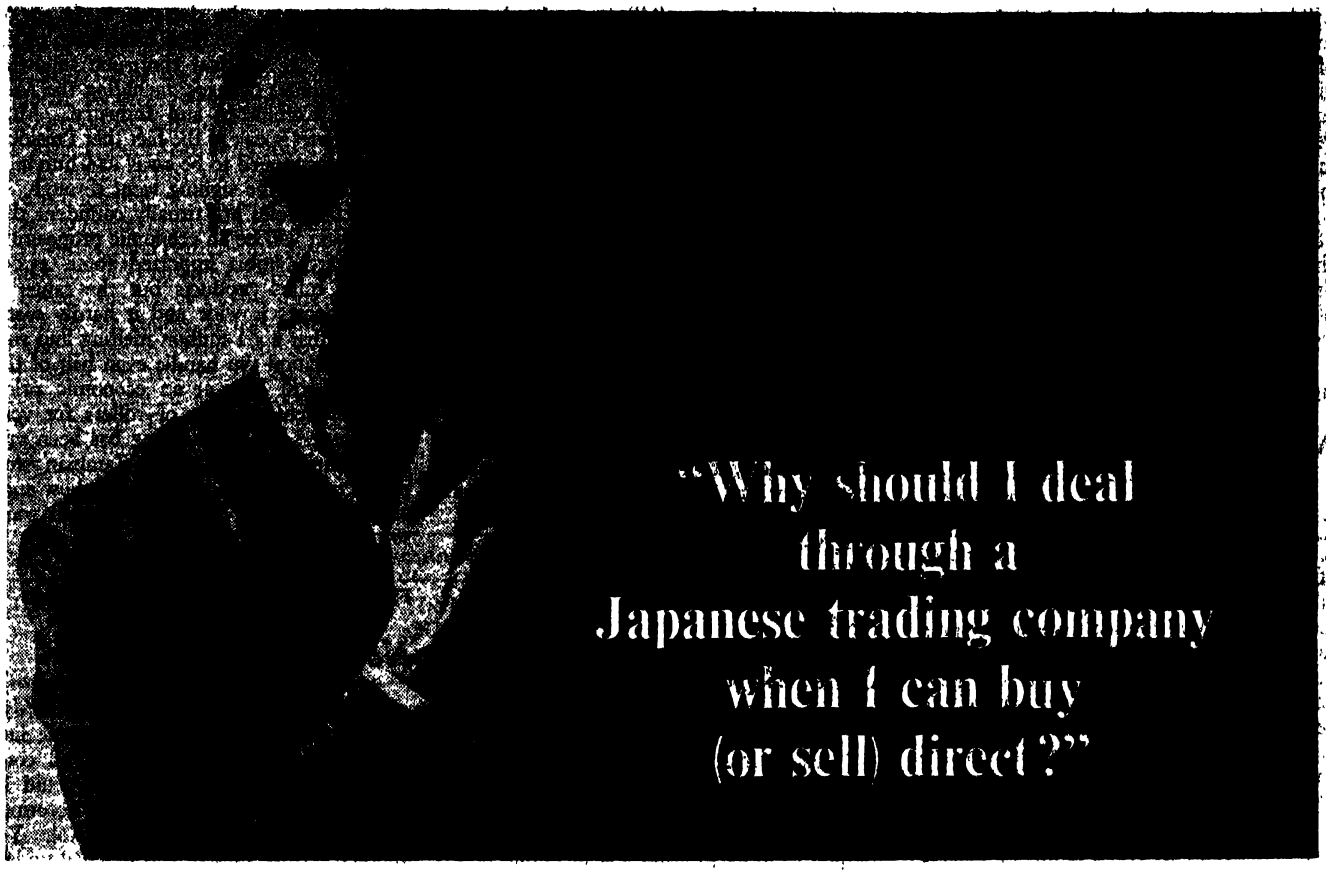
GREEK AGRICULTURE



To Market, to Market

GREECE'S attempt to hurl its agriculture into the twentieth century by rapid harmonisation with common market farm policy is still running into difficulties with the Six. Under the association agreement between Greece and the Six, harmonisation can begin for any farm product as soon as the common market countries have settled their own policy, and agreement should be reached within two years. For cereals, pigmeat, eggs, poultry, fruit and vegetables the two years were up on November 12th, and the deadline had to be put back by a year. The trouble is the Greek claim that if it is to harmonise, it must participate in the common market institutions concerned with the products in question, including the European Agricultural Guidance and Guarantee Fund, and that the Community must accept the same financial responsibilities for Greek agriculture that it does for that of the Six. The common market countries feel that accepting this would greatly complicate their already extremely arduous task in working out their own internal arrangements, which they now hope to complete by the middle of this year, so that the full agricultural common market can come into force on July 1, 1967.

From the Greek point of view, one of the main benefits of full harmonisation would be that it would stand, like Italy, to benefit financially from market support and export refunds for Greek fruit and vegetables. But even more important, perhaps, would be the fact that the Greek farmer would be forced to modernise his methods in double quick time, at least for fruit and vegetables. Under the common market regulation governing this sector, only fruit and vegetables, graded and packed to certain specifications may be sold across national frontiers inside the community. Greece produces very little that could meet the test at the moment. The Italians, who are the Greeks' main rivals at the moment, are well ahead, though they too have large backward areas and want extra protection from non-exporters. The Greeks feel that if they can harmonise their agriculture with the others by 1967 their farmers



THAT's a question many foreign businessmen ask. If *you* have similar doubts, the best way we can resolve them is to ask *you* a few questions—

IF YOU WANT TO SELL IN JAPAN...

Do you know the market potential of your product in Japan? Do you know where your market is located? Do you know how to reach this market most effectively? Do you know what your competition is doing here? Are you familiar with Japanese commercial practices? With financing procedures?

IF YOU WANT TO BUY FROM JAPAN...

Are you thoroughly familiar with every Japanese manufacturer of the product you're interested in? Are you confident that you can select the best one in terms of price and quality? (Remember—many top-ranking Japanese manufacturers don't advertise overseas.) Are you sure you'll get the best possible credit terms and after service?

Chances are you've answered "no" to more of the above questions than you've answered "yes" to. That's why you'll find it in your own best interests when trading with Japan to deal with an integrated trading organization like Marubeni-Iida.

FREE PRODUCT AND MARKET DATA

Our staff of 7000 trading specialists is ready to provide you with detailed information on any Japanese product—from industrial plants to kitchen ware. If you are selling in Japan, up-to-the-minute data on the market potential of your product in Japan will be compiled and sent to you on request.

With 46 domestic offices and 77 overseas branches and affiliates, Marubeni-Iida is thoroughly familiar with trading patterns both in Japan and abroad.

We are equipped to handle 3-way trade transactions of all kinds and to participate in promising joint ventures anywhere in the world. Our independence and long-established reputation for efficiency and fair-dealing are your assurance that your interests will be fully protected and pursued with vigor and imagination at all times. For further details contact our office nearest you.

Traders with Global Coverage

Marubeni-Iida Co., Ltd.

HEAD OFFICE: 5, 3-chome, Hommachi, Higashi-ku, Osaka, Japan. Cables: MARUBENI OSAKA Telex: OS-3261, 3262 TOKYO OFFICE: Ohtemachi Building, 4, 1-chome, Ohtemachi, Chiyoda-ku, Tokyo, Japan. Cables: MARUBENI TOKYO. Telex: TK-2326, 2327, 2328 LONDON OFFICE: Moor House, London Wall, London, E.C.2. Cables: MARUBENI LONDON EC2. Telex: UK23285, 21716. Telephone: MET 0840, 0849.

will be forced to make [illegible] goods if they want to [illegible] of [illegible] Otherwise, [illegible] will set up a commission [illegible] the Greeks [illegible] very [illegible] whole [illegible] has [illegible] Athens press of [illegible] the association of the common market, and not [illegible] the meeting of the council of [illegible] ministers at ministerial level in Brussels this week. Greece got some satisfaction on duties on tobacco, resin, [illegible] turpentine and on quotas for Greek wine, but the main issue of harmonisation has still to be solved.

HONGKONG BANKING

New Year Hangover

Hongkong

HONGKONG's brief bank panic, which temporarily closed down 25 branches of one Chinese bank and pushed several other Chinese banks dangerously close to the wall, followed the usual spending spree for the Chinese new year. The colony's gutters were still littered with the gunpowder debris of firecrackers which had been defiantly fired at evil spirits threatening the year of the snake, and the crimson-and-gold scrolls proclaiming good fortune and long life were still fluttering from the colony's front doors when anxious queues, swollen by rumour, began to line up outside suspected banks to demand and transfer small savings deposits to other banks, some of which were just as vulnerable to rumour as the unluckier ones.

After some hesitation the two leading British banks—the Hongkong and Shanghai and the Chartered—moved in to offer "unlimited support" for three hard-pressed Chinese banks, Governor Sir David Trench and financial secretary Cowperthwaite made soothing noises, withdrawals were limited to 100 HK dollars (£6 5s.) a day and it was announced that Bank of England sterling banknotes were being flown out to become legal tender in the colony if necessary.

The panic, of which muted warning had been given last month, will be rewarding if it is recognised and accepted as a reminder by the celestial gods that the government has been too leisurely in introducing the banking reforms in the colony's creaking banking structure which were recommended by the Tomkins report in 1962, which have been accepted but unconscionably deferred by the 1964 banking ordinance. Hongkong's government, understandably, is sluggish in imposing controls on the freebooting colony; but the two years' grace which was granted for the elementary reform of many "banks" which are little more than money changers or family financial concerns for real estate investment and speculation, was too indulgent. Public confidence has been bruised and another run—in the wake of more misguided rumours—could be more damaging. There will be a growing feeling of uneasiness about the smaller "banks" and auto-

[illegible]

[illegible] Controls [illegible] in the colony and local bankers tend to [illegible] nervously when the question of a central bank is raised. Probably the operation of the banking ordinance, requiring a minimum liquidity ratio of 25 per cent from institutions that continue to call themselves banks, will now be advanced; and in a long view the central bank seems bound to come.

ZAMBIA

Steel Before its Time

Lusaka

CUPROCENTRIC Zambia, too, has joined the emergent nations' steel club; and may soon regret it. Last week John Howard (Africa) & Co. unexpectedly signed a £2 million contract to build a steel rolling mill and melting plant outside Lusaka with an initial production of 15,000 tons yearly rising to an ultimate capacity of 25-30,000 tons. The mill will be government owned, but managed initially by the constructors. Eventually, the project is destined to grow into a fully integrated steel plant based on local ores whose high 65 per cent iron content has been verified, although no one is yet sure how much of the stuff there is.

Initially, the idea is that the mill should be fed largely on scrap, supplemented with some imported billets. This is but one of several bizarre elements in this dubious and hastily announced project. Steel scrap is not, hardly surprisingly, among Zambia's riches. A Copperbelt firm, making crushing balls for the mining industry, already takes just about all the scrap available and even imports pig iron from Rhodesia at more than double the price of scrap to supplement the shortfall in scrap. Howard will indeed be using "a few imported billets"—and from where else but Rhodesia and South Africa whose steel exports to Zambia were supposed to be substituted by the products of the Lusaka plant? And when the blast furnaces based on indigenous ores start up, the coking coal will have to come from Rhodesia too.

Equally odd is the undue haste with which the contract was signed after it had seemed that the Howard proposals were being temporarily shelved pending a Government-commissioned study by the London industrial consultants IPEC for a fully integrated L-D plant. The study was due to be presented in March and there is no logi-

[illegible] why the decision in favour of Howard should have been taken now, unless it was in the residual confusion following recent Cabinet changes, including the Minister of Commerce and Industry. More acid tongues speak of the fact that President Kaunda happened to be away at Churchill's funeral when the signing went through.

Official circles are ritually confident that the project will be an economic proposition. Last year, Zambia imported about 45,000 tons of rolled products but the range of these imports is wide and it hardly seems possible that a £2 million melting and rolling installation can handle even half of this amount—still less, at an economic price, with frequent changes of rollers for very small orders. So far, nothing has been said about tariff protection for Zambian steel products but it is difficult to see how such an industry could be viable without some sort of protection.

FRENCH OIL TRADE

No Help from EEC

Luxemburg

EVER since the Rome Treaty came into force, the big international oil companies have been hoping that it could be used to force a legal breach in the notorious French system of oil import control. Yet another disappointment was notched up last week, not from the *Conseil d'Etat* this time, but from the European Court of Justice in Luxemburg. In a ruling handed down last week, the court held that none of the various Treaty provisions concerning the removal of quotas or other import restrictions can be interpreted to mean the immediate abrogation of the famous *loi du 30 mars* 1928, which still forms the legal basis of the French oil import system. According to the court, the relevant treaty provisions can be divided into two categories: those that prohibit new import

Paper Bulletin

A quarterly publication of the EIU provides an objective analysis of the U.K. paper and board market for paper makers, users, stockbrokers and advertising agencies.

In the latest issue:

The Trend of British Paper and Board Output

The Pulpwood Potential of UK Forests

Sulphate Pulp—New Plans for Expansion

Further details from

THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St James's Place London SW1
Telephone HYDe Park 8711 ext 27
60 East 42nd Street New York 17 NY.
Telephone Murray Hill 7-6850

restrictions, which by definition can only apply to legislation adopted after 1958, when the treaty came into force, and those that stipulate the progressive elimination of existing restrictions, which by definition exclude the idea of immediate abrogation. It pointed out in addition that the notion of progressive elimination of restrictions affords the court no guidance to the exact moment during the transition period when any particular restriction is to be considered as abrogated.

If the basic law of 1928 is thus safe from attack in the courts, at least until the end of the transition period, the same cannot necessarily be said of all the orders and decrees adopted in implementation of this law since the Treaty of Rome came into force. In the case decided last week, one of the parties to the dispute, SOPECO of Paris, supported by the Belgian government, did indeed try to get the court to rule on the validity of the decrees of February 1963, which are alleged to infringe the treaty ban on introducing new restrictions. The court firmly refused to be drawn, however. Quite apart from any qualms it may have felt about venturing into such politically inflammable territory, it was legally handicapped by the fact that last week's ruling was requested by an Italian court. As the French pointed out with some vigour in the course of the preliminary hearings, an Italian court had no business to be discussing French legislation on oil quotas or on any other subject. Implicitly supporting this view, the seven judges of the European Court accompanied their ruling with the remark that the proper place to attack French legislation was before the French courts.

SHORTER NOTE

The Indian Engineering Export Council is planning to open a showroom in London which will provide information on the range of engineering products that can be profitably imported from India into the United Kingdom. According to the council, many leading Indian manufacturers of engineering products such as sewing machines, builders' hardware and ironmongery, castings, electrical motors and appliances, machine tools, diesel engines, and scientific and surgical instruments are looking for suitable firms to distribute for them in Britain. The Indians believe they have now reached a stage in technological development where they can lessen their dependence on traditional exports like tea, jute and cotton textiles.

APPOINTMENTS for further announcements see pages 718, 719 and 720

LCC BRIXTON SCHOOL OF BUILDING

DEPARTMENT OF SURVEYING

Applications are invited from suitably qualified persons for the following teaching appointments as ASSISTANT LECTURERS, GRADE B.

1 ECONOMICS. Applicants should hold a degree in Economics.
2 LAND SURVEYING. Applicants should be Chartered Land Surveyors or hold a degree or diploma in land surveying.

The Department prepares students for the B.Sc. (Estate Management) degree of the University of London and for the examinations of the relevant professional institutions.

Salary scale £830-£1,450 (plus London allowance of £45 or £60) with additions for qualifications and training. (Starting salary depends on qualifications and experience.) Application forms (to be returned by *March 15*) from the Secretary at the School, Ferndale Road, London, S.W.4.

UNIVERSITY OF EXETER

DEPARTMENT OF ECONOMICS (AGRICULTURAL ECONOMICS)

Applications are invited from men and women for the post of

INVESTIGATIONAL ASSISTANT

Applicants should possess a degree or diploma in Agriculture or an equivalent qualification. The appointment is tenable in Devon, and the successful applicant will be required to take up his/her duties as soon as possible.

Salary: in the scale £900 x £50 to £1,000 per annum. Initial salary will be fixed in accordance with qualifications and experience.

Further particulars of this appointment may be obtained from The Secretary of the University, Northcote House, The Queen's Drive, Exeter.

The closing date for application is February 28, 1965.

UNIVERSITY OF GLASGOW

SENIOR LECTURESHIP IN TOWN AND REGIONAL PLANNING

Applications are invited for a SENIOR LECTURESHIP IN TOWN AND REGIONAL PLANNING. The salary scale is £2,400 x £80 to £3,150 per annum. The person appointed will be expected to be a member of the Federated Superannuation System for Universities, to which the member contributes 5 per cent of his salary and the University contributes 10 per cent. The initial salary will be fixed according to experience and qualifications. Applicants should be qualified Planners and should have had practical experience in planning work as well as teaching.

The principal duty of the successful applicant will be to set up and develop, in the first case, a diploma course in Town and Regional Planning under the direction of Professor R. Grieve. He will be the first of a physical planning staff which it is proposed to set up to work in collaboration with the social scientists. The initial principal aim is to produce a teaching and research team capable of handling the increasing demand for planners capable of bridging the physical and economic planning sides.

The University Court reserves the right to appoint to the post a person who has not submitted his name as an applicant.

Those who desire their names to be considered should send to The Secretary of the University Court, The University, Glasgow W.2 not later than March 5, 1965, eight copies of a statement of their qualifications and experience. Testimonials are not required but the names should be given of not more than three persons to whom reference may be made.

ROBT. T. HUTCHESON,
Secretary of the University Court.

UNIVERSITY OF SOUTHAMPTON

DEPARTMENT OF SOCIOLOGY AND SOCIAL STUDIES

Applications are invited for three additional posts of Lecturer or Assistant Lecturer in the Department of Sociology and Social Studies. Candidates should be graduates in one of the social sciences and be interested in helping to expand existing teaching and research in sociology, social administration and social anthropology. Salary scales: Lecturer, £1,400 x £85 – £2,505 with a merit bar at £2,165; Assistant Lecturer £1,050 x £75 – £1,275. The initial salary will depend on qualifications and experience. Further particulars should be obtained from the Deputy Secretary, The University, Southampton to whom applications (seven copies from United Kingdom applicants) should be sent not later than March 22, 1965.

WASHINGTON NEW TOWN CHIEF ARCHITECT

Applications are invited for appointment to the position of Chief Architect on the permanent staff of the Washington Development Corporation.

The successful candidate will appoint his own staff which may increase in size to 100 within five years. He will be required to work in close consultation with the Consultant Town Planners to the Corporation, Messrs. Llewelyn-Davies Weeks & Partners.

It is expected that construction of the New Town will start within twelve months of the appointment being made.

The salary scale for this position from April 1, 1965, will be £3,050 to £4,900, according to experience and qualifications, with superannuation benefits.

Application should be sent by mail only not later than February 28, 1965, with full supporting details and names of two referees, to:

The General Manager,
Washington Development Corporation,
Usworth Hall,
Washington,
Co. Durham.

THE UNIVERSITY OF SUSSEX

THE STUDY OF EXAMINATIONS AND TEACHING

The University proposes to appoint to the post of LECTURER, SENIOR LECTURER or READER a person, who in addition to carrying out teaching duties in the University would be responsible for planning and directing the University's studies of its methods of assessment and examination, and its patterns and methods of teaching. This work would be carried out in conjunction with other qualified members of faculty and under the guidance of a Senate Committee.

The University does not wish to prescribe a particular field or discipline within which the person appointed will teach. Essentially it is looking for someone of considerable calibre and maturity, whose work may ultimately help the University in its decisions on educational policy.

The salary scales are:
Senior Lecturer and Reader, £2,450 x £100 – £3,250 per annum.
Lecturer £1,400 x £85 – £2,505 per annum
plus F.S.S.U. benefits.

Further particulars may be obtained from the Assistant Registrar (Establishment), University of Sussex, Sussex House, Stanmer, Brighton, to whom applications should be returned by March 6, 1965.

UNIVERSITY OF OXFORD

COMMITTEE FOR COMMONWEALTH STUDIES

Applications are invited for the post of Senior Research Officer or Research Officer (depending on qualifications and experience) at the Institute of Commonwealth Studies. The appointment will normally be for three years with the possibility of an extension for a further two years. The holder will be required to undertake approved research in the Institute under the direction of the Committee and a limited amount of teaching within the field of the economics of developing territories, preferably with reference to Africa. The salary will be within the range of £1,400 x £85 to £1,995, with membership of F.S.S.U. It is hoped to fill the appointment with effect from October 1, 1965. Applications, giving the names of two referees, should reach the Secretary, Institute of Commonwealth Studies, Queen Elizabeth House, 21 St. Giles, Oxford, by April 1, 1965.

UNIVERSITY OF GLASGOW

DEPARTMENT OF ACCOUNTANCY

LECTURESHIP IN TAX LAW AND PRACTICE

Applications are invited for a Lectureship in the Department of Accountancy in the Faculty of Law. The candidate appointed will be expected to specialise in Tax Law and Practice and will be engaged in teaching and research in all forms of personal and corporate taxation and estate duty.

Salary scale: £1,400 to £2,505 per annum. Initial salary according to experience and qualifications. F.S.S.U.

Applications (eight copies) should be lodged not later than March 8, 1965, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of the University Court.

UNIVERSITY COLLEGE OF WALES

ABERYSTWYTH

Applications are invited for three new posts at LECTURER or ASSISTANT LECTURER level in the newly instituted FACULTY of ECONOMICS and SOCIAL STUDIES. These posts are consequent upon the development of an integrated degree scheme in the social sciences, and the successful applicants will be expected to take up their duties on October 1, 1965.

Salaries will be according to qualifications and experience within the following scales:
Lecturer £1,400 x £85 – £2,505
Assistant Lecturer £1,050 x £75 – £1,200

I LECTURER or ASSISTANT LECTURER IN ACCOUNTANCY

The person appointed will be responsible for initiating teaching and research in Accountancy for a degree scheme involving Economics, Accountancy and Law which has been approved by the Joint Standing Committee of the Universities and the Accountancy Profession.

II. LECTURER or ASSISTANT LECTURER IN ECONOMICS OR MATHEMATICAL ECONOMICS

III LECTURER or ASSISTANT LECTURER IN SOCIOLOGY

The person appointed will be responsible for initiating teaching and research in Sociology. Degree schemes involving teaching to honours level have already been approved.

Further particulars and forms of application are obtainable from the Registrar, to whom application forms, together with the names of two referees, should be returned not later than March 1, 1965. Applications for a post at Assistant Lecturer level will be considered from applicants graduating in the current session.

UNIVERSITY OF OXFORD

COMMITTEE FOR COMMONWEALTH STUDIES

Applications are invited for the post of Research Officer at the Institute of Commonwealth Studies. The appointment will normally be for three years with the possibility of an extension for a further two years. The holder will be required to undertake approved research in the Institute under the direction of the Committee and a limited amount of teaching within the field of the economics of developing territories, preferably with reference to Africa. The salary will be within the range of £1,400 x £85 to £1,995, with membership of F.S.S.U. It is hoped to fill the appointment with effect from October 1, 1965. Applications, giving the names of two referees, should reach the Secretary, Institute of Commonwealth Studies, Queen Elizabeth House, 21 St. Giles, Oxford, not later than April 1, 1965.

PLANNING MANAGER—PLASTICS

Mobil Chemicals Limited invite applications for a new position reporting to the Planning Director at their Head Office in London.

The position involves responsibility for:

Determining the location and organisational details of all future manufacturing and warehousing facilities within the Group.

Current planning and co-ordination of purchasing, inventories, plant scheduling and warehousing in relation to their economic operation and to the provision of customer service at the highest level.

The successful candidate will be a graduate, preferably with a knowledge of economics or industrial engineering. He will have had appropriate experience in a similar position, aged between 30 and 45, currently earning not less than £2,000 p.a.

Please apply, in strictest confidence, giving concise details of experience, age and salary, to:

Staff Director,
Mobil Chemicals Limited,
West Halkin Street, London, S.W.1.

UNIVERSITY OF GHANA

DEPARTMENT OF ECONOMICS

Applications are invited for:

TWO SENIOR LECTURESHIPS. (Considerable teaching or research experience essential.)
FIVE LECTURESHIPS. Preference will be given to candidates with special interests in Development Economics: Socialist Economics and Planning; Public Enterprise; Applied Economics, especially Economics of Industry; Mathematical Economics and Econometrics, and Economic History.

Salary scales: Senior Lecturer, £G1,750 x £G75 – £G2,200 per annum, 20 per cent. addition for non-Ghanaians; Lecturer, £G1,050 x £G60 – £G1,400 x £G75 – £G1,850; £G1,900 per annum, 20 per cent. addition for non-Ghanaians.

Appointments normally five years in the first instance but shorter periods of secondment will be considered.

Further particulars and forms of application should be obtained from the Assistant Registrar, University of Ghana Overseas Office, 15 Gordon Square, London, W.C.1, or the Registrar, University of Ghana, P.O. Box 25, Legon, Accra, Ghana, with whom applications (four copies) should be lodged not later than March 10, 1965.

NORSK HYDRO

(Société Norvégienne de l'Azote)

OSLO, NORWAY

(Fertilisers, Magnesium, Plastics and Chemicals)

OUTPUT CONTINUES TO RISE

The sixty-ninth Annual General Meeting of NORSK HYDRO-ELEKTRISK KVAELSTOFAKTIESELSKAB was held in Notodden on December 11, 1964, and the following are details of the report and accounts for the fiscal year ended June 30th as presented by the Board of Directors:

PRODUCTION

The primary ammonia production units at Rjukan and Notodden continued to operate at full capacity under satisfactory technical conditions, and production rose slightly at both plants. At Glomfjord Salpeterfabriker favourable water conditions and a number of new facilities, including the installation of a new cell battery, made it possible to increase nitrogen production from about 250 tons N per day to almost 300 tons N per day.

The Company's nitrogen products were produced under, on the whole, satisfactory operating conditions. The total production of commercial nitrogen was 351,000 metric tons, including 18,000 metric tons N supplied to Denmark in the form of liquid ammonia. This was 42,000 metric tons more than in the previous year. The unit transferred to Rjukan started production of ammonium nitrate limestone in September and proceeded satisfactorily.

The following table covers production figures of some of the Company's more important products: —

Nitrogen Products	1963/64 (metric tons)	1962/63 (metric tons)
Calcium Nitrate	1,250,000	1,246,100
Ammonium Nitrate Limestone 26%	59,000	48,200
Ammonium Nitrate Limestone 20.5%	10,000	
Complex Fertilisers	322,000	263,100
Urea	134,000	103,400
Ammonium Nitrate	16,900	14,300
Nitric Acid	18,700	18,200
Liquid Ammonia for nitro-jection purposes	22,000	16,500

Non-Nitrogenous Products	1963/64 (metric tons)	1962/63 (metric tons)
Calcium Carbide	47,600	40,200
Liquid Chlorine	27,000	25,100
Sodium Hydroxide Solution (as NaOH)	27,800	25,600
Hydrochloric Acid	6,000	6,000
Sodium Hypochlorite	9,700	5,100
AIV Liquid	1,100	1,700
Norvinyl PVC	21,200	15,400

SALES

Once again there was a considerable increase in sales, from 316,000 metric tons in the previous year to 353,000 metric tons calculated as pure nitrogen.

Calcium nitrate sales totalled 1,300,000 metric tons. The Scandinavian countries are still the chief markets, but large quantities were also supplied to Egypt, Greece, Spain, Czechoslovakia, Hungary and the USA.

Complex fertiliser sales increased from 263,000 metric tons in 1962/63 to 308,000 metric tons in 1963/64.

Sales of urea reached 123,500 metric tons, the product having been sold for fertiliser and technical uses all over the world.

The Magnesium plant is situated at Herøya and its production is today the largest in Europe. The metal is sold as pure magnesium or alloys to nearly 25 different countries all over the world.

	1963/64	1962/63
Mg-production. *metric tons*	22,600	18,100

PVC-production increased by about 37 per cent to 21,200 metric tons 8,500 tons were exported to customers in the UK.

RESEARCH

The building of the new Research & Development Centre at Herøya has proceeded according to plan. At the end of the year the Research & Development staff numbered approximately 220 persons, some 40 of whom were university trained. Recruiting of personnel has proceeded according to plan, but certain difficulties have been encountered in obtaining qualified engineers for certain research work.

NEW PLANT

During 1963/64 a total of Kr 140.2m was invested in new facilities.

Work on the building of the ammonia unit, based on the gasification of heavy oil to produce 100,000 metric tons N per year, is proceeding according to plan. It has been decided to build a methanol unit in connection with the ammonia unit, for the production of approximately 50,000 metric tons per year with a preliminary production of 30,000 metric tons.

Expansion of the complex fertiliser production facilities continues. The enlarged unit at Herøya was put into operation in the spring of 1964. Manufacturing facilities are being enlarged in Glomfjord, and further expansion is being planned for Herøya.

A new carbon dioxide compressor has been installed in the Urea factory at Herøya, and the capacity is now approximately 150,000 metric tons per annum. It has also been decided to increase the production of urea by 100,000 metric tons per annum based on CO_2 from the new oil gasification unit and orders for some of the apparatus have been placed.

PERSONNEL

An average of 9,360 persons was employed throughout the year (1962/63: 9,430), of which 6,440 were workers, 2,510 salaried personnel and 410 women. Wages and salaries paid amounted to Kr. 184 m. (174m.). Social expenditure totalled Kr. 45.1 m. (43.7m.).

PROFITS AND DIVIDENDS

The Company's gross profit totalled Kr. 141.5 m. (121.2 m.). Net profit for the year amounted to Kr 22.9 m. (20.3 m.), to which was added the balance of Kr. 1.5 m. brought forward from the previous year, bringing the total available for distribution to Kr. 24.4 m. To ensure the financing of continued expansion it was resolved in Ordinary General Meeting on December 13, 1963, to increase the share capital by Kr. 82,268,280 from Kr. 237,707,460 to Kr. 319,975,740—by the issue of 457,046 new ordinary shares of a nominal value of Kr. 180. The new shares were issued in January, 1964, at 140 per cent and on the basis of one new share for three old shares held. The issue was fully subscribed. The Company now has approximately 32,000 shareholders.

The Board proposes that dividends of 9 per cent be paid on both Preference and Ordinary shares. The new shares issued in January, 1964, will receive a dividend of 4½ per cent. Total dividends amount to Kr. 25,100,000 compared with Kr. 21,700,000 the previous year. Kr. 21,900,000 will be taken from the year's profit and Kr. 3,200,000 from free Reserve. The remainder of the amount available, Kr. 2,560,000, is to be carried forward to next year.

The report, the accounts and the proposals put forward by the Board of Directors were adopted.

BOARD OF DIRECTORS

Mr Jens Bache-Wiig, *Honorary Chairman*; Mr Kjell Meinich-Olsen, *Chairman*; M Jacques Allier, *Vice-Chairman*; Mr Konrad Nordahl; Mr Erik T. Poulsson; M Jean Reyre; M Arnaud de Vogüé, Mr Rolf Østbye, *Managing Director*.

F.W. WOOLWORTH & CO LTD

Mr F. L. Chaplin reviews progress during 1964

The Annual General Meeting of F. W. Woolworth & Co. Ltd. will be held on March 5, 1965, in London.

The following are extracts from the circulated Statement by the Chairman, Mr F. L. Chaplin, for the year ended December 31, 1964.

RESULTS

The profit for the year 1964 before taxation amounted to £37,653,149, which is an increase of £94,845 over the 1963 profit of £37,558,304; while the profit after taxation amounts to £16,751,822, as compared with £17,350,493 in 1963, a decrease of £598,671. The profit before depreciation and taxation increased by £543,000 to a total of £40,471,000.

These results have been adversely affected by three factors which are not directly related to our trading activities. The amount provided for depreciation of fixed assets has increased by £447,893 from £2,370,327 in 1963 to £2,818,220 in 1964. There has also been provided an additional sum of £119,114, representing the depreciation in the market value of the Government and Corporation securities during 1964. The third and most material adverse factor is the increase in the amount we have had to provide for United Kingdom income tax, by reason of the standard rate of tax being increased by 6d. to 8s. 3d. in the £.

The total of the interim dividend (51 per cent) and the proposed final dividend (14½ per cent) for 1964 is 20 per cent on the £94,500,000 Ordinary Stock. The comparative total for 1963 was also 20 per cent after allowing for the one for one (100 per cent) scrip bonus made in March, 1964.

The year 1964 was not an easy one for retail sales, as the latest Board of Trade statistics show. It has been suggested that the main reason for this was that a larger proportion of consumers' incomes went on high cost goods such as motor cars, furniture and furnishings, and this is borne out by the very large increase in hire purchase balances during 1964. I also think that the political uncertainty during the greater part of the year, and the prolonged fine weather during the summer and autumn which, although welcomed by us as individuals, did not encourage shopping activities, had their effect. However, our sales for the final three months of the year were very good indeed and established a new record by a substantial margin. The sales for the whole year were also a record.

DEVELOPMENT PROGRAMME

Seventeen new stores were opened during the year, bringing the number of stores in operation at the end of 1964 to 1,110, including the 8 overseas stores. In addition, 56 stores were extended, modernised or relocated. Of the total number of stores, 117 are operated as self-service, an increase of 13 during 1964. These extensive operations, which were all completed satisfactorily, entailed a great deal of hard work by the staff directly involved, and to them and to all the other members of our staff, whose loyal service has contributed to the results achieved, I express the thanks of the Directors, with which I know the stockholders would wish to be associated.

Each year we have thanked our suppliers for their co-operation and enterprise, which enables us to display in our stores the wider range of goods of excellent value. This expression of thanks is no mere formality: we do indeed appreciate the efforts which the suppliers make to meet our exacting requirements.

PROSPECTS FOR 1965

Although our ability to increase sales must depend to some extent on the state of the country's economy throughout the year, I think we can expect to achieve a satisfactory rate of expansion. With regard to expenses, it is clear that we shall have to meet further substantial increases. Nevertheless, I can assure you that our organisation will meet the problems of 1965 with optimism based on our long experience of dealing with all kinds of trading conditions, and every effort will be made to ensure a satisfactory result, having regard to the conditions experienced.

FINANCIAL RECORD FOR THE PAST TEN YEARS
(Figures in £000's)

Year	Profit before Depreciation & Taxation	Taxation	Net Profit after Taxation	Ordinary Stock Dividends	Total Net Assets
	£	£	£	£	£
1955	22,692	11,133	10,957	7,331	49,474
1956	24,001	12,309	11,004	7,763	52,613
1957	25,046	12,782	10,995	7,763	69,185
1958	27,230	13,488	12,313	7,763	74,233
1959	29,905	13,276 (1)	14,997	10,680 (2)	78,896
1960	32,804	16,305	14,665	10,336	84,776
1961	34,767	17,602	15,184	10,370	90,136
1962	37,683	18,798	16,702	10,852	96,602
1963	39,928	20,208	17,350	11,576	139,111
1964	40,471	20,901	16,752	11,576	144,704

NOTES (1) Taxation 1959 is stated after crediting £1,004,275 arising from the reduction in the rate of income tax from 8s. 6d. to 7s. 9d. in the pound. (2) Ordinary stock dividends in 1959 included the special jubilee bonus amounting to £1,378,125.

SECOND BRITISH ASSETS TRUST LIMITED

HIGHER INCOME AND DIVIDEND
MR ALASTAIR C. BLAIR ON IMPORTANCE OF US HOLDINGS

The eighty-sixth Annual General Meeting of Second British Assets Trust Limited will be held on March 4, 1965, at the Registered Office of the Company, 9 Charlotte Square, Edinburgh.

The following is the Review by the Chairman, **Mr Alastair C. Blair, CVO, WS,** which has been circulated with the Report and Accounts for the year ended December 31, 1964.

Despite all the uncertainties created by the elections in this country and the United States, and by the deteriorating position of the UK balance of payments and of sterling, we are happy to be able to report yet another satisfactory year for your Company, total income having risen from £509,000 in 1963 to £622,000. We have, therefore, been able to increase the dividend from 11d to 1s. 2d.: but it must be remembered that this dividend has been paid out of income received under the present tax structure. With a new tax system in prospect, which is likely to reduce the amount available to industry as profit after tax, it is difficult to predict either our future revenue or the dividend that we shall be able to pay. However, we have concentrated our holdings in well managed and competitive companies and we have faith in their ability to overcome future difficulties.

During the year we offered to our shareholders the greater part of our holding in our associated company, Atlantic Assets Trust. The high rate of acceptance (about 97 per cent in value, leaving us with 128,836 Ordinary Shares) shows that our shareholders are pleased with the strong equity growth achieved by that Company. We are hopeful that this trend will continue.

You will see that once again the valuation of your Company's investments has risen, this year from £12,451,000 to £13,906,000 (not taking into account the London premium on dollar securities) and that the proportion of US investments has risen from 34.9 per cent to 43.8 per cent. This is accounted for by a greater increase in the value of the US investments than of those in the UK and by the purchase of North American securities with the proceeds of a $4 million loan from Morgan Guaranty Trust Company of New York for 5 years at 5 per cent per annum.

GROWTH PROSPECTS OF AMERICAN COMPANIES

To appreciate the importance of our US holdings, it is worth considering why we hold US securities and how important they are to the country. Many American companies offer growth prospects both in capital and income better than those achieved by most British companies. A sample of the largest companies in manufacturing industry reveals an average net return on invested capital of about 11 per cent in the USA compared with 8 per cent in the UK. When, with this, the basic strength of the US economy and of the dollar is considered, the USA provides a very attractive field for investment.

By the end of 1963 overseas investment by US companies and individuals had reached $66,400 million. $40,600 million of this was invested by US companies in their overseas subsidiaries. In the UK alone the book value of

US subsidiaries was $4,200 million whereas the book value of the UK subsidiaries in the US was $2,700 million. Due to the nature and efficiency of these American subsidiaries, they are highly profitable and play a very important and desirable part in the growth of the UK economy. On the other hand, British subsidiaries in the US are relatively small in size and are in industries where the rate of profitability is lower. There is thus a deficit of income arising from this direct cross-investment. We believe that investment trusts can help to bridge this gap by investing in the best of American industry, as is our policy, and thus provide an important service to the British economy.

CASTLEFIELD (KLANG) RUBBER ESTATE

MR ADDINSELL'S STATEMENT

The fifty-eighth Annual General Meeting of Castlefield (Klang) Rubber Estate, Limited, was held on February 5th in London, **Mr J. Addinsell**, the Chairman, presiding.

The following is an extract from his circulated statement:

Weather conditions in Malaya experienced during the financial year were again unfavourable to the production of optimum crops. The crop harvested for the year, at 4,412,500 lb., fell short of the estimate by some 35,000 lb. but was up on the previous year's output by 2¾ per cent. Castlefield estate exceeded its estimate, but Bukit Benut estate was unfortunate in experiencing an unusually heavy and prolonged wintering which was mainly responsible for failure to reach its crop target.

The downward trend of rubber prices during the year resulted in a fall in net proceeds of nearly 2½d. per lb. The cost of production, reduced by over ½d. per lb., offset this to some extent, but the reduction would have been greater had it not been for the effect of higher wages resulting from the new wages agreement backdated to February 1, 1964.

A welcome increase in income from other sources, notably trade investments, helped to cushion the effect of lower profits from rubber, and the profit before tax at £107,864, compares not unfavourably with last year's figure of £117,607. Tax liability is almost the same as that for 1962/63. An interim dividend of 8 per cent was paid in July last and your directors now recommend a final of 22 per cent, making 30 per cent for the year.

PROGRAMME OF MODERNISATION

Our programme of modernisation was continued at our Johore estate with a further 201 acres replanted, to be followed this year with 275 acres, in line with our policy of maintaining an annual average of approximately 250 acres. We now have an area of 1,401 acres of immature rubber, of which 1,078 acres are at Bukit Benut, planted between 1958 and 1963, which should give a good account of itself as it comes into bearing.

It is not yet clear what precise effect the recently announced taxation changes may have on companies' accounts but it would be imprudent not to take them into consideration as a further factor affecting future results. For the reasons outlined above, no reliable estimate of results for the current year can be attempted.

To bring the issued share capital more into line with the assets actually employed we are proposing a one for two scrip issue.

The report was adopted.

BARCLAYS BANK LIMITED

ANNUAL MEETING OF STOCKHOLDERS

The Annual General Meeting for 1965 of the Stockholders of Barclays Bank Limited was held on Wednesday, February 10, 1965, at the Head Office of the Bank, 54 Lombard Street, London, EC3.

Mr John Thomson (the Chairman) presided.

The Secretary read the Notice convening the Meeting and the Report of the Auditors.

The Report of the Directors and the Accounts for the year 1964 were approved. Final Dividends of 6¼ per cent on the Ordinary stock and 10 per cent on the Staff stock, less income tax at the standard rate in each case, were declared, payable on February 20, 1965, to the Stockholders on the Register of Members at the close of business on January 14, 1965.

With the exception of Mr R. H. Parker, CBE, MC, who did not seek re-election, the retiring Directors were re-elected and other ordinary business was transacted.

A Vote of Thanks to the Staff and a Vote of Thanks to the Chairman for presiding at the Meeting were unanimously accorded.

WIFSTAVARFS AKTIEBOLAG

VIVSTAVARV, SWEDEN

(Cellulose, Board, Timber, etc.)

The Annual General Meeting of **WIFSTAVARFS AKTIEBOLAG** was held in Stockholm on February 4th, and the following are details of the report presented by the Board of Directors for the year 1963/64, the 166th year of the Company's activities:

Review

Prices for timber rose during 1963, and demand was good, especially during the autumn of 1964. The Company covers about 40 per cent of its total wood requirements from its own forests, which have an area of 600,000 acres.

The winter 1963/64 was favourable for the forestry industry. Operations were on a greater scale than in the previous year, in accordance with the Company's long-term policy. The Company's own nursery supplied nearly 10m seedlings, of which over 3m. were used in Company forests. The remainder was sold, partly for export. Forest road building was speeded up.

Industrial Activity

Saw mill production was greater than for 1962/63, and improvements to machinery in the wallboard plant resulted in greater output compared with previous years.

Results of the sulphate plant and the paper mill were satisfactory. The agreement between the Scandinavian manufacturers of kraft paper to retain export quota restrictions meant that full capacity could not be used. The production of sulphate pulp amounted to 90,368 tons, of which 59,257 tons were pumped to the paper mill and converted into 54,868 tons kraft paper.

The demand for kraft paper rose slightly. The market for wallboard also improved and the demand for cellulose was lively, particularly in the spring of 1964. The Company's order book was satisfactory during the latter part of the year and this made improved production planning possible. Further price increases have been agreed upon and will become effective in early 1965.

A decision was taken to re-build certain sections of the sulphate factory. Production was thus increased to 120,000 tons a year. Of the increased production approximately 60,000 tons will, as before, be converted in the Company's paper mill, and the remaining 60,000 tons sold as dry pulp. In the Company's reconstruction programme a 2-mile pump line is included for the convevance of pulp from the sulphate plant to the sulphite plant. After extension, the sulphite bleaching plant will also be used for the bleaching of kraft pulp.

Electric Power

Electric power output totalled 227,845,000 kWh. The Company itself used 166,115,000 kWh and sold 61,730,000 kWh. The Company has decided to build a new hydro-electric plant with an annual production of about 230,000 kWh. The new plant will be constructed in a river flowing through the Company's forests. It will make use of a level difference of about 1,000 feet.

New Sales Company in England

WIFSTAVARFS has decided to establish its own company in London for the sale of its paper and pulp. Mr K. G. Butcher has been appointed Managing Director for the company, which will be in operation from July 1, 1965. In connection with this decision and in order to rationalise the sales on the UK market, **WIFSTAVARFS** has appointed *Messrs. Gordon Watts & Co. Ltd.* to handle the sales of both sawn timber and wallboard.

Profit and Dividend

Net sales for the year amounted to Kr. 131,899,731. Net profit for the year totalled Kr. 2,200,000. This together with Kr. 5,738,713 brought forward from the previous year produced a total of Kr. 7,938,713 available for distribution. It was accordingly proposed to distribute Kr. 2.17m. in the form of a dividend of Kr. 5 per share, to transfer Kr. 220,000 to the liability contingencies fund, and to carry forward the resulting balance of Kr. 5,543,713.

Board of Directors

Mr J. Wallenberg; Mr N. von Steyern; Mr G. Sundblad; Mr O. af Ugglas; Mr A. G. Wikström; Mr G. Engfors; Mr H. Wadell; Mr E. Sundblad (*Managing*).

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail,

UK £6 ; overseas £6 10s.

By air see below

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. Airmail is invariably more expensive but usually quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended.

	Airmail	Air Freight
Australia	£13 10s.	—
Canada —		
Quebec & Ont. Provs.	£12 10s. or Can. $38	£9 10s. or Can. $30
Other Provs.	£12 10s. or Can. $38	£10 10s. or Can. $31·80
Ceylon	£12 10s.	£10 0s.
China	£13 10s.	—
East Africa	£12 10s.	£10 0s.
Egypt	£11 0s.	—
Europe	£10 0s.	—
Ghana	£12 10s.	£9 10s.
Gibraltar, Malta	£7 5s	—
Hongkong	—	£12 10s.
India	£12 10s.	£10 0s.
Indonesia	£12 10s.	—
Iran & Iraq	£11 0s.	£9 10s.
Israel	£11 0s.	—
Japan	£12 10s.	—
Jordan	£11 0s.	—
Lebanon	£11 0s.	—
Malaya	£12 10s.	—
N. Zealand	£13 10s.	—
Nigeria	£12 10s.	£9 10s.
Pakistan	£12 10s.	—
Philippines	£13 10s.	—
Rhodesia	£12 10s	—
S. Africa	£12 10s.	£10 0s.
Sth. & Cen. America	£12 10s.	—
Sudan	£11 0s.	£9 10s.
U S A	£12 10s or $35	£10 10s. or $29 50
W Indies	£12 10s	—

KILLINGHALL (RUBBER) DEVELOPMENT SYNDICATE

MR ADDINSELL'S STATEMENT

The fifty-fifth Annual General Meeting of Killinghall (Rubber) Development Syndicate, Limited, was held on February 8th in London, **Mr J. Addinsell,** Chairman, presiding.

The following are extracts from his circulated Statement:

The upward trend in crop to which I referred last year has been maintained and we harvested 757,400 lb., an increase of 110,400 lb., equivalent to 17 per cent over the preceding year. This is being maintained during the current financial year, the crop for the first six months being 415,500 lb. against 399,700 lb. last year.

Our tin tribute showed a rise of £13,577 due to improved outputs by the dredge as well as higher prices ruling for the metal. It will be recalled that I issued a word of caution to shareholders last year in judging future prospects having regard to the erratic distribution of tin ore values on the Killinghall Tin Property. This is being further evidenced, fortunately in our favour, at the present time, for during the first six months of the current financial year, that is July to December inclusive, the Tin Company has advised outputs of 703½ tons compared with 264 tons for the same period in the previous year. In this connection when advising the output for the December quarter they stated that during October and November the dredge treated a narrow enrichment, partially disclosed by test bores, situated in one section of the working face. The dredge was transferred in early December to another section of the working face where it operated in lower-grade ground. Improved outputs are again anticipated when the dredge returns to the locality of the enrichment but future production from this unusual formation is not predictable.

Profit before tax was £61,480, an increase of £15,538 on 1962/63. Your Directors have already paid an interim dividend of 15 per cent and are now recommending a final of 75 per cent.

Profit before tax for the first six months of the current year can be considered very good. I am hopeful that the results you will have before you next year will be to your satisfaction. Much will depend upon the effect the new taxes have upon our profits.

The report was adopted and resolutions increasing the authorised capital and providing for a one-for-two scrip issue were approved.

Manbré & Garton Limited

(Refiners and Manufacturers of Sugar and Starch Products)

HIGHER DIVIDEND AND SCRIP ISSUE

The forty-fifth Annual General Meeting of Manbré & Garton Limited was held on February 4th in London, Mr Eustace Berry, the Chairman, presiding. The following are extracts from the Directors' Report:

SUMMARY OF RESULTS

	1964	1963
Group Profit before Taxation	£2,396,677	£1,962,196
Taxation	£1,037,502	£821,992
Profit after Taxation	£1,359,175	£1,140,204
Net Dividends Paid	£592,582	£500,613
Transfer to General Reserve	£276,615	£274,844
Net Assets	£10,186,839	£9,182,237

DIVIDEND

The Board are recommending a final dividend on the Ordinary Stock of 14 per cent, making 20 per cent on the larger capital.

EXPORTS

The Board recognises the urgent need to increase export sales. Many of the Group's products are already supplied to some 25 countries, and efforts to increase this side of the business will be continued.

CAPITALISATION ISSUE

One new Ordinary Share of 10s. for every four units of 10s. of Ordinary Stock held.

Capital Increase of the

BANQUE DE BRUXELLES

PUBLIC SUBSCRIPTION OFFER AND ISSUE OF NEW SHARES

The public subscription offer of 327,000 new shares for cash will be open from February 8 to 25, 1965 inclusive.

These shares are earmarked in the first instance for holders of the 1,635,000 old shares who will be able to apply as of right only, for one new share with coupons Nos. 36, 38 et seq. attached for five old shares, at the price of F 2,000 plus F 100 in respect of charges, making a total of F 2,100 per new share.

Application rights are represented by coupon No. 35 detached from the old shares. The prospectus with full details can be obtained over the counter at the head offices, branches and agencies of the Banque de Bruxelles, the Banque de Commerce and the Banque Internationale à Luxembourg.

These 327,000 new shares will participate in the same way as the old shares in the issue of 196,200 new shares, which will be carried out, without any charge whatever to the beneficiaries, during May, 1965, at the rate of one new share with coupons No. 38 et seq. attached against ten coupons No. 36 detached from the 1,635,000 old shares and the said 327,000 new shares.

The new shares referred to above will rank for dividend as from April 1, 1965 and will not therefore participate in profits for the year 1964/65. Coupon No. 37 has been earmarked for the payment of dividend in respect of this year.

The document covering the capital increase and the legal notice have been published in the appendix to the Moniteur Belge of January 12, 1965 under Nos. 879 and 880.

APPOINTMENTS (continued) for further announcements see pages 713, 719 and 720

SENIOR ENGINEER MANAGEMENT

A well-known public company in London—a world leader in its own specialised field—offers an exceptional opportunity to a Mechanical or Civil Engineer with a University degree, aged 35-40, experienced in light engineering with a record of success in a variety of functions, including management.

The starting salary would be not less than £3,000 p.a. with the prospect of a very senior post in 5-6 years at £6,000 p.a. or over.

Please write in strict confidence with details of your experience and salary progress to:

The Chairman, Box 1896.

LIL Information Officer

LAPORTE INDUSTRIES LIMITED has a vacancy at its Head Office in London for a graduate (female) in Chemistry or a Science subject to run an information service on the scientific, technical, commercial and economic aspects of the chemical industry. The duties of the post will include extracting information from scientific, technical and commercial publications and other sources, the classification, filing, indexing and the dissemination of such information within the Company.

Other duties will include answering queries on a wide range of technical and commercial subjects and the preparation of reports and surveys as required.

Applicants should have previous experience of information work.

Hours 9.30 a.m. to 5.15 p.m. Non-contributory Pension Scheme. Luncheon Vouchers.

Applications, giving details of age, qualifications and experience, should be addressed to the Group Personnel Manager, LAPORTE INDUSTRIES LIMITED, Hanover House, 14 Hanover Square, London, W.1, quoting ref. LIL/E1/50.

LAPORTE

MSL

A candidate's identity will not be disclosed unless he gives permission after a confidential discussion.

Developments in the P.L.A.

The Port of London Authority are planning extensive port developments, involving expenditure in excess of £40 million over the next few years, and are using modern techniques to assist in this. At the same time modern management accounting is being rapidly developed throughout the Authority's undertaking to aid increased effectiveness. One third of the nation's trade passes through the Port of London: in addition to administering about 90 miles of river and estuary the P.L.A. own and operate the five large enclosed dock systems. With net assets at current prices of some £200 million, it is a major trading undertaking. The following new appointments represent opportunities to make an important contribution to these activities:

Economist/Statistician

Working under the Authority's Economist he will develop long and short-term forecasting, provide a general economic and statistical service using modern techniques—for all departments and will carry out studies in development economics. An understanding of market research and experience of modern statistical methods are essential. Candidates, preferably aged 25 to 32, must hold a good honours degree in economics supported by commercial or research experience. Initial salary will be a matter for negotiation but will not be less than £2,000. Reference S.7322.

Assistant Management Accountant

Helping with the development of the most modern management accounting techniques throughout the Authority's undertaking, he will be concerned initially with the study and economic evaluation of all capital projects and the development of an advanced system of capital expenditure control. He will co-operate closely with the engineering, operating and commercial functions. Candidates, preferably aged 28 to 35, must be qualified accountants with an economic outlook who have experience of modern accounting procedure in large organisations, including capital accounting control processes. Initial salary will be a matter for negotiation but will not be less than £2,500. Reference S 7323.

These appointments carry permanent career prospects, progressive salaries and superannuation benefits.
Pensionable service can, in certain circumstances, be transferred.
Location: Trinity Square, E.C.3. Please write, quoting the appropriate reference to W. A. Griffiths, and stating how each requirement is met.

MANAGEMENT SELECTION LIMITED
17 STRATTON STREET, LONDON, W.1.

RUSKIN COLLEGE, Oxford, requires Tutor in Economics from April or September, 1965; residential accommodation available. University lecturer scale £1,400 x £85 – £2,505, F.S.U. Good degree essential, experience of adult education desirable.

Details from Principal, Ruskin College, Oxford. Closing date March 5, 1965.

STATISTICAL ASSISTANT

A vacancy has arisen through promotion for a young man or woman under 30 who is studying for the examinations of the Institute of Statisticians and has reached the intermediate standard or equivalent. The position carries responsibility for the administration of and calculation involved in the maintenance and analysis of a permanent sample of approximately 5,500 milk producers. The work is original and offers scope for an analytical approach to the use of the Board's own records and data collected from farmers.

Superannuation Scheme
Subsidised cafeteria
Sports and Social Club facilities

Applications, giving brief details to:

Personnel Officer
Milk Marketing Board
Thames Ditton,
Surrey

THE UNIVERSITY OF MANCHESTER

Applications are invited for one or more posts at the grade of ASSISTANT LECTURER in GOVERNMENT, without regard to special field of interest. Salary scale per annum, £1,050 x £75 to £1,275; initial salary according to qualifications and experience. Membership of F.S.S.U. Applications should be sent not later than March 13, 1965, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained on quoting reference 19/65/E.

UNIVERSITY OF GLASGOW

DEPARTMENT OF ACCOUNTANCY

Applications are invited for a Lectureship in the Department of Accountancy.

Primary responsibility will be in the field of financial accounting and reporting for business, for national institutions or for governmental bodies.

The candidate appointed will be expected and encouraged to undertake work of research in addition to engaging in classes at all levels.

Salary scale: £1,400 to £2,505 per annum. Initial salary according to experience and qualifications. F.S.S.U.

Applications (eight copies) should be lodged, not later than March 8, 1965, with the undersigned, from whom further particulars may be obtained.

ROBT. L. HUTCHESON
Secretary of the University Court.

ICI AGRICULTURAL DIVISION

Farm Management Economist

The Agricultural Research and Development Department of the Agricultural Division of ICI, which is situated at Jealott's Hill, Bracknell, Berks, requires a Farm Management Economist to assist in the operation of farm recording schemes and associated investigations in the United Kingdom.

He should be under 35 years old, and be either a graduate in Agriculture with post graduate training in farm management, or a graduate in economics with sound farm management experience.

Applications, giving brief details only, should be addressed to J. N. Fennell, c/o Staff Department, Plant Protection Limited, Fernhurst, Haslemere, Surrey. Quoting ref. no. RRT/1.

ECONOMIST—IRELAND

The Irish Industrial Development Authority wish to appoint to its staff an economist, who should preferably be not more than 35 years of age. The principal duties of the post are the preparation of detailed studies of the potentialities for new industrial developments in particular sectors. The economist will be expected to bring some studies to the point where a comprehensive picture would be available for industrialists who might be interested in establishing a project in Ireland.

The essential qualifications are an honours degree in economics and some experience in the field of industrial economics. A working knowledge of a Continental European language is desirable.

Salary will be in accordance with experience and qualifications.

Applications, stating age, qualifications, experience, present position and salary, should be addressed to the Industrial Development Authority, 7 Mount Street Crescent, Dublin 2, and should be marked "Staff Confidential."

THE UNIVERSITY OF MANCHESTER

GRADUATE SCHOOL OF POLITICS AND PUBLIC ADMINISTRATION

About FIFTEEN places will be available in October 1965, to British students who wish to enter the Graduate School. Applications are invited from graduates and from those graduating of 1965, provided they are of or good upper second class quality suggests that such students should little difficulty in obtaining grants

The Robbins Report made it clear that there will be a serious shortage of good graduates in the social sciences during the next few years. We are therefore ready to accept applicants graduating in related Arts subjects, such as history, philosophy and modern languages as well as in scientific disciplines which train students in the use of statistics and mathematical models

For further particulars apply to the Secretary, Department of Government (Room 19), Manchester University, Manchester 13

UNIVERSITY OF LEICESTER

LECTURESHIP IN ECONOMICS

Applications are invited for a LECTURESHIP in the DEPARTMENT OF ECONOMICS

Salary scale £1,400 x £85 — £2,505; initial salary depends on qualifications and experience

Further particulars from the Registrar to whom applications should be sent by March 6th

ECONOMISTS

...required in the Department of Economics of the London head office of an international organisation with branches in 17 countries.

* The successful applicants will work on a wide range of economic problems in co-operation with our mathematicians and statisticians.
* One vacancy is open to candidates graduating in 1965.
* Applicants must have (or expect to get) at least a second class honours degree with economics as a major subject.
* **Salary will be progressive with the starting point based on qualifications and experience.**

Applications giving full details of qualifications and experience and stating (where applicable) present position and salary, should be sent to:
Director of Economics,
International Wool Secretariat,
Berkeley Square House,
Berkeley Square, London, W.1.

with the envelope marked CONFIDENTIAL ECO/4.

UNIVERSITY OF BIRMINGHAM

CENTRE FOR RUSSIAN AND EAST EUROPEAN STUDIES

Applications are invited for the post of Lecturer in Soviet Economics, from October 1, 1965. Salary according to qualifications and experience within the Lecturer scale £1,400 x £85 to £2,165; x £85 to £2,505, with F.S.S.U. benefits.

Applications (four copies), naming three referees, should be sent by March 14, 1965, to the Assistant Registrar (Senate Division), University of Birmingham, Birmingham 15, from whom further particulars may be obtained

EXPENDITURE ACCOUNTANT (Ref. M3A/60193/EN)

and

COMPUTER ACCOUNTANT (Ref. M3A/60192/EN)

required by

EAST AFRICAN RAILWAYS AND HARBOURS

for service in

NAIROBI, KENYA

The Expenditure Accountant will be responsible for accounting for all expenditure incurred in the operation of the Railways and Harbours services throughout East Africa. He will supervise the preparation of all expenditure estimates and maintain budgetary control over some £40 million expenditure on revenue account and up to £10 million annually on development and renewal projects. The Computer Accountant will be responsible for examining existing data processing methods to determine their feasibility as computer applications; also planning, programming and implementation. The computer to use is an ICT 1500.

SALARIES are fixed at £3,666 for the Expenditure Accountant and £3,092 for the Computer Accountant. Gratuity 25 per cent of salary drawn

APPOINTMENT is on contract for one tour of two years in the first instance.

FRINGE BENEFITS include free passages, liberal leave on full salary, accommodation at low rental and generous education allowances.

QUALIFICATIONS. Candidates for both posts should preferably be under 45 years of age, and be qualified accountants, though exceptionally well endowed unqualified candidates may be considered. The Expenditure Accountant will be expected to have long experience of government accountancy and budgetary control in a large industrial concern (preferably railway or port). A knowledge of computers is desirable. The Computer Accountant must have at least three years' experience with computers including systems planning programming and operation.

Apply to CROWN AGENTS, M Dept., 4 Millbank, London S.W.1, for application form and further particulars, stating age, name, brief details of qualifications and experience and quoting reference M3A/60193/EN and M3A/60192/EN as appropriate.

UNIVERSITY OF ABERDEEN

DEPARTMENT OF POLITICAL ECONOMY

Applications are invited for two posts of LECTURER or ASSISTANT LECTURER, the successful candidate for one post should have [illegible] in Economic History. Salary on scale

Lecturer £1,400-£2,505
Assistant Lecturer £1,050-£1,275

with placing according experience. Superannuation (F.S.S.U.) and removal allowance.

Further particulars should be obtained from The Secretary, The University, Aberdeen with whom applications (eight copies Lecturer, two copies Assistant Lecturer) should be lodged not later than March 6, 1965.

NJALA UNIVERSITY COLLEGE NJALA, SIERRA LEONE

FACULTY OF AGRICULTURE

Applications are invited for the following appointments tenable from September, 1965

Department of Agricultural Economics Economics and Rural Sociology.
SENIOR LECTURESHIP IN MARKETING
LECTURESHIP IN ECONOMICS

Salary scales. Senior Lecturer, £1,975 x £75 — £2,350 p.a.; Lecturer, £1,200 x £75 — £1,950 p.a. Entry point according to qualifications and experience. Gratuity of 15 per cent of salary payable in lieu of pension. Family allowance £100 p.a. per child (maximum £300); car allowance £150 p.a.; outfit allowance £60. Paid passages on appointment, on biennial leave and normal termination. Car purchase loans negotiated. Part-furnished accommodation at reasonable rent. Detailed applications (six copies), naming three referees by April 20 1965, to Secretary, Inter-University Council for Higher Education Overseas, 34 Bedford Place, London W.C.1, from whom further particulars may be obtained.

Principal City Officer with Town Clerk

for the City and County of Newcastle upon Tyne

This is an entirely new top career position of high responsibility for a person with administrative and financial experience, not necessarily in local or central government. This Officer will co-ordinate and organize Council business, particularly to implement the City's vast development programme. Applicants may hold an honours degree, plus post-graduate qualification; or two professional qualifications; or equivalent ranking. The age limits are 35 to 45. A seven year contract will be granted at a starting salary in the region of £8,000 per annum.

Applications can only be considered on the official form for which please write to:
TOWN CLERK and CLERK of the PEACE,
P.O. Box No. 63, Newcastle upon Tyne, 1.

ESSEX

MID-ESSEX TECHNICAL COLLEGE AND SCHOOL OF ART
MARKET ROAD CHELMSFORD

Required from September 1, 1965, due to continued expansion of work

COMMERCE DEPARTMENT
LECTURER IN MANAGEMENT to teach preferably Principles and Practice of Management or Production and Work Study. Applicants should be suitably qualified and have appropriate practical experience.

Salary Scale £1,670 by £45 (5) to £1,895 per annum,

ice with removal expenses may be

Further particulars and application form from Principal (quoting reference D), returnable within 14 days.

UNIVERSITY OF SASKATCHEWAN

SASKATOON CANADA

Applications are invited for the positions of Assistant Professor and Associate Professor of Economics. Preference will be given to applicants who have the degree of doctor of philosophy with specialisation in economic theory. The salary range for Assistant Professors is $8,200 to $10,600, and for Associate Professors $11,000 to $13,600. There are generous schemes for retirement pensions and other benefits.

The Department has 17 economists and six political scientists engaged in teaching undergraduate and graduate programmes and in research in a well-established University. Curriculum vitae and the names of three referees should be sent to the Head, Department of Economics and Political Science, The University of Saskatchewan, Saskatoon, Canada.

MANAGING DIRECTOR DESIGNATE

A company with a fine engineering tradition is looking towards its vehicle body business as a main field for further development.

The present Chief Executive intends to retire from day to day control of the business in the next eighteen months, and so there is an immediate opening for his successor designate.

An established reputation in the large-scale manufacture or distribution of commercial vehicles would be a very great advantage; this should be coupled with a forceful, imaginative approach to business development and practical common sense on immediate operational issues.

Arrangements for salary, conditions of service, pensions, etc., will be appropriately negotiated.

Applications should be sent to :—
K. M. Kirk,
The Wallace Attwood Company,
West Halkin House,
West Halkin Street,
London, S.W.1

Attwood

THE MANCHESTER BUSINESS SCHOOL

The Council of the Manchester Business School proposes shortly to make staff appointments.

Teaching and research activities will start next October. It is expected that by 1972 the Business School will admit 200 "post-graduate" and 200 "post-experience" students and employ 10 Professors and 15 [illegible] Research Fellows [illegible] full [illegible] full-time [illegible] will be given opportunities [illegible] in consulting work in industry.

In 1965-66 it [illegible] to appoint [illegible] Professors and seven Senior Lecturers or Lecturers in the fields of

Managerial Economics
Managerial Accounting
Business Finance
Marketing
Business Organisation
Operational Research
Statistics
Human Relations
Industrial Sociology

Interested persons with appropriate qualifications are invited to address proposals to Professor B. R. Williams, Acting-Dean of the Business School, The University, Manchester 13, as soon as possible and not later than March 15, 1965.

For further announcements see pages 713, 718 and 719

A TRADE ASSOCIATION IN THE CITY OF LONDON INVITES APPLICATIONS FOR THE FOLLOWING APPOINTMENTS.

EXECUTIVE.—A young man in the 20-22 age group. He would need to have good "A" level passes and would probably be studying for a professional qualification. Administering the work of a varied and non-routine [illegible] Non-contributory Pension scheme.

STATISTICAL ASSISTANT.—A lady under age 40. She would probably be a graduate with a liking for statistical work. The appointment also includes work of a general nature.

Brief personal details. Box 1898.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for appointment to a Lectureship or Assistant Lectureship in Law from October 1, 1965. Candidates should indicate their special [illegible] of interest. The salary scale for Lecturers [illegible] £1,400 x £85 – £2,165 thereafter, subject to review x £85 – £2,530 a year, plus £60 a year London Allowance, and for Assistant Lecturers £1,050 x £75 – £1,275 a year, plus £60 a year London Allowance, with superannuation benefits in both cases. In assessing the starting salary consideration will be given to age and experience.

Applications, with the names of three referees, should be received not later than March 10, 1965, by the Assistant Secretary, London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2, from whom application forms and further particulars may be obtained.

SAINT MARY'S UNIVERSITY HALIFAX, CANADA

Applications are invited for the Department of ECONOMICS. This is a full-time teaching appointment, to begin September, 1965.

ECONOMICS: Ph.D. plus experience. Salary: up to $15,000. Specialisation in economic theory and interest in international trade. Ability to conduct a course in economic statistics will receive favourable attention. Applicant should be capable of becoming chairman of the department.

Further information is available from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1, or from the Dean of Studies, Saint Mary's University, 923 Robie Street, Halifax, Nova Scotia, Canada.

Applications close in Halifax on *March 15, 1965.*

UNIVERSITY OF BIRMINGHAM

FACULTY OF COMMERCE AND SOCIAL SCIENCE

Applications are invited for the post of LECTURER OR ASSISTANT LECTURER IN ECONOMICS.

The appointment will commence on October 1, 1965. The salary scales are for lecturers £1,400 x £85 to £2,165 x £85 to £2,505 and for assistant lecturers £1,050 x £75 to £1,275 plus F.S.S.U. benefits.

An interest and qualifications in International Economics is desirable but not essential.

Applications (three copies) naming three referees, should be sent by March 5th to the Assistant Registrar (Commerce and Social Science), The University of Birmingham, Birmingham 15, from whom further particulars may be obtained.

THE UNIVERSITY OF MANCHESTER

FACULTY OF ECONOMIC AND SOCIAL STUDIES

Applications are invited for the following full-time posts:

(a) at the grade of LECTURER:
ECONOMICS
SOCIAL ANTHROPOLOGY
SOCIOLOGY AND SOCIAL ANTHROPOLOGY

(b) at the grade of ASSISTANT LECTURER
ECONOMICS
GOVERNMENT
SOCIAL ADMINISTRATION
SOCIAL STATISTICS

Salary scales per annum as follows: Lecturer, £1,400 to £2,505; Assistant Lecturer, £1,050 to £1,275; initial salary and status according to qualifications and experience. Membership of the F.S.S.U. Applications must be sent not later than March 13, 1965, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained, on quoting reference 20/65/E.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of RESEARCH ASSISTANT to work in the Department of Social Administration on a survey of Girls' Friendly Society hostels. A good deal of travelling is involved. Applicants must be women graduates in one of the social sciences. Experience in interviewing and some training in statistics would be an advantage. Salary £1,200 per annum. Applications should be sent not later than March 5, 1965, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained on quoting reference 18/65/E.

MARKET RESEARCH

Applications are invited from Graduate Economists for the appointment of Head of the Market Research Department. Qualifications should include a knowledge of applied statistics and previous experience in the Market Research field. A lively interest in modern selling and advertising techniques is also required.

Applications, giving brief details, to the Personnel Officer, Milk Marketing Board, Thames Ditton, Surrey.

APPOINTMENT REQUIRED

JAPAN/FAR EAST

Australian, ten years' managerial experience in commodity field in Japan, completely fluent in Japanese (including written language) also in German, seeks responsible position, preferably in Japan where at present residing but would consider other Far Eastern countries.

Please reply to Box 1897, THE ECONOMIST.

EDUCATION: BUSINESS AND PERSONAL

SECRETARIAL Training for Women especially university graduates and older students, 6-month and intensive 14-week courses. Write Principal, Davies's, 158 Holland Park Avenue, W.11. PARK 4654.

THE BRITISH ASSOCIATION OF ACCOUNTANTS AND AUDITORS LIMITED (Incorporated 1923). The Examinations will be held from May 25 to 28, 1965. Membership can only be obtained by those who have passed the prescribed examinations. Copies of the Syllabus are obtainable from the Secretary, Stamford House, 2-4 Chiswick High Road, London, W.4.

TUITION AT HOME

Wolsey Hall (Est. 1894) provides successful courses for G.C.E. (all Examining Boards) and for London University External B.Sc. Econ., B.A., B.D., B.Sc., LL.B. Degrees, also Diplomas and Certificates. 1,934 Wolsey Hall students passed B.Sc.Econ. since 1930. Tuition also for Law, Statistical, Secretarial and other Professional Exams., R.S.A., etc. Moderate fees, instalments if desired. Prospectus from E. W. Shaw Fletcher, C.B.E., LL.B., Principal, Dept. P.17.

WOLSEY HALL OXFORD

UNIVERSITY OF GLASGOW

POSTGRADUATE DIPLOMA IN MANAGEMENT STUDIES

Applications are invited for a one-session course leading to a Diploma in Management Studies which starts in October 1965. The aim of this course is to provide students with a basis of knowledge and methods of analysis which will prove useful for a career in management.

The [illegible] intended primarily for graduates [illegible] women, though non-graduates with a suitable qualification will be considered. Prior experience in industry is a desirable though not essential qualification for entry to the course.

Further details and application forms may be obtained from: The Organiser, Management Studies Course, Department of Social and Economic Research, University of Glasgow, Glasgow, W.2.

FRENCH POCKET BOOKS. Thousands in stock. Lists on request.—Hachette, corner of Regent Place and Warwick Street, W.1.

TOP PEOPLE'S secretaries are well placed generally by STELLA FISHER BUREAU in the Strand.

Home Study Courses
B.Sc.(ECON.) LL.B.

and other external degrees of the University of London. Also Accountancy, Secretaryship, Law, Costing, Banking, Insurance, Marketing, G.C.E., and many (non-exam.) courses in business subjects including the new Stockbrokers and Stockjobbers course.

Write today for details or advice stating subject in which interested, to

METROPOLITAN COLLEGE

(Dept. G9/2) St Albans,
or call at 30 Queen Victoria Street, London, E.C.4. City 6874. (Founded 1910)

TRAIN FOR A CAREER IN TEACHING

Persons aged between 25 and about 45, with good experience can be trained as full-time teachers in

GENERAL SUBJECTS

and such others as are taught in Further Education

NEXT COURSE STARTS IN SEPTEMBER 1965

Applicants should possess at least two G.C.E. at "A" level or some equivalent qualification.

FREE TUITION
MAINTENANCE AND OTHER GRANTS AVAILABLE

For further details write to one of the following, quoting S.64:

The Director, Bolton Technical Training College, Chadwick Street, Bolton, Lancs.;

The Director, Huddersfield Training College for Technical Teachers, Holly Bank Road, Lindley, Huddersfield, Yorkshire;

The Principal, Garnett College, Downshire House, Roehampton Lane, London, S.W.15;

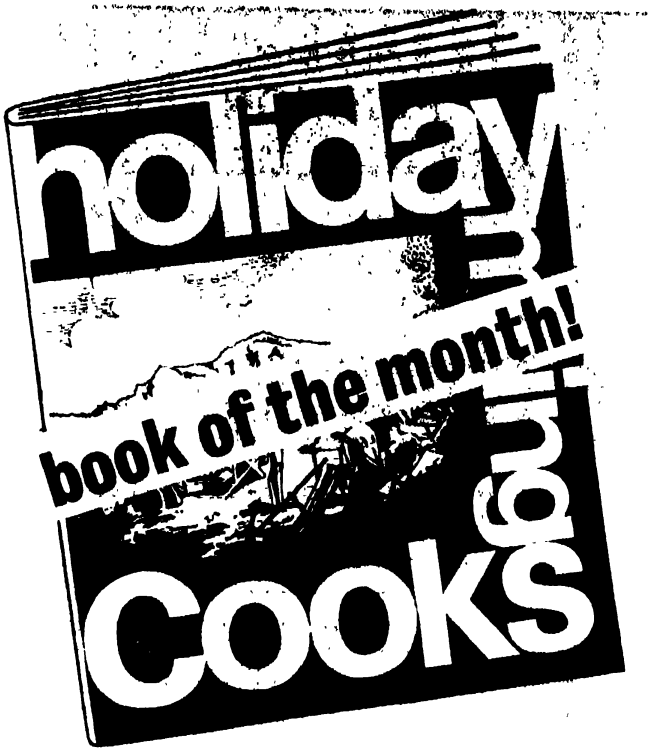
The Principal, Wolverhampton Technical Teachers' College, Compton Road West, Wolverhampton.

The Economist

BINDING CASES

*Binding cases for The Economist are available from Easibind Ltd. The cases are in stiff, dark blue cloth covers, and are gilt-lettered on the spine; they provide an extremely effective and firm binding and will hold 13 issues of the normal edition together with the quarterly Index, or 26 issues of the air edition with two quarterly Indexes. The year can be stamped on the spine. The cost per case, post free throughout the world, is now 14s. Orders, stating requirements clearly and enclosing a remittance, should be sent, **not** to The Economist, but to—*

EASIBIND LTD. (Dept. E)
84 Newman St., London, W.1. MUSeum 2141



Ask today for your copy of 'Holidaymaking' containing hundreds of holidays including 32 wonderful coach tours from 28 gns. Thos. Cook & Son Ltd., Dept F 1/RO, Berkeley St., London, W.1, or from offices of Cooks, Dean & Dawson, Pickfords and appointed booking agents.

Members of B.A.T

Own a homesite in Bahama Sound

£350 Full Price

Deposit
Monthly

NO INTEREST
NO LAND TAXES
STERLING AREA

Own a spacious 80' x 125' freehold homesite on Great Exuma Island in the magnificent Bahamas. A wonderful opportunity for retirement, investment or holidays. Property owners have exclusive use of powdery white sandy beaches—world-famous fishing—a peaceful island way of life.
All homesites are fully surveyed and serviced by roads at time of conveyance.

PROVEN · EXPERIENCED · ESTABLISHED

PRICE INCREASES APRIL 30th TO £395. SAVE £45 NOW.

HAMPTON & SONS

Bahamas Division E1, 6 Arlington Street, St. James's, London, S.W.1.

Please send me your *free* colour brochure.

Name

Address

The Mitsubishi man—your trusted adviser in Japan

Mitsubishi Bank, serving the international business community for 85 years with correspondents around the world.

MITSUBISHI BANK

Head Office: Tokyo, Japan **Cable Address:** BANKMITSUBISHI **New York Agency:** 120 Broadway, New York 5, N.Y. **Los Angeles Agency:** 626 South Spring St., Los Angeles 14, Cal. **London Branch:** 7 Birchin Lane, London, E.C.3. Correspondent banks located around the world.

The friendliest, most forward-looking bank in Japan

The image of youthful energy and efficiency that the Saitama Bank projects is winning it many new friends among businessmen, both in Japan and abroad.

It offers the foreign businessman complete, modern, personalized service in the field of foreign trade and exchange. If you're looking for a bank that makes your interests its own, the Saitama Bank is your logical choice.

SAITAMA BANK

Head Office: Urawa, Saitama Pref.
Cable Address: SAIGIN TOKYO Telex: TK2811 (SAIGIN TK2811)
Tokyo Branch & Foreign Dept.: Chuo ku, Tokyo

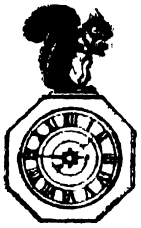
All forms of

PENSION ARRANGEMENTS

transacted on competitive terms

- Group Pensions
- Individual Pensions
- Executive Pensions
- Self-Employed Pensions (Under the 1956 Finance Act)
- Annuity option Endowments

If you have a pension problem you are invited to consult us entirely without obligation.



NATIONAL PROVIDENT INSTITUTION

For Mutual Life Assurance
Established 1835

48 GRACECHURCH STREET
LONDON E.C.3

Telephone: MINcing Lane 4209

The HALIFAX for strength and security

ASSETS £769,920,000 RESERVES £26,300,000

Shares and Deposits in the Society are Trustee Investments

HALIFAX BUILDING SOCIETY

Head Office: Halifax, Yorkshire • *London Offices:* 51 Strand, W.C.2
9 Holles Street, Cavendish Square, W.1 • 62 Moorgate, E.C.2
136 Kensington High Street, W.8

BETTER GRAPES FOR VINTAGE

Only connoisseurs can tell the vintage of wines, but when it comes to banking services, people unanimously agree that the Sanwa Bank's are the most dependable. And the world-wide network of branches and correspondents of your Sanwa Bank are always ready to serve your multiple banking requirements.

SANWA BANK

Head Office: Osaka, Japan
150 Branches in Japan

Overseas Offices:
New York Agency: 1 Chase Manhattan Plaza, New York, N.Y., U.S.A.
San Francisco Branch: 465 California St., San Francisco, California, U.S.A.
London Branch: Garrard House, 31/45 Gresham St., London, E.C.2, England
Hong Kong Branch: 259/265, Des Voeux Road, Central, Hong Kong

INTERNATIONAL FILM TV-FILM AND DOCUMENTARY MARKET

14 - 25 APRIL 1965

A GREAT WORLD SUCCESS

MIFED — the International Film, TVfilm and Documentary Market — meets twice a year in Milan: in APRIL at the time of the Milan Fair, the world's largest annual trade show, and again in OCTOBER.
Interested business representatives and operators are cordially invited to MIFED's Eleventh Cine-Meeting. It will be held from 14 to 25 April 1965. MIFED patrons are entitled to free admission to Milan Fair where a visit, particularly to the following sectors, is recommended: Optics - Photography - Cine - Radio - TV - Electronics - Electrotechnics - Furniture (cinema) - Office Equipment (technical).

MIFED

Information from: MIFED
Largo Domodossola 1
Milano (Italy)
Telegrams: MIFED - Milano

A STORY OF COURAGE

Once upon a time there were 254 strong, healthy men and women like you. They had jobs to go to, families to enjoy, homes of their own to make. They had never met but they shared one thing in common. Each in turn was to be struck down by an incurable disease of the limbs.

First their limbs were to be robbed of their ability to work. Then gradually the limited movement required for leisure was to be denied them. Finally, incapacity was to force them to exchange their home surroundings for a life in hospital.

Those 254 men and women are our patients. First rate medical care and nursing we know we can give them. But to create a new *home* for them, as we try to do, would be impossible were it not for the incredible courage and cheerfulness of the patients themselves. They help us to find for them a new definition of happiness.

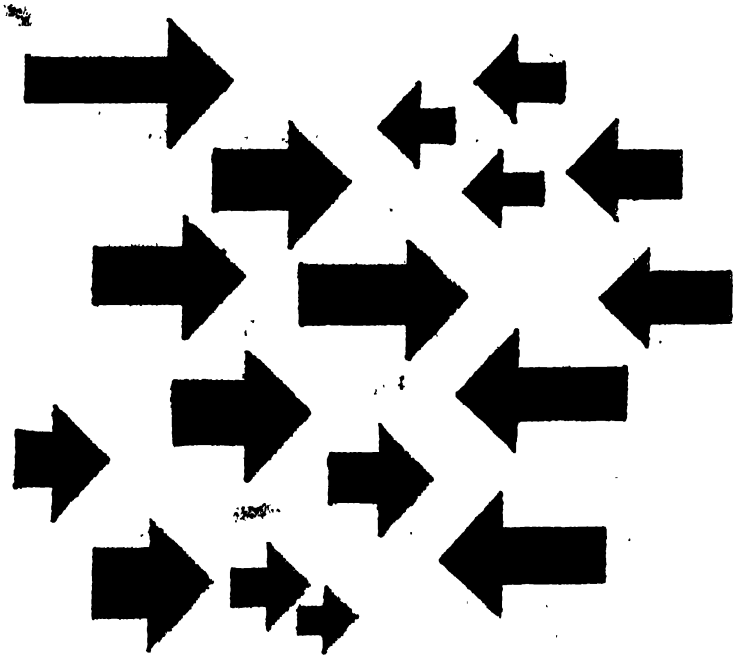
Royal Hospital and Home for Incurables

119H, WEST HILL,
LONDON, S.W.15

RHHI

Please help us. We depend on voluntary contributions

Doing business in Japan?



Japan's leading long-term credit institution offers these valuable services:

- all types of foreign exchange transactions
- promotional services for foreign investments in Japan and Japanese investments abroad
- credit information on Japanese concerns
- loan guarantees
- go-between services for industrial tie-ups with leading Japanese companies

Since 1902

THE INDUSTRIAL BANK OF JAPAN, LTD.

Head Office: Marunouchi, Chiyoda-ku, Tokyo, Japan
New York Office. 30 Broad Street, New York 4, N.Y.
Tel: HAnover 2-0657
Frankfurt Office: Eschersheimer Landstrasse 9, Frankfurt am Main, F.R. Germany
Tel: 558851

STOCK PRICES AND YIELDS

LONDON STOCK EXCHANGE INDICES

1965	THE ECONOMIST-EXTEL INDICATOR (1933=100) Noon	Close	Yield %	FINANCIAL TIMES (1935=100) Ord. Index	Yield %	FT-ACTUARIES INDICES (April 10, 1962=100) 500 Shares	Yield %	2½% Consols Yield	Bargains Marked
Feb. 3	402·1	401·7	5·02	349·7	5·25	110·09	5·11	6·25	11,104
" 4	400·4	400·6	5·04	348·3	5·28	110·06	5·11	6·25	11,853
" 5	400·4	399·3	5·08	347·8	5·30	109·74	5·13	6·25	11,981
" 8	398·6	398·8	5·09	348·1	5·32	109·58	5·14	6·27	14,943
" 9	399·9	400·3	5·11	348·9	5·32	109·80	5·12	6·27	12,371
" 10	400·5	402·2	5·09	350·6	5·30	110·53	5·11	6·26	11,099
	High, 431·5 (October 1, 1964) Low, 371·6 (December 18, 1964)			High, 377·8 (Oct. 1, 1964) Low, 322·6 (Feb. 3, 1964)		High, 118·77 (August 13, 1964) Low, 103·24 (December 18, 1964)			

Prices, 1964/65 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS		Price, Feb. 3, 1965	Price, Feb. 10, 1965	Net Red Yield, Feb. 10, 1965§ £ s. d	Gross Red Yield, Feb. 10, 1965 £ s. d
98 11/16	97 5/16	Savings Bonds 3%	1955-65	98 1/16	98 5/32	5 11 2	6 16 2
93 9/16	90 13/16	Savings Bonds 2½%	1964-67	91 3/8	91 13/16	5 4 7	6 9 3
92¼	88	Funding 3%	1966-68	88 13/16	89½	5 1 11	6 8 7
94¾	88 7/16	Conversion 3½%	1969	89 1/8	89 13/16	4 17 7	6 8 0
98½	94¼	Victory 4%	1920-76	94 3/8*	94 3/8*	3 8 7	5 2 2‡
89 9/16	82 5/16	Savings Bonds 3%	1960-70	83 9/16	84¼*	5 0 8	6 7 8
95¼	90	Funding 4%	1960-90	90 1/8	91 1/8	3 10 4	5 6 7
81 13/16	73¼	Savings Bonds 3%	1965-75	73 11/16*	73 15/16*	4 19 7	6 9 1
79 13/16	72¼	Treasury 3½%	1977-80	72 13/16	72 13/16	4 11 5	6 7 2
96½	88 3/8	Funding 5¼%	1978-80	89	89 1/16	4 1 11	6 9 5
78 15/16	71	Treasury 3½%	1979-81	71 9/16*	71 9/16*	4 11 7	6 7 1
98 15/16	90 3/16	Funding 5½%	1982-84	90 11/16	90 5/8	3 19 2	6 8 0
97 3/16	92 7/16	Funding 5¾%	1987-91	93¼	93 1/8	3 17 6	6 9 3
63 5/8	56¾	Redemption 3%	1986-96	58¼	58 1/8	4 4 2	6 1 5
67 1/8	60¼	Funding 3½%	1999-2004	61 7/16	61 3/8	4 0 7	6 2 7
95 5/8	86	Treasury 5½%	2008-12	86 13/16*	86 11/16*	3 17 3	6 8 3
67	61¼	Consols 4%	after Feb. 1957	62 5/16	62 3/16	3 15 8	6 8 11
60	54 9/16	War Loan 3½%	after 1952	55¼	55 1/8	3 15 2	6 8 7
59¾	54½	Conv. 3½%	after Apr. 1961	55 5/8	55½	3 15 1	6 9 1
51 3/8	46 3/8	Treasury 3%	after Apr. 1966	47¾	47½	3 15 2	6 9 3
43 5/8	39 3/8	Consols 2½%		40 1/8	40 1/16	3 13 7	6 5 7
43½	39 3/8	Treasury 2½%	after Apr. 1975	40 1/8	40 1/16	3 14 4	6 7 9
85 3/16	78 7/16	British Electric 3%	1968-73	79 3/16	79½	4 19 2	6 9 1
80 5/8	73	British Electric 3½%	1976-79	73 5/8	73 11/16	4 11 6	6 7 3
64 1/8	57½	British Gas 3%	1990-95	58 13/16	58 13/16	4 4 4	6 0 11
67	60¼	British Transport 3%	1978-88	61 1/16	61 3/16	4 9 5	6 3 10

Prices, 1964/65 High	Low	DOMINION AND CORPORATION STOCKS		Price, Feb 3, 1965	Price, Feb. 10, 1965	Red Yield, Feb. 10, 1965 £ s d
90¼	85 7/8	Australia 3¼%	1965-69	86 3/8*	86 7/8	6 11 6
103	97¼	Australia 6%	1974-76	98¼	98 1/8	6 8 0
70	65½	Ceylon 4%	1973-75	67	67	9 5 6
102¾	97¼	New Zealand 6%	1976-80	95¼*	95¼*	6 8 0
85	69	Northern Rhodesia 6%	1978-81	81¼	81 1/8	8 1 6p
95¼	92½	South Africa 3½%	1965-67	93¾	93¾	6 19 0
66	53½	Southern Rhodesia 4½%	1987-92	54¼	54¼	8 19 6
89	79¼	Agricultural Mortgage 5%	1959-89	80	80 1/8	6 12 6
94¾	88¼	Birmingham 4¼%	1967-70	89	89¼	6 13 0
97	89	Bristol 5%	1971-73	89¾	90	6 11 6
98¼	87½	Corporation of London 5¼%	1976-79	88½	88½	6 11 0
49¼	41 7/8	LCC 3%	after 1920	45¼*	45¼*	6 10 6
94	84	LCC 5%	1980-83	85 1/8	85 3/8	6 10 0
98 3/8	88	Middlesex 5¼%	1980	89	89	6 11 6

NEW YORK PRICES AND INDICES

	Feb. 3 $	Feb. 10 $		Feb. 3 $	Feb. 10 $		Feb. 3 $	Feb. 10 $
Atch. Topeka	33¾	33 1/8	Chrysler	59½	57½	Inter. Paper	33 3/8	32 5/8
Can. Pacific	62¾	61 3/8	Col. Palmolive	52¾	50¾	Kennecott	102	100
Pennsylvania	39½	39 3/8	Crown Zeller.	59 1/8	57½	Litton Inds.	82½	82¾
Union Pacific	43½	41 7/8	Distillers Seag	33 1/8	32 5/8	Monsanto	90*	88 7/8
Amer. Electric	47	46¼	Douglas	37 7/8	34½	Nat. Distillers	29 7/8	28¾
Am. Tel. & Tel.	67½	66¾	Dow Chemical	81¼	80 7/8	Pan-American	28½	28½
Cons. Edison	97 5/8	94¼	Du Pont.	256	256½	Procter Gamble	78½	76 7/8
Int. Tel. & Tel.	63	61¼	East Kodak	154¼	153¾	Radio Corpn	32¼	31¼
Western Union	35½	35 5/8	Ford Motor	55¼	53	Sears Roebuck	129¾	128½
Alcoa	63¾	63 7/8	Gen. Electric	99¾	97 5/8	Shell Oil	60 1/8	58 7/8
Aluminium	30	28 7/8	General Foods	83½	83¼	Socony-Mobil	90¼	85½
Amer. Can.	43½	43¼	General Motors	100¾	98 1/8	Stand Oil Ind	43 7/8	42 7/8
Am. Smelting	56 5/8	57	Goodyear	48½	48 3/8	Stand Oil N J	86¾	84½
Am. Viscose	92½	92¾	Gulf Oil	59¾	56¾	Union Carbide	134½	133½
Anaconda	61 3/8	58 1/8	Heinz	47 1/8	45 7/8	U S Steel	52	51½
Beth Steel	36 7/8*	35 5/8	Int. Bus. Mach	442¼	439½	West Electric	46¼	46 1/8
Boeing	65 1/8	67	Int. Harvester	78 7/8	78 1/8	Woolworth	27 1/8	27
Celanese	80	79	Inter Nickel	81 3/8	80	Xerox	111 7/8	114¼

Standard and Poor's Indices (1941–43=10)

1965	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Jan. 13	90·74	2·94	46·71	4·30	75·68	3·16	87·06	4·17
" 20	91·50	2·93	47·16	4·26	76·62	3·13	87·16	4·16
" 27	92·21	2·90	47·30	4·24	76·88	3·12	87·36	4·14
Feb. 3	92·64	2·90	47·16	4·26	77·33	3·11	87·16	4·16
" 10	91·32	2·96	46·33	4·33	77·14	3·12	87·16	4·16

425 Industrials :—High, 92·64 (Feb. 3, 1965). Low, 79·74 (Jan. 2, 1964).

Prices, 1964/65 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Feb. 3, 1965	Price, Feb. 10, 1965	Yield, Feb. 10, 1965 %	Cover
				BANKS, DISCOUNT & HP				
59/-	45/-	5 a	6½ b	Barclays £1	55/3	56/-	4·11	..
45/6	37/7½	3 9a	3½ b	Lloyds £1	42/-	40/9	4·61	..
19/9	16/7½	7 a	8 b	Martins 5/-	17/9	17/11½	4·38	..
59/-	44/6	6 a	6 b	Midland £1	53/3	53/3	4·51	..
72/7½	59/6	7½ a	8½ b	Nat. Provincial £1	65/6*	65/3	4·90	..
57/-	42/6	5½ a	7½ b	Westminster 'B' £1	55/9	57/-	4·58	..
54/6	44/7½	4 a	9 b	Australia & N. Z. £1	48/-	47/9	5·03	..
39/9	34/-	3½ a	6 b	BOLSA £1	36/3	35/9	6·31	..
£25 11/16	£22 3/16	$2·15c	$2·20c	Bank of Montreal $10	£25 1/8*	£25*	2·93	..
58/9	49/3	5½a	5½b	Bank of New S. Wales £1	52/3	51/3	5·12	..
39/9	32/7½	3 a	3 b	Barclays DCO £1	39/3	38/9	5·68	..
54/9¼	47/-	7½ a	7½ a	Chartered £1	50/9	52/-	5·77	..
£24¼	£19¾	11/- a	8/- a	Hongk'g & Shang. £25	£23 1/8	£21½*	6·72	..
35/4½	27/4½	5 a	9 b	Nat. Com. Bk. Scot 10/-	28/9	28/3	4·25	..
£30 1/16	£26 1/16	$2·35c	$2·60c	Royal Bk. Canada $10	£30*	£29 11/16*	2·92	..
58/6	43/9	17½ c	7½ a	Standard Bank £1	57/9	58/6	5·98	..
36/-	24/9	16½ b	7½ a	Hambros 5/-	28/9	28/9	4·17	..
34/-	28/9	13 c	21 c	Montagu Trust 5/-	29/9	29/9	3·53	..
68/6	53/-	5½ b	4 a	M. Samuel £1	58/3	58/3	3·26	..
71/-	50/-	9 c	3½ a	Schroders £1	55/-	57/3	3·14	.
54/9	45/-	6¼ a	6¼ b	Union Discount £1	49/3	48/9	5·13	.
15/4½	10/3	4 a	11 b	Bowmaker 5/-	10/10½	10/9	6·98	1½
19/3	12/10½	12½ b	5 a	Lombard Banking 5/-	16/9	16/7½	5·26	..
17/3	12/-	5 a	12½ b	Mercantile Credit 5/-	14/-	14/-	6·25	1¾
24/-	14/6	30 c	9 a	United Domins. Tsr. 5/-	17/3	17/4½	5·76	1½
				BREWERIES, Etc.				
16/3	13/-	5 a	9½ b	Allied Breweries 5/-	14/4½	14/1½	5·13	1½
18/3	15/6	4 a	12 b	Bass, Mitchells & B. 5/-	18/1½	18/4½	4·35	1¾
16/3	13/6	13½ c	5 a	Charrington United 5/-	15/-	14/9	4·75	1½
29/1½	22/4½	5 a	6½ b	Distillers 10/-	24/-	24/4½	4·72	1¾
24/3	18/9	8 a	13 b	Guinness 5/-	22/-	22/-	4·77	1¾
20/9	15/10½	5 a	11½ b	Harveys 5/-	17/4½	17/-	4·85	1¾
69/-	59/6	5 a	8 b	Scottish & Newc Brew. £1	64/3	64/-	4·06	2
19/2½	16/2¼	4¼ a	11½ b	Watney Mann 5/-	17/7½	16/10½	4·74	2
19/-	15/-	11 b	5 a	Whitbread 'A' 5/-	16/6	16/4½	4·89	1¾
				BUILDING, PAINT, Etc.				
62/3½	52/9	8 6c	3½ a	Associated Portland £1	56/6	59/6	2·90	2¼
28/4½	22/7½	10½ c	4½ a	British Plaster Bd. 10/-	26/6	27/3	3·85	1¾
35/-	23/-	18 c	8 a	Richard Costain 5/-	26/-	26/-	3·85*	2
13/6	9/-	8½ b	3½ a	Crittall Mfg. 5/-	10/-	10/2¼	5·89	2
17/3	13/-	24 c	8 a	International Paints 4/-	14/1½	14/3	6·74	1¾
25/6	20/6	5 a	15 b	London Brick 5/-	24/6	24/9	4·04	2½
28/6	23/3	12½ c	5 a	Rugby Portland 5/-	26/10½	26/9	2·34	3
23/7½	17/11½	7½ a	12½ b	Wall Paper 5/-	19/10½	21/3	4·71	2¼
				CHEMICAL				
24/4½	17/10½	15·8c	6 a	Albright & Wilson 5/-	22/3	22/9	3·47	1¾
22/6¾	17/-	5 a	11 b	Borax Defd. 5/-	19/-	18/10½	4·24	2
53/6½	39/6	4½ a	7½ b	Fisons £1	52/3	52/6	4·57	1¾
49/6	41/3	10 c	5 a	I C I £1	44/10½	46/6	4·30	1¼
19/7½	14/-	8¾ b	3¾ a	Monsanto 5/-	16/-	16/1½	3·88	1½
				DRAPERY & STORES				
18/	14/2¼	10 c	4 a	Boots Pure Drug 5/-	16/11½	16/11½	3·10	2¼
34/6	21/-	2 a	6 b	Montague Burton 10/-	25/-	25/-	3·20	1½
46/4½	35/-	6½ a	15½ b	Debenhams 10/-	37/10½	37/9	5·74	1½
48/9	34/6	47 c	11¼ a	Grattan Warehouses 5/-	40/-	40/-	3·75	1¾
47/11¼	39/9	31·8c	10 a	GUS 'A' 5/-	45/-	44/9	3·55	2
33/9¾	23/10½	18½ b	4½ a	House of Fraser 5/-	25/-	25/1½	6·47	1¼
15/10½	12/10½	9½ b	5 a	Lewis's Invest. Tst. 4/-	13/2¼	13/4½	4·34	2
48/1½	32/9	25⅝ c	8¾ a	Marks & Spencer 'A' 5/-	35/-	34/4½	4·18	1½
36/9	27/6	24 c	8 a	United Drapery 5/-	29/10½	30/4½	3·95	1½
33/-	20/-	5 a	14½ b	Woolworth 5/-	20/3	20/4½	4·91	1½
				OIL				
64/4½	46/8¼	†8½ b	†3½ a	British Petroleum £1	55/3	55/1½	6·58	2½
61/10½	48/9	†1½ c	†4 7/12a	Burmah Oil £1	51/-	50/7½	7·31	1
£19	£16 5/16	29 1c	13 a	Royal Dutch 20 fl.	£17¾	£17⅞	3·24	2½
42/1½	32/9	†18½ b	†11½ a	Shell Transport 5/-	35/4½	35/9	6·85	2¼
31/-	23/9	...	...	Ultramar 10/-	26/3	27/3		..

FOREIGN AND OVERSEAS STOCKS

	Feb. 3 Frcs.	Feb. 10 Frcs		Feb. 3 %	Feb 10 %		Feb 3 %	Feb 10 %
FRANCE			**GERMANY**			**HOLLAND**		
Air Liquide	668	651	A.E.G.	497	494½	A.K.U.	530½	531½
Banque de Paris	325 5	318	Bad'che. Anilin.	583	591	Amster. Rot. Bk	Fl 69	Fl. 68 8
Citroen	140	137	Bayer	602	603	Bijenkorf	787½	800
C. F. Petrole	186 5	183	Commerzbank	478	477	Heineken	479½	475
Cie. G d'Elect	490	480	Deutsche Bank	542	530	Internuij (Fl.50)	Fl 214	Fl.213
Machines Bull	120 5	115·5	Hoechst Farb.	533¼	537	K. N. Hoogoven	547	555¼
Pechiney	201	193	Kundenkredit	395	394	Kon. Zout-Ket	988½	991
Printemps	226	223	Loewenbrau	1,105	1,105	Philips (Fl.25)	Fl 157 5	Fl 157
Rhone-Poulenc	317	312	Mannesmann	216½	216	Robeco (Fl 50)	Fl.237	Fl.237
S I.M	321 5	318	Siemens	575	578½	Thomassen & D	663	663
Saint-Gobain	257 5	245	Thyssen-Huette	196½	198	Valeurop.	Fl 68 4	Fl 68 2
Usinor	126	120	Volkswagen	558	556	Zwanenberg	1,072	1,088
Index	95 8	93 5	*Herstatt Index*	*102·95*	*102·04*	*Index*	366 6	364 2
High	99 8	(4 1.65)	*High*	*111·46*	*(6.4.64)*	*High*	366 6	(3.2.65)
Low	93 5	(10 2 65)	*Low*	*99·88*	*(2.1.64)*	*Low*	326 5	(23 7 64)
Dec 31, 1964=100			*Dec. 31, 1959=100.*			*1953=100*		

ITALY	Lire	Lire	BELGIUM	Frcs	Frcs	SWEDEN	Kr	Kr
Ass Generali	75,300	76,890	Arbed	5,770	5 050	Alfa Laval B.	353	350
Bredа	3,585	3,630	Bque. Nat de Bel	12,200	12,250	Asea	435	430
Edison	2,090	2,119	Bque Soc Gen	4,255	4,150	Elektrolux	223	220
Fiat	1,705	1,738	Cockerill-Ourg	1,950	1,914	Ericsson B Kr 50	218	211
Finsider	799	824	Esperance Long	3,875	3,750	Skand Banken	188	189
La Centrale	9,260	9,599	Hoboken	5,440	5,460	Sv. Cellulosa	285	278
Montecatini	1,495	1,543	Innovation	4,180	4,205	Sv. Handelsbank	208	210
Motta	12,299	12,260	Photo Gavaert	2,090	3,170	Tandstk. B Kr 50	178	173
Olivetti	1,810	1,800	Sidro	1,042	1,044	*Index*	*256 83*	*251 79*
Pirelli S p A.	2,968	3,106	Soc Generale	15,625	15,550	*High*	260 77	(1.2.65)
Rinascente	447	445	Sofina	9,700	9,890	*Low*	*204 30*	*(2.4 64)*
Snia Viscosa	3,964	4,065	Un Miniere 1/10	906	902	*Dec 29, 1956=100*		
Index	*393 44*	*391 73*	*Index*	*134 34*	*134 52*			
High	*552 61*	*(3 1 64)*	*High*	*139 40*	*(6.1.65)*			
Low	*360 73*	*(14 1 65)*	*Low*	*125 02*	*(24.6.64)*			
1950=100			*Dec 31 1953=100.*					

NORWAY	%	%
Bergens Priv'bk	192	193½
Borregaard	192	197½
Norsk Hydro	255	255

* Ex dividend. † Tax free. ‡ Assumed average life, 7 years. § The net redemption yields allow for tax at 7s. 9d in £ ‖ Ex capitalisation ¶ Ex rights ‡‡ Equivalent to 8·0 sterling.
(a) Interim dividend. (b) Final dividend (c) Year's dividend (e) To earliest date (f) Flat yield. (g) Ex all. (h) After Rhodesian tax. (l) To latest date. (n) Interim since reduced or passed.
(p) Resulting from split of Federation of Rhodesia & Nyasaland Stock Japanese prices supplied by Daiwa Securities, Tokyo Canadian 65 Stock Industrial Index supplied by the Montreal Stock Exchange

LONDON : NEW YORK : FRANCE GERMANY : HOLLAND : ITALY BELGIUM : SWEDEN : NORWAY — MONEY AND EXCHANGES

High (Prices, 1964/65)	Low	Last Two Dividends (a) (b) (c) %	%	Ordinary Stocks	Price, Feb. 3, 1965	Price, Feb. 10, 1965	Yield, Feb. 10, 1965 %	Cover
				ELECTRICAL & RADIO				
51/3	36/-	6¼ b	3¾ a	AEI £1	45/-	45/3	4·42	3
78/6	65/3¾	12½ c	6 a	BICC £1	72/9	73/7½	4·07**	2
15/9	12/-	5 d	6 b	Crompton Parkinson 5/-	13/5¼	13/6	4·07	2½
82/-	60/6	7½ d	20 b	Decca 10/-	68/-	67/6	4·07	1¾
30/11¼	19/7½	12½ c	5 a	EMI 10/-	27/7½	27/9	4·50	2¼
24/9¾	16/6¾	9½ c	4 a	Elliott-Automation 5/-	17/10½	17/8¼	2·68	1¾
50/-	40/3	7 b	3 a	English Electric £1	47/-	47/9	4·19	2¼
45/9	28/6	3·91c	3 a	General Electric £1	43/-	44/9	3·35**	2¼
69/3	43/9	8⅛ b	4⅜ a	C. A. Parsons £1	46/6	51/9	4·83	1
145/-	122/6	10 b	6 a	Philips Lamp Works 10 fl.	136/6	136/-	2·35	2
44/9	30/-	5½ a	6½ b	Plessey 10/-	36/6	34/10½	3·44	2½
26/3	15/7½	11·4c	20 c	Pye (Cambridge) 5/-	18/7½	18/3	5·48	2
51/-	36/1½	15 a	25 b	Radio Rentals 5/-	40/6	40/6	4·94	2
50/7½	41/3	4⅞ b	2 7/16 a	A. Reyrolle £1	45/6	45/7½	3·48**	2½
93/3	58/-	22½ c	15 a	Thorn Electrical 5/-	76/-	72/6	1·55	4½
				ENGINEERING				
45/9	30/3	4½ b	4½ a	Babcock & Wilcox £1	31/9	33/-	5·45	1
41/3	32/-	7 b	4 a	John Brown £1	35/-	35/6*	6·20	1¼
10/-	7/-	8 b	4 a	Cammell Laird 5/-	7/8¼	7/6¾	7·93	2
38/4½	22/3	10 a	20 b	Internat. Combust. 5/-	24/9	27/3	5·50	1¼
29/3	19/3	7½ b	2½ a	Swan Hunter £1	26/3	25/6	7·84	¾
10/6	7/-	5¾ b	3 a	John Thompson 5/-	7/7½	7/9¾	8·60**	1¾
35/-	27/7½	†3¾ a	†6¼ b	Coventry Gauge 10/-	34/6	35/-	4·67	2
51/-	40/-	†4⅔ b	†2 a	Alfred Herbert £1	44/9	46/-	4·73	1½
32/-	21/6	12½ a	11¾ b	Acrow (Eng.) 'A' 5/-	27/3	26/6	4·36**	1½
32/3	22/9	17½ b	7½ a	Allied Ironfounders ..5/-	24/10½	25/1½	4·98	2
24/0¾	19/1½	15 b	5 a	Averys 5/-	21/5¼	21/6¼	4·64	1¾
19/7½	14/1½	4 a	6 b	BSA 10/-	19/4½	19/7½	5·10	1¼
10/0¾	7/8¼	9 3c	4 a	George Cohen 5/-	10/-	9/10½	5·40**	1¾
14/-	10/1½	6 b	5 a	Davy-Ashmore 5/-	12/6	12/7½*	4·36	...
52/-	44/10½	11⅕ c	5 a	Guest, Keen £1	47/9	48/6	4·67	2
21/1½	14/3	12 b	4 a	Head Wrightson 5/-	17/3*	16/9	4·78	2
63/5¼	52/7½	†1⅕ c	5 a	Metal Box £1	57/9	57/6	3·90	1½
19/6	15/9	4 a	13 b	Ransome & Marles ..5/-	16/1½	16/1½	5·27	2
41/9	33/1½	8¼ c	4½ a	Renold Chains £1	39/-	39/7½	4·54**	1¾
67/3	58/-	7 b	8 b	Tube Investments £1	62/9	62/7½	4·79	2
31/1½	21/4½	7½ a	2½ a	Vickers £1	23/4½	23/9	8·42	1
50/-	40/8¼	2½ c	9⅙ b	Ward (Thos. W.) £1	47/-	45/6	7·69	2
21/6	10/7½	17½ b	7 a	Wellman Smith Owen 5/-	11/-	11/2¼*	6·70**	1
18/6	12/6	16 b	5 a	Woodall-Duckham ...5/-	14/6	14/6	7·24	1½
				FOOD & TOBACCO				
32/-	26/10½	12½ c	14 c	Allied Suppliers 10/-	30/9	31/2¼	4·49	2¼
8/1½	6/4½	28½ c	16 a	Assoc. British Foods .1/-	7/8⅛	7/8¼	3·71	2
46/6	35/-	8 b	4 a	Bovril £1	38/9	37/9	6·36	2
13/-	10/4½	†2½ a	†5 b	Brooke Bond 'B' 5/-	12/1½	12/1½	5·08	2¾
8/11¼	7/-	13¾ c	7 a	Fitch Lovell 2/6	8/4½	8/1½	4·31**	2½
11/1½	8/8¼	8⅓ b	1⅔ a	International Stores .5/-	10/3¾	10/4½	4·82	2
93/3	72/6	12½ b	5 a	J. Lyons 'A' £1	82/6	87/-	4·02	2
35/4½	30/6	5½ a	10½ b	Ranks Hovis 10/-	32/6	32/1½	4·98	2
36/6	30/-	14 c	7 a	Reckitt & Colman ..10/-	31/-	31/3	4·48	2
15/9	12/10½	11½ c	3½ a	Spillers 5/-	15/3	15/4½	4·07**	2¼
39/3	30/6	8 a	2 b	Tate & Lyle £1	33/9	33/3*	6·02	2
9/6	6/1½	25 c	12 a	Tesco Stores 1/-	9/6	9/4½	2·67	2¼
14/11¼	10/10½	13⅙ c	5 a	Unigate 5/-	13/9*	13/9	4·95	1¾
56/-	47/9	†9⅔ a	†10⅚ b	Brit. Amer. Tobac. 10/-	52/9	48/6	7·29	2½
25/4½	20/5¼	11 4b	5 a	Gallaher 10/-	24/3	23/-	7·39**	2¼
54/9	39/-	6 a	14 b	Imperial Tobacco £1	53/-	53/6	7·48	2
				INSURANCE				
6¼	[illegible]	91⅔ c	43⅓ a	Britannic 5/-	5⅝	5¾	3·99	..
48/3	37/3	25 b	20 a	Commercial Union ..5/-	39/3	38/9	5·81	..
6 3/16	4⅜	†26⅔ c	†26⅔ c	Equity & Law Life ..5/-	4⅞	4⅞	2·23	..
68/9	42/3	25 b	12½ a	General Accident 5/-	46/9	47/9	3·93	...
40/3	27/3	15 b	11⅔ a	Guardian 5/-	30/9	33/3	4·01	..
12⅛	8⅝	50 b	50 a	Legal & General 5/-	9 3/16	9¼	2·70	..
162/6	105/-	13 b	11 a	Northern & Empl. £1	115/-	117/6	4·09	..
11¼	9 3/16	†95 b	†20 a	Pearl 5/-	9¼	9⅜	5·01	...
26½	21	†291⅔ c	†125 a	Prudential 'A' 4/-	24½	24¼	3·93	...
40/-	33/6	16⅔ b	15 a	Royal 5/-	35/6	36/-	4·40	...
95/-	69/9	11¼ b	7½ a	Royal Exchange £1	71/3	72/3	5·19	..
				MOTORS & AIRCRAFT				
17/10½	11/9	5 a	5 b	Birfield 5/-	13/10½	14/-	3·57	3½
18/-	13/8¼	20 c	20 c	British Motor 5/-	14/9¾	14/9	6·78	1¾
47/6	26/9	10 c	12½ c	Jaguar Cars 'A' 5/-	32/-	31/6	1·98	6¾
11/9	6/1½	4 c	4 c	Rootes Motors 'A' 4/-	53/9*	7/-	2·29	3
56/-	37/2¼	2½ a	8½ b	Leyland Motors £1	53/9*	51/9	4·25	1¾
24/-	14/3	8½ b	5 a	Bristol Aeroplane ...10/-	15/6	14/6	9·31	2
39/6	27/4½	7 b	5 a	Hawker Siddeley £1	30/6	28/1½	8·53	1¾
39/-	23/8¼	7½ b	2½ a	Rolls-Royce £1	36/9	36/6¾	5·47	2
37/-	27/3	†8 c	†3¼ a	Dowty Group 10/-	33/9*	31/6	4·15	2
31/6	25/7½	13·8c	5 a	Dunlop Rubber 10/-	30/4½	30/9	4·49	1½
40/3	32/9	2½ a	5⅚ b	Joseph Lucas £1	35/3	33/-	5·05	2½
22/10½	13/3	20 c	9 a	Pressed Steel 5/-	18/6	19/9	5·06	¾
35/3	27/7½	4 a	8½ b	Triplex Holdings 10/-	30/1½	30/4½	4·12	2½
				PAPER & NEWSPAPERS				
49/6	38/-	20 b	5 a	Financial News 5/-	44/6	45/-	2·78	2¾
72/-	56/-	30 b	7½ a	Financial Times 5/-	64/-	65/-	2·88	2½
20/6	15/-	14 b	6 a	Internat. Publishing ..5/-	16/7½	16/7½	6·02	1½
31/6	26/-	16 b	14 a	News of the World ..5/-	30/9	31/3	4·80	2
64/6	49/-	11 c	4 a	W. H. Smith & Son 'A' .£1	54/-	54/6	4·04	2
24/3	16/-	14 b	10 a	Thomson Org'n. 5/-	20/1½	20/1½	5·96	1½
51/9	40/-	6¼ b	5 a	Bowater Paper £1	43/3	43/4½	5·19	1½
25/3	19/6	22½ c	10 a	British Printing 5/-	21/-	20/10½	5·39	1¾
36/-	27/6	10 c	13⅓ c	Bunzl Pulp 5/-	29/9	29/6	2·54**	4¼
65/7½	52/3	11 b	5 a	Reed Paper £1	55/9	55/9	5·74	1½
61/6	43/-	10 b	4 a	Wiggins Teape £1	45/6	48/-	5·83	2
				STEEL				
38/-	26/-	6 a	10 b	Colvilles £1	30/6	30/3	10·58	1½
30/3	21/3	4 a	10 b	Dorman Long £1	27/-	26/9	10·47	1½
27/-	19/3	3½ a	6½ b	Lancashire Steel £1	20/3*	20/-	10·00	1
27/-	14/4½	4 a	8 b	South Durham £1	18/6	18/1½	13·24	1¼
25/6	17/9	3¾ a	6¼ b	Steel Co. of Wales ..£1	19/6	19/5¼	10·29	...
39/6	24/9	5 a	12½ b	Stewarts & Lloyds £1	34/-	33/9	10·37	1½
38/4½	27/6	6 a	10 b	John Summers £1	30/3	30/-	10·67	1¾
37/9	23/9	6 a	9 b	United Steel £1	30/3	30/3	9·92	1

High (Prices, 1964/65)	Low	Last Two Dividends (a) (b) (c) %	%	Ordinary Stocks	Price, Feb. 3, 1965	Price, Feb. 10, 1965	Yield, Feb. 10, 1965 %	Cover
				MISCELLANEOUS				
26/6	18/9	20 b	10 a	Assoc. British Picture 5/-	24/10½	24/4½	4·15	2
14/11¼	8/2¼	10 a	32½ b	Assoc. Television 'A' 5/-	16/11¼	14/2¼	7·98	2
29/-	25/1½	3 a	6½ b	Wm. Baird £1	28/9	28/6	6·67	2
21/4½	19/3	48 c	8 a	Beecham Group 5/-	19/10½	19/9	4·86	1¾
23/2	17/2	16⅔ b	13⅓ a	Bookers 10/-	19/-	18/9	8·71	2½
48/10½	38/6	7½ b	3½ a	British Match £1	42/4½	42/9	5·07	2
13/-	8/6	3 a	7 b	British Oxygen 5/-	9/6¾	9/7½	6·10	1½
12/-	9/1½	8½ b	3 a	British Ropes 5/-	10/6	10/5¼	5·41	1¼
16/1½	9/10½	65 c	17½ a	Butlin's 5/-	10/7½	10/9	5·12**	1
39/10½	28/9	10 b	5 a	De La Rue 10/-	30/-	30/6	4·92	1½
28/6	15/3	8 c	12 c	Dragee 5/-	18/9	18/7½	3·22	2¾
24/10½	20/-	11½ a	6 a	Gestetner 'A' 5/-	24/3	23/9	2·[illegible]	2½
34/6	22/9	5·6d	8 a	Glaxo 10/-	31/9	31/9	4·28	2¼
57/-	48/4½	7·14c	12 b	Harrisons & Cr. Defd. £1	45/6	45/3	6·23	2
51/3	43/3	55 b	15 a	Hoover 'A' 5/-	45/7½	46/4½	5·93	2
114/-	95/6	12·04b	7·04a	Hudson's Bay £1	98/-	97/3	3·82	2¼
58/9	39/3	4⅙ a	7/12 b	ICT £1	48/-	46/4	4·84	2
33/3	17/3	12 b	11 a	Mecca 'A' 5/-	18/10½	18/7½	6·17	1
38/9	31/2	11·4a	12½ c	National Canning £1	34/-	34/6	7·25	1
24/9	19/10½	7 b	3 a	Powell Duffryn 10/-	20/7½	20/7½	4·85	2
45/9	26/9	7½ d	11¼	Rank Organisation 5/-	29/6	29/3	3·21	2½
16/7½	11/7½	12½ c	4 a	Schweppes 5/-	12/4½	13/1½	4·76	1½
29/9¾	17/2¼	25 c	25 c	Sears 'A' 5/-	20/11¼	20/0¾	6·23	1¼
23/9	19/-	15 c	5 a	Steetley 5/-	22/6	22/6	5·33	2¼
25/-	21/-	24 c	10 a	Thomas Tilling 4/-	22/-	22/6	4·89**	1½
47/-	37/6	3¾ a	7 b	Turner & Newall £1	40/-	41/-	5·24	1¾
36/9	32/1½	22½ c	9⅙ a	Unilever 5/-	33/4½	33/3	3·38	3
10 3/32	8 11/16	18·9c	7·65a	Unilever NV ....12 fl.	8 13/16	8⅞	2·54	3
15/-	10/9	10 b	5 a	United Glass 5/-	10/10½	11/-	6·82	1¼
42/6	23/3	†4⅙ a	†10⅚ b	United Molasses 10/-	27/-	25/10½	9·46	1¼
				MINES				
252/6	196/3	60 b	40 a	Anglo-American 10/-	246/3	252/6	5·96	1¾
98/3	79/-	10 a	20 b	Consolid. Gold Fields .£1	92/-	94/6	6·35	2¼
145/3	118/1½	20 b	15 a	General Mining £1	133/9	133/1½	5·26	2
106/9	71/6	136 c	40 a	Union Corporation ..2/6	104/-	105/-	3·24	3¾
136/3	98/1½	70 a	120 b	Free State Geduld ...5/-	123/9	130/-	7·31	1¼
109/4½	82/9	33 a	33 b	W. Driefontein 10/-	101/10½	106/3	6·21	2
66/3	41/3	6¼ a	8¾ b	Western Deep 'A' £1	60/7½	63/9	4·71	6¾
210/7½	152/6	115 a	160 b	Western Holdings ...5/-	199/4½	205/-	6·71	1¼
66/-	46/3	36⅔ b	13⅓ a	Chartered 15/-	61/9	57/9*	5·93**	...
72/6	55/7½	30 a	60 b	Rhod. Anglo-Amer. ..10/-	60/9	62/3	14·46h	1¼
51/7½	38/9	7½ a	14 7/16 b	Roan Selection Tst. £1	41/3	41/9	10·51h	2
15/4½	10/3	7½ c	7½ c	Tanganyika Cons. 10/-	11/9	11/11½	6·32	1¼
151/3	111/3	150 c	60 a	De Beers Defd. Reg. ..5/-	145/-	148/1½	5·06	2
$178	$136	$2·25c	$2·75c	Internat. Nickel ...n.p.v.	$158½	$156	3·15	...
24/1½	16/1½	30 b	7½ a	London Tin 4/-	18/4½	17/4½	8·63	1½
35/6	27/4½	17½ c	5⅚ a	RTZ 10/-	30/-	31/10½	5·49	1¾
26/6	18/-	50 c	32½ a	Tronoh 5/-	19/9*	19/3	12·99	1
				SHIPPING				
50/9	40/3	2 a	5½ b	Anglo Norness £1	43/-	42/9	3·51	4
21/9	17/-	10·7c	4 a	Brit. & Com'wealth 10/-	18/9	18/9	5·71	1¼
17/10½	13/9¾	4 c	5 a	Cunard £1	17/0¾	16/9¾	8·95	...
37/-	26/-	8 c	10 c	Furness Withy £1	32/9	33/6	5·97	...
33/6	22/10½	10·7c	3 a	P & O Defd. £1	29/9	31/6	6·35	...
17/-	10/3	3 c	3 c	Royal Mail £1	14/5¼	14/0¾	4·27	...
				TEXTILES				
11/11¼	7/10½	10⅛ c	6 a	English Sewing Cotton 5/-	10/3	10/3	5·85**	1¾
23/4½	16/11¼	20 c	8⅓ a	Courtaulds 5/-	21/9	21/9	4·60	1¾
72/9	57/6	6 a	12 b	West Riding Worsted .£1	58/-	58/-	6·21	1¾
29/-	19/4½	7½ b	2½ a	Woolcombers £1	20/1½	20/10½	9·58	1
11/8¼	7/9¾	4 a	10 b	Calico Printers 5/-	11/2¼	10/11¼	6·40	2½
50/7½	37/9	12½ c	4¾ a	Coats, Patons & B. £1	43/7½	43/9	6·17**	1½
23/-	10/11¼	5 c	15 c	Viyella Int. 5/-	20/-	21/1½	4·14**	1¾
				TRUSTS & PROPERTY				
26/3	21/-	15 c	7	Alliance Trust 5/-	23/4½	23/3	3·23	1¼
59/9	47/10½	37½ b	25 c	BET 'A' Defd. 5/-	52/1½	51/10½	6·02	1½
20/4½	15/4½	6¼ a	7¼ b	Cable & Wireless 5/-	17/1½	17/1½	2·94	1¼
23/-	15/6	9½ b	5½ a	Philip Hill 5/-	18/3	18/3	4·11	1½
33/3	25/9	23 c	11½ a	Industrial & General .5/-	29/3	29/-	3·97	1¼
44/-	23/-	17½ b	12½ a	City Centre Props. ..5/-	25/4½	25/1½	5·97	1
78/-	53/-	16 c	6 a	City Lond. Real Prop. .£1	57/6	57/6	5·57	1
21/8¼	15/-	5¼ b	2 a	Land Securities 10/-	17/8¼	17/4½	4·17	1
33/-	23/6	18⅔ c	4⅙ a	Lond. Cnty. Freehld. .10/-	27/1½	27/4½	6·09	1
				TEA & RUBBER				
53/6	43/-	†17½ b	†2½ a	Cons. Tea & Lands £1	47/-	47/6	13·75	1½
28/9	23/9	†5 b	†3 a	Jokai (Assam) £1	23/9	24/-	10·89	...
3/10½	3/-	20 8c	8⅓ a	Highlands & Lowlands 2/-	3/4½	3/3¾	12·56	1½
4/3¾	3/2¼	23⅔ b	5 a	London Asiatic 2/-	3/6¾	3/6¾	15·91	1½
60/7½	45/9	24 b	8 a	United Sua Betong £1	49/6	49/-	13·06	1½

FOREIGN AND OVERSEAS UNIT TRUSTS

	February 10		Yield
Brown, Shipley:			
EURIT	£12/19/3	£13/8/6	2·30
ESPAC	£10/6/9	£10/13/0	2·20
FRANCIT	£9/11/9	£9/19/6	1·70
GERMAC	£9/14/6	£10/2/3	1·70
ITAC	£13/18/9	£14/8/6	2·60
DENAC	£7/13/6	£8/0/6	1·40
Calvin Bullock:			
Bullock Fund ...	117/7½	120/3*	2·31
Canadian Inv. ...	30/9	31/9	2·92
Canadian Fund .	157/7½	161/7½*	1·91
Dividend Shares .	29/10½	30/4½	2·92
Charterhse. Japhet:			
Adiropa	101/7	106/4	4·91
Fondak	75/11	78/8	5·27
Nurit	£9/7/0	£9/14/7	3·84
Interstor	£7/14/6	£8/0/9	2·32
Romit	£9/13/3	£10/0/11	3·10
Develop. Finance:			
Delfin Australian	3/4½	3/8	3·03

	February 10		Yield
Dillon Walker:			
C.I.G.F.	79/7	84/5	...
Kleinwort, Benson:			
Interitalia (It.)	69/4½	73/-	2·12
Intertec (Intl.)	89/-	93/6	1·76
Signet (Bermuda) .	90/10	93/1	0·94
Unifonds (Ger.) ..	59/4½	62/10½	6·47
Kleinwort, Benson/Hambros Bank:			
Eurinvest (EEC) ..	142/-	150/1½	2·15
Pan-Australian Unit Trust:			
Pan-Aust.	9/6	10/-*	4·26
St. Michael's Securities:			
Israel Unit	17/-	17/9½	2·36
Rothschild & Philip Hill:			
Eurunion (Lux. Fr.)	1,728	1,798	2·78
Finance Union (Lux. Fr.)	533	554	2·53

* Yields based on assumed dividends:—Acrow (Eng.) 'A', 23·1%. BICC, 15%. Bunzl Pulp, 15% Burmah Oil, 11⅓%, tax free. Butlin's, 55%. Chartered, 26⅔%. Coats, Patons & B., 13½%. George Cohen, 10⅔%. Richard Costain, 20%. English Sewing Cotton, 12%. Fitch, Lovell; 14%. Gallaher, 17%. General Electric, 7½%. Grattan Warehouses, 30%, after scrip issue. Marks & Spencer 'A', 28¾%. Renold Chains, 9%. A. Reyrolle, 8 4%. Spillers, 12½%. John Thompson, excludes special bonus, 4%. Thomas Tilling, 27½%. Viyella Int., 17½%. Wollman Smith Owen, 15%.

MONEY AND EXCHANGES

KEY MONEY AND ARBITRAGE RATES

February 10

London

	%		%
Bank rate (from 5%, 23/11/64)	7	**Market discount rates:** *(3 months')*:	%
Deposit rates		Treasury bills ...	$6\frac{19}{32}$
7 days' notice:		Bank bills	$6\frac{11}{16}$–$6\frac{3}{4}$
Clearing banks	5	Fine trade bills..	$7\frac{3}{4}$–8
Discount houses ...	5		
Local authorities...	$7\frac{1}{4}$	**Euro-dollar deposits:**	
3 months' fixed:		7 days' notice ...	$3\frac{3}{4}$–$4\frac{1}{4}$
Local authorities...	$7\frac{1}{4}$	3 months'	$4\frac{1}{4}$–$4\frac{3}{4}$
Finance houses	$7\frac{3}{8}$		
Call money:		**Euro-sterling deposits** (in Paris):	
Clearing banks' minimum	$5\frac{3}{8}$	2 days' notice ...	7–$7\frac{1}{4}$
Day-to-day spread .	$5\frac{3}{8}$–$6\frac{3}{8}$	3 months'	$6\frac{7}{8}$–$7\frac{1}{8}$

New York

Treasury bills:		**Market paper:**	
February 3.......	3·89	Bank bills	4·13
" 10.......	3·90	Certs. of deposit.	4·13
Forward cover *(3 months')*:			
Annual interest cost, US dollars			$2\frac{13}{32}$–$2\frac{19}{32}$

Covered Arbitrage Margins

	In favour of:	
Treasury bills	London	$\frac{1}{16}$
Prime bank bills	London	$\frac{3}{32}$
Euro-dollar/UK local authority loans..........	London	$\frac{1}{4}$
Euro-dollars/Euro-sterling .	New York	Neg.

These covered arbitrage margins show the differentials in rates on the particular sterling and dollar assets, as adjusted for the cost of forward exchange cover, shown above.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91-Day Average Rate of Allotment	Allotted at Max. Rate *	Tender Issue Out-standing
1964	91-Day		s. d.	%	
Jan. 31	200·0	383·3	75 2·01	10	3,070·0
Nov. 6	250·0	457·5	93 5·09	41	3,330·0
" 13	240·0	422·6	93 3·71	33	3,320·0
" 20	240·0	395·0	94 8·31	46	3,300·0
" 27	220·0	327·9	132 7·25	63	3,260·0
Dec. 4	200·0	335·1	132 4·62	37	3,200·0
" 11	230·0	388 2	132 5·45	33	3,170·0
" 18	200·0	332·9	132 5·83	40	3,070·0
" 24	220·0	336·7	132 6·52	52	3,070·0
1965					
Jan. 1	190·0	336·7	132 5·39	28	3,000·0
" 8	180·0	310·5	132 5·81	31	2,930·0
" 15	170·0	321·2	132 5·68	20	2,850·0
" 22	160·0	306·0	131 10·84	57	2,750·0
" 29	160·0	324·7	130 10·29	41	2,660·0
Feb. 5	160·0	327·2	129 5·59	34	2,570·0

* On February 5th tenders for 91-day bills at £98 7s. 8d. secured 34 per cent, higher tenders being allotted in full. The offer for this week was for £170 million 91-day bills.

MONEY MARKET REPORT

These are difficult days for the discount houses and they come following a difficult year. Gillett Brothers in the year to end January has reported a fall in its published profits from £451,000 to £149,000 and since this time there has been no transfer into or out of reserves the latter is actually a true profit figure. Currently Gillett Brothers is affected by the acute shortage of Treasury bills. At last week's tender the syndicate of discount houses raised its bid for the third successive week by 4d. to £98 7s. 8d. And the average rate of discount fell by 1s. 4.70d. to £6 9s. 5.59d.

As in the previous week the Bank of England was quick to react to any suggestion that this downward movement in interest rates was official policy by forcing four or five of the discount houses to borrow a large amount at Bank rate to make up their balances. And on Tuesday of this week four or five houses were again forced into the Bank to borrow a moderate amount at Bank rate. Although the syndicate raised its bid, its quota fell again to 34 per cent against 41 per cent in the previous week and 57 per cent two weeks ago. With rising hopes of a reduction in Bank rate during the three months' life of a Treasury bill outside applications for bills rose by a further £2½ million to £327 million. This week's offer of bills is raised by £10 million to £170 million which should bring some partial easing of the present shortage.

Despite the fall in the Treasury bill rate here, the margin on swaps of Treasury bills has swung in London's favour as a result of a sharp fall in the cost of forward cover.

Bank of England Returns

(£ million)	Feb. 12, 1964	Feb. 3, 1965	Feb. 10, 1965
Discounts and advances...	23·2	81·9	109·8
Notes in circulation......	2,411·9	2,576·0	2,599·0

LONDON CLOSING EXCHANGE RATES

Spot

	Effective Limits	February 3	February 10
US $.......	2·78–2·82*	$2{\cdot}79\frac{7}{16}$–$\frac{9}{16}$	$2{\cdot}79\frac{7}{16}$–$\frac{9}{16}$
Canadian $.	...	$3{\cdot}00\frac{3}{16}$–$\frac{5}{16}$	$3{\cdot}00\frac{3}{16}$–$\frac{5}{16}$
French Fr...	13·622–14·027	$13{\cdot}69\frac{1}{4}$–$\frac{1}{2}$	$13{\cdot}69\frac{5}{8}$–$\frac{7}{8}$
Swiss Fr....	11·94–$12{\cdot}54\frac{7}{8}$	$12{\cdot}08\frac{3}{8}$–$\frac{5}{8}$	$12{\cdot}10\frac{1}{8}$–$\frac{3}{8}$
Belgian Fr. .	138·06–142·05	139·65–70	$138{\cdot}72\frac{1}{2}$–$77\frac{1}{2}$
Dutch Gld. .	$9{\cdot}98\frac{3}{4}$–$10{\cdot}28\frac{1}{2}$	$10{\cdot}03\frac{7}{8}$–$4\frac{1}{8}$	$10{\cdot}04\frac{3}{8}$–$\frac{5}{8}$
W. Ger. Dm.	11·037–11·365	$11{\cdot}11\frac{5}{8}$–$\frac{7}{8}$	$11{\cdot}12\frac{1}{8}$–$\frac{3}{8}$
Italian Lire .	1725–1775	$1746\frac{1}{4}$–$\frac{3}{4}$	$1{,}746\frac{1}{2}$–47
Swedish Kr.	$14{\cdot}27\frac{1}{4}$–14·70	$14{\cdot}35\frac{1}{4}$–$\frac{1}{2}$	$14{\cdot}35\frac{1}{2}$–$\frac{3}{4}$
Danish Kr. .	$19{\cdot}06\frac{1}{2}$–19·62	19·32–$\frac{1}{4}$	$19{\cdot}32\frac{7}{8}$–$33\frac{1}{8}$
Austrian Sch.	72·25–73·345	72·20–23	72·26–29

* Official limits.

Three Months Forward

	February 3	February 10
United States $................	$1\frac{15}{16}$–$1\frac{13}{16}$c. pm	$1\frac{13}{16}$–$1\frac{11}{16}$c. pm
Canadian $	$1\frac{7}{8}$–$1\frac{3}{4}$c. pm	$1\frac{13}{16}$–$1\frac{11}{16}$c. pm
French Fr......................	$9\frac{3}{4}$–$9\frac{1}{4}$c. pm	$9\frac{1}{4}$–$8\frac{3}{4}$c. pm
Swiss Fr.	$11\frac{3}{4}$–$11\frac{1}{2}$c. pm	$11\frac{5}{8}$–$\frac{3}{8}$c. pm
Belgian Fr.....................	90–80c. pm	80–70c. pm
Dutch Gld.	$7\frac{7}{8}$–$7\frac{5}{8}$c. pm	$7\frac{3}{8}$–$\frac{1}{8}$c. pm
W. German Dm.	10–$9\frac{1}{2}$pf. pm	9–$8\frac{1}{2}$ pf. pm
Italian Lire.....................	$10\frac{1}{2}$–$9\frac{1}{2}$ lire pm	$9\frac{3}{4}$–$8\frac{3}{4}$ lire pm

Gold Price at Fixing

	February 3	February 10
$ per fine oz.	$35{\cdot}11\frac{1}{2}$–$35{\cdot}13\frac{1}{2}$	35 13–15

Investment Currencies

		February 3	February 10
Investment $ (London):	% pm	$8\frac{1}{4}$	$8\frac{5}{8}$
Security £ (New York):	% dis	0·1	Neg

BUDGET CASH FLOW

Exchequer Returns

£'000	Estimate 1964–65	April 1, 1963, to Feb. 8, 1964	April 1, 1964, to Feb. 6, 1965	Week ended Feb. 8, 1964	Week ended Feb. 6, 1965
Ord. Revenue					
Income Tax....	3,043,000	2,033,933	2,193,238	146,385	160,787
Other Revenue.	4,412,000	3,542,770	3,923,197	148,178	166,086
Total.......	7,455,000	5,576,703	6,116,435	294,563	326,873
Ord. Expend.					
Supply Services.	6,549,000	4,906,149	5,277,892	77,900	99,000
Other.........	839,000	666,932	663,006	7,170	7,381
Total	7,388,000	5,573,081	5,940,898	85,070	106,381
"Above-line" Surplus or Deficit		3,622	175,537	209,493	220,492
"Below-line" Expenditure*		455,377	763,072	31,466	45,959
Total Surplus or Deficit		451,755	587,535	178,027	174,533

Non Market Borrowing

Net receipts from:				
National Develop. Bonds	—	137,966	—	2,149
Tax Reserve Certificates.	−21,267	11,588	−25,932	−19,453
Savings Certificates	−16,600	−20,100	−700	−1,700
Defence Bonds...........	15,575	−59,647	769	−1,373
Premium Savings Bonds.	36,200	46,500	700	1,300
Total	13,908	116,307	−25,163	19,075

* Net repayments to Civil Contingencies Fund £9 million in 1964–65 compared with £2 million in 1963–64.

INVESTMENT TRUSTS

Just how managers of English and Scottish investment trusts reacted to the election of a Labour government and the subsequent fireworks will not be known for another few weeks. In the second and third quarters of 1964 the trusts were again investing around two thirds of their new money (part of which was raised abroad) in foreign (which means mainly North American) securities. This was also the pattern in 1961. In 1962 the trusts switched heavily and profitably into British government securities and in 1963 they turned their attention to the British equity market. Last summer they were again investing overseas but simultaneously increasing their liquidity.

With the whole question of the desirability of British capital exports now under consideration (see page 687), investment trust chairmen may have developed the feeling of being watched. One reaction has come this week from the chairman of Second British Assets. American subsidiaries in Britain "are highly profitable and play an important and desirable part . . . British investments in the US are small and in (less profitable) industries . . . There is thus a deficit of income arising from this direct cross investment . . . investment trusts can help to bridge this gap by investing in the best of American industry . . ."

INVESTMENT TRUSTS

(£ million)

	1963 I	1963 II	1963 III	1963 IV	1964 I	1964 II	1964 III
United Kingdom Ordinary	11 8	22·3	19·0	21·5	8·9	7·8	2·9
Overseas Ordinary	9·0	12·3	9·3	11·2	7·9	13·6	14·6
Brit. Govt. & Local Auth.:							
Up to 5 years	−1·8	−2·7	−0·8	−1·0	−0·9	−1·6	−0·8
5–15 years.............	−9·0	−0·4	2·8	−1·3	−4·1	−1·6	−0·2
Over 15 years undated	−4·8	−2·9	−2·0	−3·3	−3·2	−1·3	−0·4
Other fixed interest	−0·9	0·5	−1·8	0·2	3·8	−0·7	3·6
Current assets	5·8	−16·3	−10·4	1·3	6·1	3·2	3·9
Total New Money ..	10·1	12·8	16·1	28·6	18·5	19·4	23·6

Registered as a Newspaper. Authorised as Second Class Mail, Post Office Dept., Ottawa. Printed in England by St. Clements Press Ltd., London, E.C.4. Published by The Economist Newspaper Ltd., at 25 St. James's Street, London, S.W.1. Telephone: Whitehall 5155. Postage on this issue: UK 4½d., Overseas 8d

Can electrical energy keep pace with him?

Applying the atom will help meet man's spiralling need for low-cost power. This belief has led more than a hundred companies and government agencies around the world to study how to generate power, using nuclear heat. Now it appears that —within the next generation—industry will find abundant, low-cost atomic-electric power everywhere.

General Electric Company, U.S.A.* accounts for 36 of the more than 200 nuclear reactor projects throughout the world. And of the 25 reactors designed to generate electricity, General Electric accounts for ten.

One of the simplest concepts in use in atomic-electric plants today is that of the General Electric direct-cycle Boiling Water Reactor (BWR). A BWR plant operates much like any other modern, efficient power plant, except that it produces heat from an atomic source.

Designers of the plant place great emphasis on safety, and all of the BWR plants already operating have very impressive safety records. In addition, today's modern G.E. atomic power plants provide architecturally attractive facilities.

When you combine safety and an attractive appearance with the *primary* benefit of a BWR plant—abundant, low-cost power for the future—you understand why so many power-generating companies entering the nuclear age think first of General Electric. *International General Electric Co. of New York, Ltd., Lincoln House, 296-302 High Holborn, London, W.C.1* General Electric Co., Dept. 31-10 EP, 159 Madison Ave, New York, N.Y. 10016, USA.

*General Electric Company, U.S.A., is not connected with the British company of the same name.

Progress Is Our Most Important Product

GENERAL ELECTRIC
U.S.A.

Catania's Bellini Gardens—Just five minutes from a Banca d'America e d'Italia office.

Man-on-the-spot . . . in Catania. Sicilian sulphur, Japanese steel, Brazilian coffee — whatever business you're interested in, our men abroad can give you a first-hand report. BANK OF AMERICA is constantly developing new business contacts for companies like yours in California, across the nation, around the world. Why not profit from this person-to-person service? Get in touch with Bank of America — first in banking.

BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION*— San Francisco, Los Angeles / BANK OF AMERICA (INTERNATIONAL) — New York: Amsterdam • Bangkok • Beirut • Bombay • Buenos Aires • Caracas • Chicago • Copenhagen • Duesseldorf • Frankfurt/Main • Guam • Guatemala City • Hong Kong • Karachi • Kobe • Kuala Lumpur • Lagos • London • Madrid • Managua • Manila • Mexico City • Milan • New York City • Okinawa • Osaka • Panama City • Paris • Rio de Janeiro • Rotterdam • Sydney • Singapore • Tokyo • Washington, D.C. • Yokohama • Zurich; BANCA D'AMERICA E D'ITALIA: over 80 offices throughout Italy; CORRESPONDENTS WORLD-WIDE (*Member Federal Deposit Insurance Corporation)

CARRY BANK OF AMERICA TRAVELERS CHEQUES — KNOWN AND ACCEPTED THROUGHOUT THE WORLD

WITH THE COMPLIMENTS OF
BRITISH INFORMATION SERVICES

EUROPE
the compass swings back

'We want the best possible relations we can get with Europe... It is highly desirable that we should be in talks on political relations within Europe'.

Harold Wilson

'When the time comes to cement an agreement with Europe, it will be economic and political and in due course will cover security, for these three must go together'.

Sir Alec Douglas-Home

'There is nothing of more importance to us as a party than to apply our minds to this basic problem'.

Reginald Maudling

'We have to choose between the wrong and, we believe, out of date, view of Europe as a separate self-sufficient entity and the right view of Europe as an equal and influential member of the Atlantic partnership'.

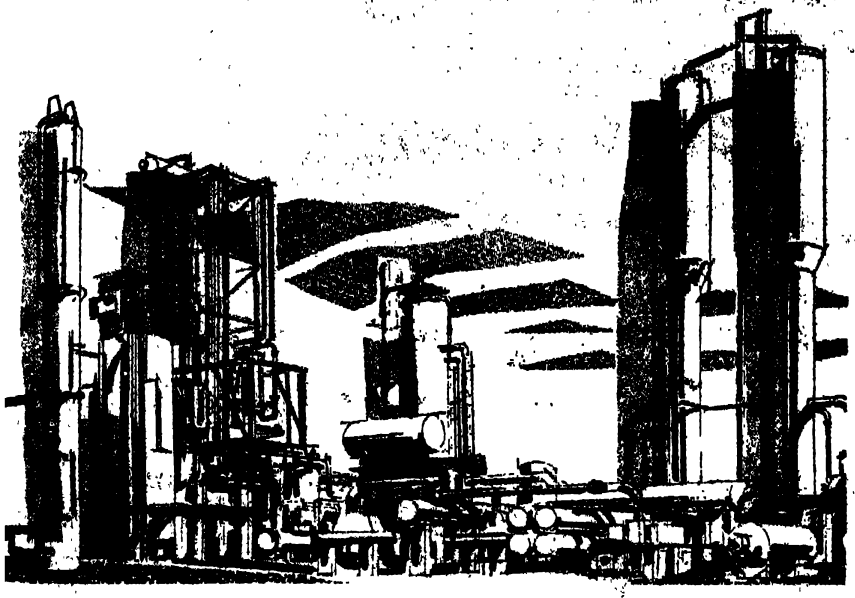
Michael Stewart

[redacted]

THE BIGGEST AMMONIA PROJECT IN THE WORLD

[redacted] at ICI's Billingham, N.E. plant, Teesside, the facility is designed to produce a record-breaking 300,000 tons per year of ammonia—basic nitrogen fertilizer building block for ICI's Agricultural Division.

The mammoth installation will consist of three identical single train units, each producing 972 short tons per day of ammonia. The units will be the first of their kind in Europe to use centrifugal machines for all compression services. Hydrogen, used in the synthesis of ammonia, will be obtained by reacting a naphtha feedstock with steam at a pressure of over 400 psig in a reforming furnace of Kellogg design, using ICI catalyst. Design of the units is such that the ICI reforming process employed can be readily adapted for conversion of other feedstocks, including natural gas.



The ICI project raises to ten the number of ammonia plants presently being engineered or constructed by the Kellogg organisation. Combined ammonia capacity of these plants will exceed 7,000 tons per day. This broad experience is providing sound investments for leading oil and chemical companies the world over. We welcome a discussion of your project.

KELLOGG

plant engineering and construction

KELLOGG INTERNATIONAL CORPORATION, 68 CHILTERN STREET, LONDON, W.1, subsidiary of Pullman Incorporated. ■ THE M.W. KELLOGG COMPANY, NEW YORK ■ THE CANADIAN KELLOGG COMPANY, LIMITED, TORONTO ■ SOCIETE KELLOGG, PARIS ■ DEUTSCHE KELLOGG INDUSTRIEBAU G. m. b. H., DUSSELDORF ■ COMPAÑIA KELLOGG ESPAÑOLA, MADRID ■ KELLOGG OVERSEAS CORPORATION, SYDNEY ■ KELLOGG PAN AMERICAN CORPORATION, BUENOS AIRES ■ KELLOGG OVERSEAS SERVICES CORPORATION, BOGOTA

THE ECONOMIST THIS WEEK

THE COMPASS SWINGS BACK TO EUROPE

The revival of British interest in Europe is not an accident. It is a sign that economic crisis has swept away political froth to reveal a conviction that the only way out of Britain's troubles is ultimately to go into the common market. But, for the foreseeable future, little progress is possible in a straight line. The British have to prepare themselves for an Odyssey. The problem will be to avoid losing their way in the cross-currents of party strife over what should be a tripartisan policy **page 745.** President de Gaulle may be talking more softly to Britain; this does not mean that the main lines of his policy have changed **page 761.**

MOSCOW'S VIETNAM DILEMMA

The fact that no Russian soldiers are being killed in Vietnam does not save Mr Kosygin and his colleagues from involvement in the conflict. They are entangled to a degree that is comparable, in painful complexity, with America's dilemma **page 748.**

ASIAN RUBICON

After the American reprisal raids on North Vietnam, Washington is worried about the degree to which Hanoi can decide whether the war is to be widened still further—and also, to a lesser extent, whether the improvement in Soviet-American relations is to continue **page 771.** A correspondent in Saigon gropes around for a way out **page 765.**

MANY TONGUES: NO COMMUNICATION

Violence in India's southern states, obduracy in the Hindi-speaking north, are together making it harder for Mr Shastri to find a compromise formula to settle India's language issue. With feelings running high, India's very unity comes under a threatening shadow **page 757.**

ODDS ON HEATH

Sir Alec Douglas-Home's reshuffle of Conservative spokesmen confirms Mr Maudling as his official No. 2 but gives the greater parliamentary opportunity to Mr Heath. What should worry Conservatives is the latest demonstration that Sir Alec himself could cost them the next election **page 751.**

REVAMPING THE TOWNS

It is no use planning to rebuild old towns unless there is some order of national priorities. At present urban redevelopment in Britain depends on a haphazard and distorting collection of administrative and financial machinery. This must be changed, and the new regional councils could help **page 749.**

DEAR MR GOVERNOR

The Government is plainly split on the future of its economic policy. Mr Brown's Department of Economic Affairs wants to avoid deflation in the budget. Mr Callaghan's Treasury believes that some deflation is necessary. The Chancellor's political and economic task has now been made harder by a public speech from Lord Cromer, the Governor of the Bank of England, which has been read as suggesting that the Governor is in favour of quite severe deflation in the budget, especially by sharp cuts in Government expenditure. A suggestion on how the Chancellor might reply urbanely to the Governor's speech **page 747.**

MR KALDOR'S PRESCRIPTIONS

A new book by Mr Nicholas Kaldor, the Chancellor's special adviser on tax reform, throws some interesting light on his views about how Britain's system of direct taxation should be amended; and also on a very novel suggestion which he has propounded for a special sort of turnover valued added tax (offset by reliefs on wage and salary disbursements), in order to provide a large tax incentive to British exporters **page 795.**

HOW TO HELP AMERICAN FARMERS

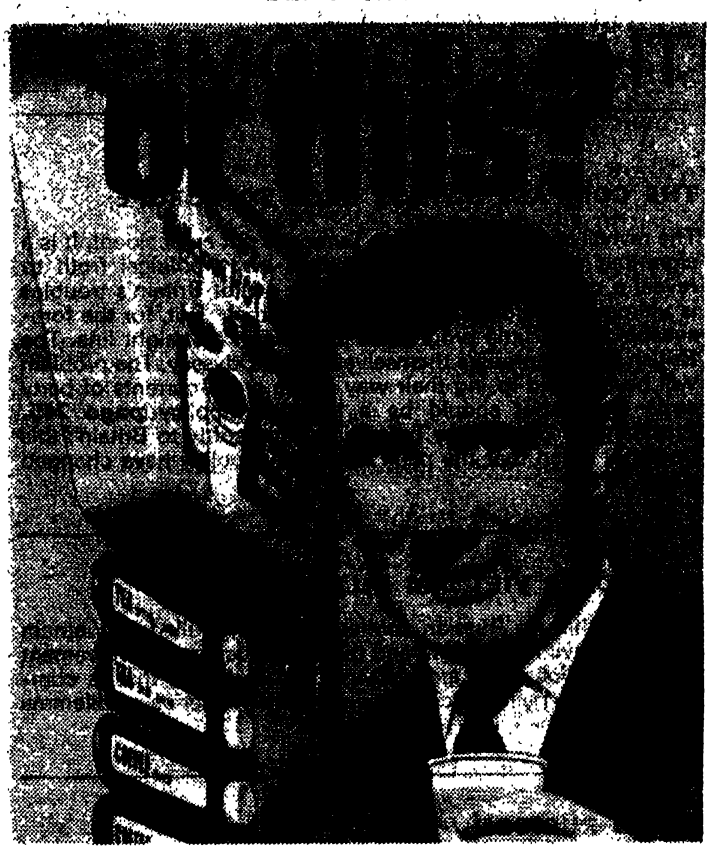
President Johnson's proposals for American agriculture avoid the real question of how to get off the land all those farmers who can never make a living there. But he does offer some suggestions for relieving their poverty. Exports are vital to American farmers and thus the present course of the Kennedy round of tariff negotiations is especially discouraging to them **page 771.**

COAL AND UN-GERMANIC OIL

With only seven months to an election, Germany's coal lobbyists will probably increase the pressure that has brought them the framework and some of the advantages—though not yet the practice—of restrictions upon imported oil. And the Bonn government is getting a shade concerned about the capital imported along with the oil **page 797.**

BUSINESS BRIEF: BEAR YEAR FOR THE BOURSES?

Fears of deflation and political doubts are depressing the world's bourses. Even Wall Street is sagging in spite of the tax cuts. Britain is threatened by another round of deflationary measures in the budget and the latest trade figures gave the market no comfort. The French bourse is tottering under the effects of the stabilisation programme and industrial production is still falling. Only in Milan and Tokyo are there glimmerings of recovery **page 800.**



VENDEPAC PUSH BUTTON BEVERAGES SAVE MESS AND MONEY

Trolleys, urns, kettles and cups are obsolete systems of worker refreshment. A costly mess that modern management can't afford to ignore. The Vendepac Service puts Push-Button Beverages on a 24-hour production line. Dispenses top-quality freshly made tea, coffee and chocolate in sterile, infection-proof cups. Sites the machines strategically for speed in use and access. Keeps 'Ten-Minute' breaks ten minutes long, instead of the usual twenty. Wipes out wastage, boosts productivity, peaks the efficiency of your factory or office. The Vendepac Service needs no capital outlay. Vendepac maintains and replenishes the dispensers free of worry.

Cost free. Installation is free and at suggested prices (3d for tea, 6d for coffee) the revenue is usually enough to cover our expenses—anything over, Vendepac shares with you.

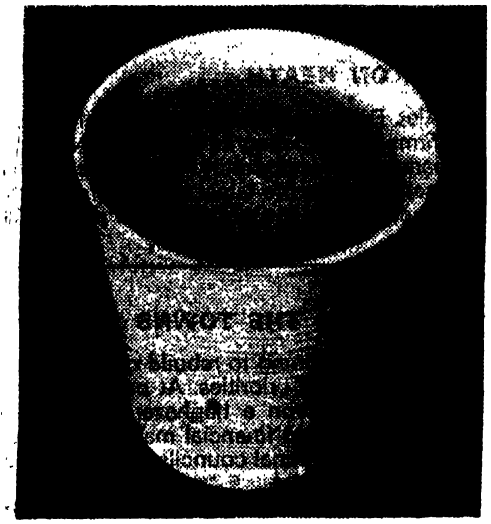
Vendepac Beverages Satisfy. Each drink is freshly made, each drink piping hot. The good, rich-tasting balance of the beverages can't vary from cup to cup.

Vendepac Boosts Productivity. Research shows that in most factories the 10-minute 'tea break' can take 20 minutes or longer. If 1,000 people, earning 7/- an hour waste 5 minutes a day in this way, the wages cost in wasted time is over £7,000 per year.

Vendepac Helps Health. Vendepac dispenses in sterile, disposable cups. The spread of infections that cost so many man-hours is minimised by Vendepac Service.

Free Consultation from Vendepac Advisory Service. A card or phone call to the address below will bring a Vendepac Service Consultant to explain the 2 months trial system and assess requirements.

VENDEPAC, AJAX AVENUE, SLOUGH, BUCKS. SLOUGH 25122 *(A division of Mars Limited).*



VENDEPAC

THE PUSH-BUTTON REFRESHMENT SERVICE THAT SAVES MESS AND MONEY

SECOND CLASS POSTAGE FOR *THE ECONOMIST* PAID AT NEW YORK, N.Y.
Published weekly every Saturday, fifty-two times a year in London, England.

LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available

Vietnam

SIR—You get all hot and bothered because of the motion, of which I was one of the six sponsors, signed by some 50 Labour MPs, urging our government to reconvene the 1954 Geneva conference powers, in order to make peace in Vietnam before the United States has escalated us into a world war.

May I remind you that in 1954 it was Mr Dulles who refused to sign the agreements and declaration of the Geneva conference, endorsed by our own and all the other governments concerned, and providing for the unification of Vietnam by free elections under international supervision by 1956? And that Dulles refused, quite simply, because he said the communists would win the election.

Instead, Mr Dulles and the CIA backed their unsavoury puppet Diem into imposing his bloody and corrupt tyranny on the people of southern Vietnam. Ever since, the United States has poured vast sums and huge supplies of arms, 20,000 United States forces, etc., into the country to back a series of puppets and dictators. The resistance of the people is getting even stronger and the Americans and their hirelings have been getting the worst of it. To pretend that the Vietcong are armed and directed from North Vietnam is just bunkum.—Yours faithfully,

K. ZILLIACUS

House of Commons, SW1

SIR—I do want to commend you, even belatedly, for your most courageous and realistic editorial "In Face Of Adversity" (January 9th) on the hard and bitter struggle ahead of America and England in Asia. At a time when our countries' fortunes in south-east Asia are at a low ebb and when a large number of intelligent and liberal commentators have begun to murmur of a face-saving withdrawal, you have been among the very few who have pointed up the essential need of facing the hard decisions, undergoing the sacrifices and enduring the burdens inherent in a determined commitment to Asia in the years and decades ahead.—Yours faithfully,

New Delhi PETER JEFFERYS

SIR—As a High Tory I shall not, I hope, be suspect of communist sympathies. I am, however, deeply worried by what appear to be double standards, as dangerous as they are hypocritical, in current western reaction to events involving communist countries.

If it was "wrong" for Soviet military advisers and equipment to enter Cuba, at the behest of the island's government, because Cuba is deemed by the United States to be within its sphere of influence, how can it be "right", sir, as *The Economist* and others have been urging, for the Americans to be militarily engaged in Vietnam, which, by the same token, is clearly within the Chinese sphere of influence?

What is needed is surely not a cruel widening of the Vietnamese conflict through so-called retaliation by either side, but quick political action to neutralise the whole of the area (as advocated by that great realist, President de Gaulle), and to secure both the withdrawal of the American forces and, eventually, the Peking government's admission to the United Nations.—Yours faithfully,

ANTHONY KIELY

Harrow on the Hill, Middlesex

Which Bomber?

SIR—*The Economist* is consistently calling for a "good, fast, small (and cheap) bomber to carry high explosive to targets behind enemy lines" (January 16th). Special reference is made to the Far East. Let us examine this proposal further.

Fast. Presumably supersonic—because it will meet Mig 21 fighter opposition.

Able to Carry High Explosive. And, presumably able, to locate the target, survive and deliver its weapons. We are now at the nub of the matter. This aeroplane will find its targets defended by guided weapons—even today in the Far and Middle East. To penetrate and attack, therefore, it will either have to fly very fast, very very high or pretty fast and very very low. The latter is the generally military preferred solution. So, this aircraft now has to have very low gust response to keep the crew functioning, and it has to have some kind of automatic terrain following system so that it can fly low enough to be safe. Since it must know where it is going, it must have an inertial guidance platform, and a computer system, plus en route track-check devices and a navigator.

Range. *The Economist* speaks of "behind the enemy lines," but this is a bit imprecise for a specification. Since this particular "theoretical" warplane is always produced as a preferred substitute for TSR 2 it is reasonable to assign to it the TSR 2 job in terms of range and targets. The targets would be enemy aircraft on the ground, storage centres, key bridges, communications and other classical tactical interdiction targets. A glance at the map East of Suez and at the base areas open to RAF use, plus some consideration of those areas which might one day be closed to RAF use, will condition the range. It will be seen to be quite considerable.

Bases. We must, I feel, have a short take off and landing (STOL) capability; otherwise the aircraft is tied to targeted concrete and will be destroyed on the ground by the enemy.

So, we now have a reasonable "spec" for *The Economist's* fast light bomber which, it says, the RAF should have ordered instead of TSR 2. A "cheap and cheerful" bomber as you have often called it. It turns out to be a supersonic, STOL, low level, terrain following, two seater of good sortie range. In short, it is TSR 2—or rather TS 2, since *The Economist* has never mentioned Reconnaissance at all—or is it proposed to develop a completely other aircraft, which would have separately to be supported in the field, to do the "R" bit? Incidentally, the Mark I version of the TFX—that other TSR 2 replacement—has already attracted a research and development bill of £350 million.—Yours faithfully,

CHARLES GARDNER
Publicity Manager,
British Aircraft Corporation, Ltd.

London, SW1

Arms for Israel

SIR—You must have your tongue in your cheek: after telling your readers in a number of articles over the last few weeks how precarious Egyptian finances are, you state, in your "Arms for Israel" article on February 13th that "since 1959 . . . the supply of Russian weapons to Egypt became limited by little more than their cost"; therefore, lest the Egyptians should strike first, the West, and specifically Britain, should openly give arms to Israel for the sake of balance and still manage to "convince Arab friends, and this should include President Nasser, that we ourselves are acting in good faith towards them."

During the past ten years the level of arms on both sides has been escalating, each round of increase inevitably being followed by another so that the balance might be restored. And even if one discounted the fact that it was during the very period you claim the Russians were aiming at some balance (i.e. 1955-59) that the greatest disturbance of the peace occurred (Sinai cum Suez) and that it began from the Israeli side, surely for the peace of the world and for good humanitarian reasons (so that the poor in the Middle East might eat more) the balance should be struck at the lowest possible level.

But the strangest argument of all is your imagining that Arab resentment of France and the United States was short-lived because their military aid to Israel has been open while West Germany's has been clandestine. Despite massive aid (unmilitary) the United States has distinctly failed in

Continued on page 735

LAING throughout Great Britain

The full services of a nation wide construction company with extensive resources are available from key centres throughout Great Britain. At the same time, members of the John Laing Construction Limited team have a close knowledge of local conditions and each regional organisation is fully equipped to undertake every class of building and civil engineering work.

LAING for completion on time

BIRMINGHAM Calthorpe Road, Edgbaston, Birmingham 15.

BRISTOL College Green, Bristol 1.

CARDIFF Aribee House, Greyfriars Road, Cardiff.

CARLISLE Dalston Road, Carlisle.

GLASGOW North Street, Charing Cross, Glasgow C3.

LONDON NW7

MANCHESTER Whitworth Street, Manchester 1.

NEWCASTLE Norham House, New Bridge Street, Newcastle upon Tyne 1.

NORTHERN IRELAND, BELFAST Rosslea Way, Rathcoole, Newtownabbey, Co. Antrim, Northern Ireland.

John Laing Construction Limited Great Britain and Overseas

Continued from page 733

gaining the confidence of the Arabs, and it is yet to be seen if de Gaulle will succeed in restoring a particle of what was once France's unique cultural position in the area. As if Britain did not have enough on her hands, with the trouble in South Arabia, to attempt to be friendly to the Arabs by openly arming the Israelis. Indeed, the Arabs would not turn to Moscow at all if the West did not appear so committed, and Britain should give the lead in refraining from adding tinder to this smouldering area, and you, sir, should give her good advice. —Yours faithfully, SALAH EL SERAFY
London, N2

SIR—I am all in favour of giving Israel financial aid as long as it is of non-military nature. But "as a German who should be ashamed" (according to my fellow students) it is made quite impossible for my entirely materialistic nature to come to the realisation of shame as long as Israel constantly pursues the *Wiedergutmachungs* policy on the platform of the Nazi crimes, and the German government only complies because it fears the reaction of the outside world. I am convinced that the amounts paid by Germany to the surviving Jews, and Israel, do compensate as far as money is able to do so. There is always the guilt Germans will have to bear, but to canalise and use it to get a military aid grant is cunning and can be questioned and will only reduce this guilt, because again the Germans are paying collectively and policy is made without their detailed knowledge.—Yours faithfully,

ELIZABETH-CHARLOTTE BISCHOF
Nottingham

Northern Ireland

SIR—I refer to your remarks in your issue of February 6th about the White Paper on Economic Development in Northern Ireland and the accompanying report by myself. As your commentator observes, some of the measures I support had already been accepted by the Government—before or during the period of my appointment. Others are accepted now. This might be regarded as a satisfactory situation but, by a sour alchemy, your commentator seems to suggest that it is somehow derogatory.

There are various points on which I could join issue. But my [illegible] is this failure to appreciate [illegible] Government of Northern I[illegible] moved in adopting a sop[illegible] gramme for development [illegible] growth of reasonable size and good location are to be developed; a thorough reform of apprenticeship arrangements is being vigorously supported; the scale of training is being increased and the Government Training Centres expanded; a special corps of workers trained to very high standards is to be created; new arrangements are coming into force for the training of supervisors and managers; transport is being greatly improved. The Government has devised the best and most flexible system of industrial inducements in the United Kingdom. A programme for public investment must surely be regarded as one of the main constituents of any economic plan and the one described in my report has been officially accepted. The Government has also endorsed my [illegible] on efficiency and adaptability and on the need to relate regional development to national requirements.

It was unfortunate, as things have turned out, that I did not refer [illegible] operation with the South, [illegible] the risk of raising false hopes. I am strongly in favour of such co-operation. But this was scarcely a "staggering omission", for it would be quite unrealistic to suppose that the possible gains will be anything like as important as the other measures which receive far less attention from your commentator.—Yours faithfully, T. WILSON
Professor, Department of Political Economy
University of Glasgow

Men's Magazines

SIR—In an article on men's magazines in *The Economist*, February 6th, you suggest that the investment in the company publishing *Town* by the British Printing Corporation was the result of "an internal conflict." This is far from the truth.

After a cordial relationship with our printers of some eight years' standing, British Printing Corporation approached us through their subsidiary, Kelliher Hudson & Kearns, about the possibility, which materialised last August, of our forming a new company, Haymarket Press Ltd (in which the British Printing Corporation have a minority interest), to assume the publication of *Town* and certain associated ventures. The object was to enable BPC to introduce into the company additional finance to allow for rapid expansion by purchasing existing publications and starting new ones.

The absence of conflict may be deduced from the fact that we have already purchased three consumer magazines and look forward to a host of new ventures during 1965. BPC have taken the enlightened step of backing young management without insisting on control and I think we both believe this arrangement to be highly [illegible]

[illegible]

Cigarette Advertising

SIR—Does "free speech" justify the encouragement of non-smokers towards a habit that already kills, *on a minimal estimate*, one in every eight British adult males? Have you ever observed the effect of television advertising on a cigarette-smoker who is trying to give the habit up?

Your suggestion of restrictions on the sale of cigarettes—at least if applied to ordinary retail sales to adults—*would* be restrictive and paternalist. If an individual is fully aware of the hazards, nobody has the right to forbid him to smoke. But anybody whose actions *encourage* such conduct deserves censure—and, if possible, should be stopped.

I firmly believe that future generations will view cigarette advertising with the same uncomprehending horror that we apply to child labour, slavery or the burning of witches. Certainly smoking has killed more people than these three practices put together.—Yours faithfully,

MICHAEL LIPTON
All Souls College, Oxford

Faster in Petrochemicals

SIR—We were very surprised by the article entitled "Faster in Petrochemicals" in your issue of January 23rd.

As far as we know, the French Government has not yet given permission to the companies that own the two Strasbourg refineries to build a products pipeline to Metz and Nancy, though they have received encouragement by Industry Minister Bokanowski. Up to now there has been an official application filed by the newly created Société du Pipeline Strasbourg-Lorraine, dated December 3, 1964.

We insist on our Lorraine refinery project because we think that it would be more economical for the Lorraine area and its heavy industry than a product pipeline, and compared to the planned Saar refinery it is our opinion that we would be in a better position to supply the French steel industry with a low cost energy.

An important adjective has probably been left out when you printed that Esso has still no refinery in France. Your readers should read in "Eastern" France, as we own to-day three refineries elsewhere in France.—Yours faithfully, J. CHOPPIN DE JANVRY
Courbevoie, France Esso Standard

RETAIL BUSINESS

Monthly review of Consumer Goods, Services and aspects of Retailing used by manufacturers, retailers, stockbrokers and advertising agents throughout this country and overseas

Issue 84 contains reports on

[illegible]TERNITY WEAR

[illegible]RED MEALS (Part 1)

[illegible]ATIONAL RESEARCH

This issue includes the regular analyses of factors affecting consumer spending

Further details from

THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St. James's Place London SW1
Telephone Hyde Park 6711 ext 27
60 East 42nd Street New York 17
NY Telephone Murray Hill 7 6850

Looking for a key to international trade?

YOUR MAN FROM C. ITOH HAS A KEY FOR EVERY DOOR

C. Itoh, one of Japan's oldest and most experienced trading companies, is a master locksmith when it comes to opening the doors of international trade. With a staff of almost 7,000 experts and over 75 branches and affiliates throughout the world, C. Itoh offers you fast efficient service in export, import, triangular trade and joint investment ventures. Why not let your nearby C. Itoh man give you his expert help? You'll find one in every major city of the world.

C. ITOH & CO., LTD.

International Traders/General Importers and Exporters/Business Consultants

LONDON OFFICE: C. ITOH & CO., LTD., LONDON BRANCH
Kempson House, Camomile St., London, E.C.3, ENGLAND
Cable: "ITOHCHU LONDON EC3"

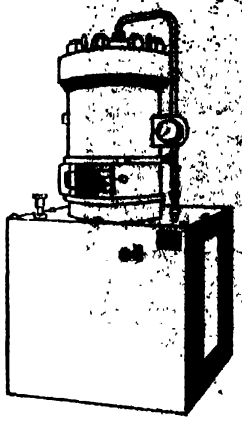
HEAD OFFICE: C.P.O. Box 117, Osaka, Japan Cable: "CITOH OSAKA"

TOKYO OFFICE: C.P.O. Box 136, Tokyo, Japan Cable: "CITOH TOKYO"

Offices in Europe: London, Paris, Hamburg, Düsseldorf, Amsterdam, Milano, Madrid, Beograd. **Offices in other continents:** New York, Los Angeles, Montreal, Mexico City, São Paulo, Buenos Aires, Johannesburg, Beyrouth, Teheran, New Delhi, Bangkok, Singapore, Djakarta, Hongkong, Sydney and other main cities.

HADFIELDS

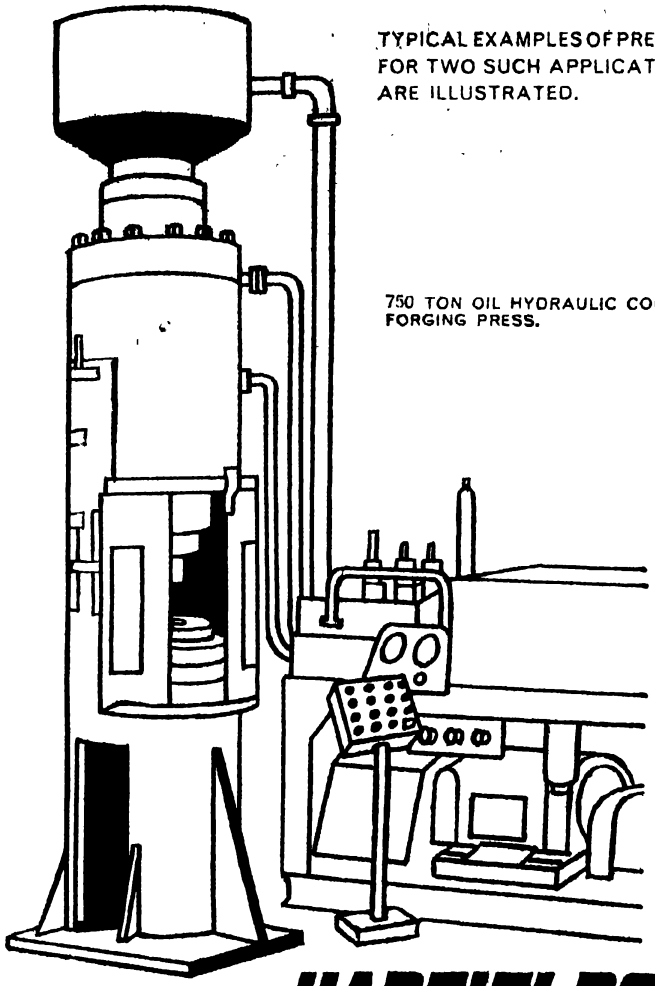
ARE PRODUCING A RANGE OF TUBULAR FRAME HYDRAULIC PRESSES FOR VARIED USES IN INDUSTRY.



250 TON OIL HYDRAULIC UPSET TESTING PRESS.

THE PRESSES ARE CUSTOM BUILT TO SUIT THE PARTICULAR APPLICATION AND ARE BEING PRODUCED IN VARIOUS DESIGNS FROM SIMPLE MANUAL CONTROLLED MACHINES TO FULLY AUTOMATIC HIGH SPEED UNITS.

TYPICAL EXAMPLES OF PRESSES FOR TWO SUCH APPLICATIONS ARE ILLUSTRATED.

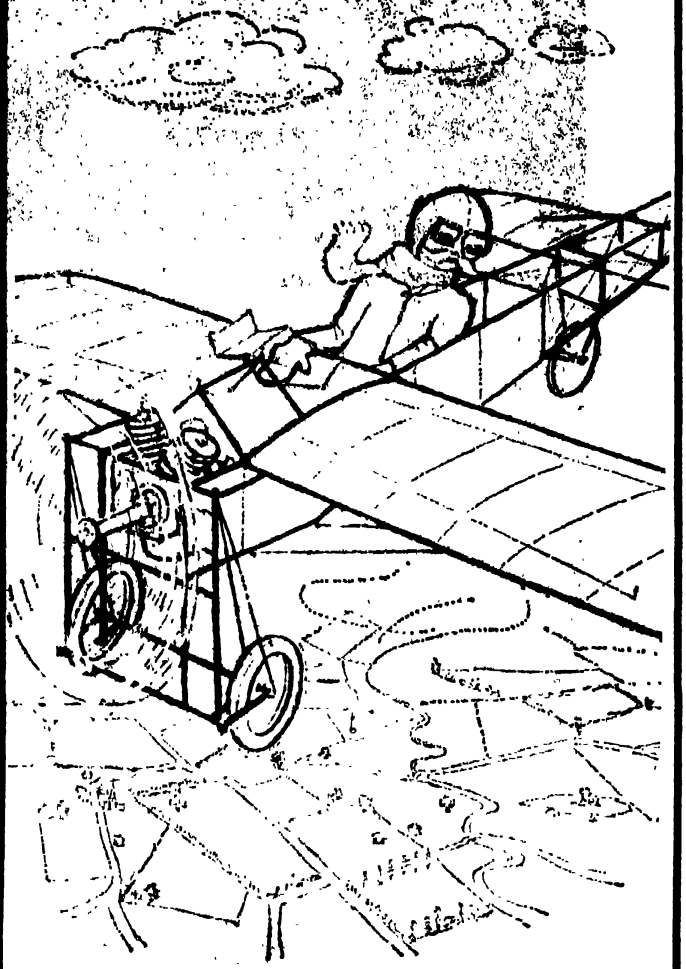


750 TON OIL HYDRAULIC COLD FORGING PRESS.

HADFIELDS
SHEFFIELD

HADFIELDS LTD., EAST HECLA WORKS, SHEFFIELD, ENGLAND

Looking for new premises?



No need to go to such extremes. Lyon have the necessary know-how and facilities to provide you with those bigger, better premises you need. The LYON GROUP are Britain's top industrial developers; their team of experts, including architects, civil engineers, surveyors and planners will guarantee that your new factory will be ready for you to move into on time.

Lyon

BUILDS FOR YOUR FUTURE

RONALD LYON (ESTATES) CO LTD LYON HOUSE THE BROADWAY, WIMBLEDON, S W.19
WIMbledon 9100

County Durham

BRITAIN'S fastest-growing industrial area

an area with great industrial traditions ... an area offering great opportunities to modern industry

County Durham provides the widest range of financial assistance for industrial development; loans from the County Council and the full benefits of Government grants and loans under the Local Employment Acts. Industrial land is cheap and essential services are amongst the cheapest in the country.

County Durham has a wide range of industrial sites suitable for almost all kinds of industry. These include sites in the two existing New Towns and in one further proposed New Town. Special sites to meet particular requirements can be found and the County Council is prepared to assist in the provision of any essential services.

County Durham astride all the main east coast routes, has excellent communications with, and is strategically situated in relation to, all the major industrial centres of Great Britain and the Continent; two regional airports, three major ports, fast main line rail services and a motorway now under construction.

County Durham has a growing population; large adaptable labour force with considerable experience of shift work, a plentiful supply of boys and girls leaving school and good training facilities of all levels. Housing for keyworkers and staff is readily available in all areas, including the New Towns.

County Durham has space for uncongested living, space for recreation and facilities for a wide range of cultural activities. Beautiful upland scenery, quiet agricultural villages, historic buildings and with three National Parks within easy travelling distance Durham is a good place in which to live and work.

WRITE TODAY for details to: County Planning Officer, County Hall, Durham. Telephone: 4411.

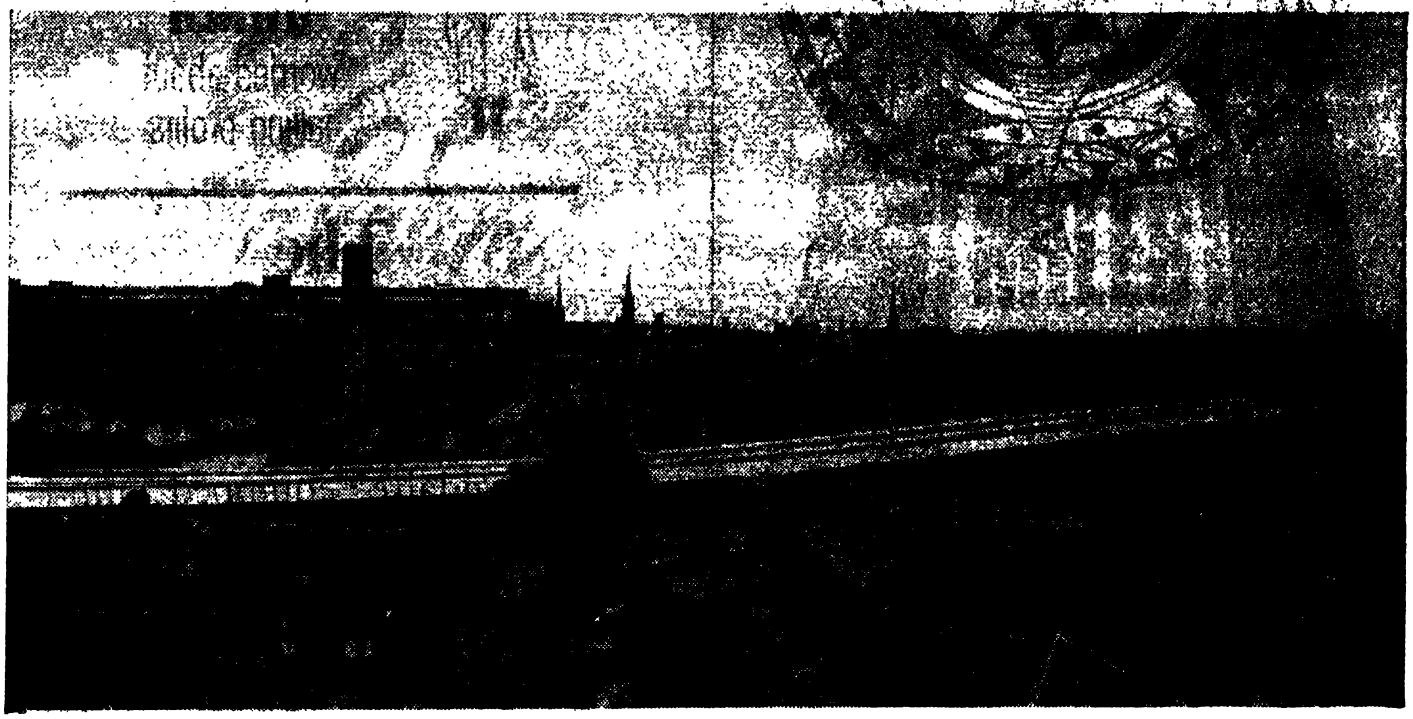
The Economist

Guide to Weights and Measures

This Guide was compiled by the Statistical Department of The Economist for use within our own office; it was decided to publish it as a book to serve a wider public. The Guide has now been out of print for some years but requests for copies still come in. It has therefore been decided to revise and extend the Guide and to publish a second and up-to-date edition.
In 96 pages it provides facts and figures on the weights and measures of the world. For the most widely used units, tables of equivalents are given; for units that are used only in certain countries and trades, conversion factors are given.
The Guide, price 17/6d. (U.S. $2.45) post free for cash with order, is obtainable from:

Publications Department, The Economist, 25 St. James's Street, London, S.W.1.

New City-New Methods



How Dorman Long steel is saving time and money on Coventry's new steel flyovers.

Recently the City of Coventry chose structural steel for the new Moat Street Flyover which forms an important part of the City's inner ring road. This decision was made after considerable design and cost exercises had been undertaken by Mr. Granville Berry, M.I.C.E., M.I.Mun E., Engineer and Surveyor to the City.

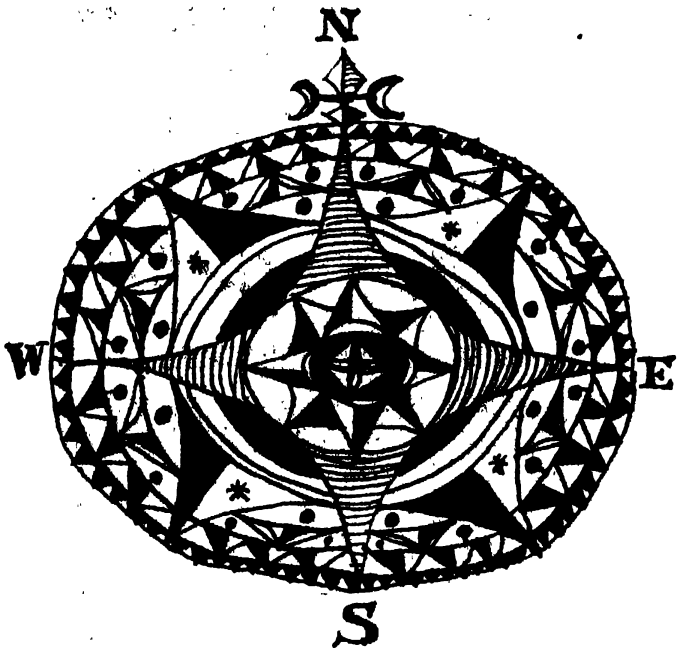
These showed that:—

Steel offered the lowest cost, even allowing for maintenance, and the greatest speed of erection.

Dorman Long Bridge & Engineering Limited won the contract to supply 820 tons of steel for the 730 feet long nine-span viaduct, and subsequently erected the entire steelwork in six weeks.

Now Coventry has confirmed its original choice of Dorman Long Steel plus Dorman Long engineering skill by awarding a further contract for the supply and erection of 1125 tons of steelwork for the new Hill Cross Flyover—evidence that structural steel offers a quicker, economical and aesthetic solution to flyovers and elevated roadway projects.

DORMAN LONG



Reliable as a compass Toyo Menka will point the way to profitable business with Japan

Doing £600 million worth of trade each year, and business activities embracing the whole world, Toyo Menka is one of the largest and best known trading firms in Japan. Enjoying a close relationship with important Japanese industrial concerns and primary producers, Toyo Menka maintains established business connections with the world's leading companies, acting as traders, business promoters, industrial co-ordinators, contractors and financiers.

This network of trade enables Toyo Menka to handle your business promptly, efficiently and to your maximum benefit. Have the man from Toyo Menka call on you. He is a specialist in his field, and the member of a highly trained team of business experts waiting to serve you.

TOYO MENKA KAISHA, LTD.

2, Ohtemachi 1-chome, Chiyoda-ku, Tokyo
Cable Address: TOYOMENKA TOKYO

1, Koraibashi 3 chome, Higashi ku, Osaka
Cable Address: TOYOMENKA OSAKA

Branches and Affiliates in Europe:
London: Toyo Menka Kaisha, Ltd., 11th Floor, Lee House, London Wall, London E.C 2 ☐ **Rotterdam:** Toyo Menka Kaisha, Ltd., Westblaak 37, Rotterdam-2 ☐ **Dusseldorf** TOYOMENKA Import-und-Export G.m.b.H., Dusseldorf, Friedrich-Ebert Str. 31 33 ☐ **Hamburg:** TOYOMENKA Import-und-Export G m.b H., Hamburg 36, Neuer Wall 34 ☐ **Milano:** Toyomenka (Italy) S.P.A., Corso Venezia 14, Milano ☐ **Paris:** Toyomenka France S.A., 8, Rue Saint-Florentin 8, Paris-1 ☐ **Barcelona:** Toyo Menka Kaisha, Ltd., Liaison Representative Barcelona, Calle de Urgel 35, Barcelona

for THE INVESTOR
looking for a really sound proposition

for THE SHOP
worried about falling profits

The perfect answer WASHETERIA*

The Frigidaire* equipped coin-operated laundry

BEST INVESTMENT EVER

"I was astonished at the relatively small capital outlay, and the very high profit returns . . . and it was all so simple - Automations planned and arranged the whole installation: staff problems are practically non-existent and the level of business speaks volumes for the trouble-free FRIGIDAIRE* equipment - - certainly, my best investment ever."

TROUBLE FREE OPERATION — AND PROFITS NOW RESTORED

"I was worried. Profits were falling and the old shop was becoming a liability. Not so now. Conversion was arranged by Automations and my FRIGIDAIRE*—equipped Washeteria pays handsome dividends with the minimum of worry. I'll not regret the day I turned over to a Washeteria . . ."

TAKE THE FIRST STEP TO A PERFECT ANSWER POST THIS COUPON TODAY

NAME.....
ADDRESS.....
EC1

to: AUTOMATIONS INTERNATIONAL (U.K.) LIMITED
11 BATH ROAD · HAYES · MIDDLESEX

* WASHETERIA AND FRIGIDAIRE ARE REGISTERED TRADE MARKS

NATIONAL DEVELOPMENT BONDS

5% per annum guaranteed for 5 years

2% bonus (free of U.K. income tax) after 5 years

repayment at only one month's notice

FURTHER DETAILS FROM POST OFFICES AND BANKS

Issued by the National Savings Committee

MILES DRUCE mean STEEL

A hundred lorryloads at a time, feeding British industry

It takes a fleet of lorries a hundred strong to cope with the amount of steel Miles Druce handle. Miles Druce, after all, are Britain's largest steel stockholders. With one hand buying new steel in bulk from the mills, with the other selling it as and when it is wanted to manufacturers all over the country. Maintaining massive stocks at their eight great stockyards, delivering orders on the dot—east, west, south and north—to keep the wheels of British industry turning. Miles Druce play an important part in steel. And they always will.

A progressive future in steel stockholding

MD STEEL GROUP

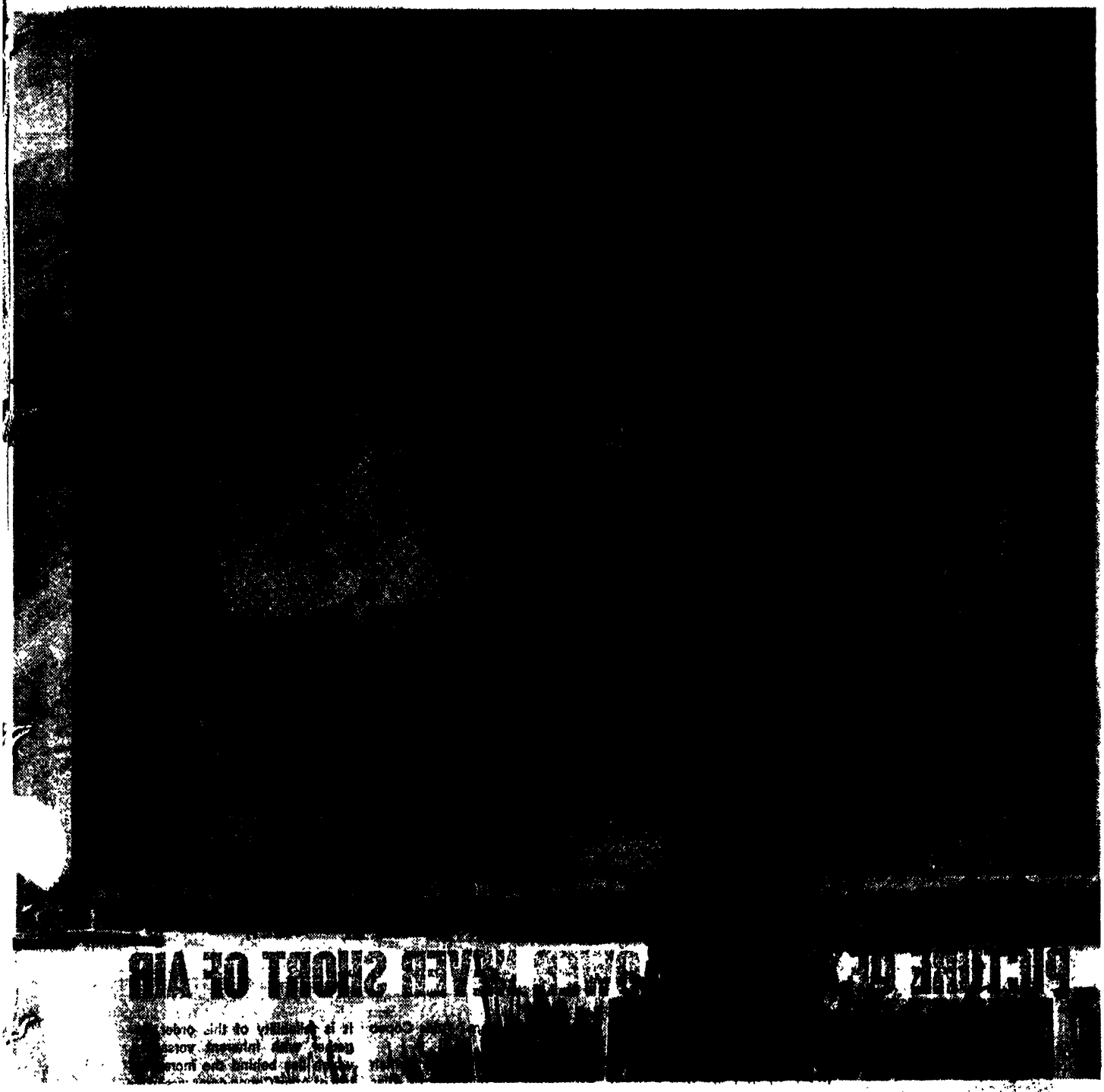
MILES DRUCE STEEL GROUP

EARLY WARNING IS VITAL!

Early warning detection systems are vital to the interests of the nation in the event of missile attack. Against a lesser, but still terribly dangerous enemy—fire—they also play an essential part. In fact, they are your greatest safeguard during the most critical hours. For when your factory stands empty for the night—can you be sure of instant fire detection then?

From a cigarette, or other small ignition source, a smouldering fire, without flame, can spread throughout a building. Materials in its path will be heated to ignition point. Then only a small flame may cause an explosion or 'flash-over'. This fact was dramatically illustrated at a Glasgow department store fire. Passers-by described the building as in complete darkness only seconds before it was lit by flame from top to bottom.

Most large fires occur when premises are unoccupied—between 6 p.m. and 6 a.m. or at weekends. These are



the dangerous hours when fire smoulders undetected and finally bursts into flames. To detect fires before they reach this stage you must plan now.

IMMEDIATE DISCOVERY IS ESSENTIAL Instant detection can be ensured by: **Automatic smoke or heat detectors which sound the alarm at the fire brigade, or, better still, automatic sprinklers connected to warn the brigade while fighting the fire.**

Such systems should be approved by insurers, who may be able to offer premium discounts. Whether or not automatic systems are installed, security patrols should inspect the premises both by day and night.

In 1964, fire cost the nation over £76,000,000 and many lives. Much of this appalling loss could have been avoided by early warning systems. Advice may be obtained from your insurers, the Chief Officer of your fire authority, and from a publication of the Fire Protection Association.

No. 10 of a series issued by: Fire Protection Association, Aldermary House, Queen Street, London, E.C.4.

WCW 23

PICTURE OF A GLASSBLOWER NEVER SHORT OF AIR

One of two air compressors at the Surte Works which have run continuously 24 hours a day for over five years exemplifying the reliability of Atlas Copco compressed air equipment.

Glass bottles are so much a part of our everyday life we seldom notice the number used. In fact we use a great many, and the demand imposed on the manufacturers is very heavy indeed. At the Surte glass works in Sweden, for instance, they have to produce no less than 260,000,000 bottles a year.

Every single one of these bottles has to be individually blown from molten glass, and this requires a never failing supply of air. Where does it come from? Atlas Copco air compressors.

The application is one which exemplifies the reliability of Atlas Copco equipment. Compressors installed at Surte as long ago as 1934 are still working, and one of the latest—a rotary screw compressor of advanced design—installed five years ago is still as good as new even though it has been run continuously, twenty-four hours a day every day throughout the years with only two short breaks for routine servicing.

It is reliability of this order, together with inherent versatility, which lies behind the increasing use of Atlas Copco compressed air equipment not only for specialized operations such as bottle blowing, but also for general engineering projects both large and small the world over.

Atlas Copco

puts **compressed air** to work for the world

GROUP HEADQUARTERS · ATLAS COPCO AB · STOCKHOLM 1 · SWEDEN · SALES & SERVICE IN OVER 100 COUNTRIES

The Economist

FEBRUARY 20, 1965

The Compass Swings Back to Europe ... 745
Dear Mr Governor ... 747
Another Part of the Bog ... 748
Revamping the Towns ... 749
COMMENTARY ... 751
Tory Shadows; Malaysia; America and Africa; Trade Union Law; Doctors' Pay; Sunday Observance; Gambia; Latin America; Turkey; Money for Schools; Bertrand Russell.

THE WORLD
INTERNATIONAL REPORT
Many Tongues, No Communication ... 757
West Germany; France and Britain; Kuwait; Canada; Italy; South Vietnam; Hungary; China; Indonesia.
AMERICAN SURVEY
Asian Rubicon ... 771
How to Help Farmers; Tourist Drain; More for Mann; Featherbeds Take a Beating; Booming Birth Control; Neck and Neck in Steel; America the Beautified.

BOOKS
Operation Pluto ... 783

BRITAIN
Gun Law ... 791
Universities; Committees and Majorities; Town Planners; Infant Life and Death.

LETTERS ... 733

BUSINESS BRIEF ... 800

BUSINESS
Mr Kaldor's Prescriptions ... 795
Coal and Un-Germanic Oil ... 797
INTERNATIONAL ... 803
Gold; Russian Gold; Renault, Peugeot and Canada; German Business; Adela; Japan and Gatt; Building in Italy; Argentina; Shipbuilding; Dutch Banks; Brazil; Vegetable Oils; The Vertical Stakes.
BRITAIN ... 812
The Economy; Railways: the Major Operation; Discount Market; Independent Airlines; Personal Wealth; Lorry Sales; Cornish Tin; Livestock; House Prices.
INVESTMENT ... 820
Company Profits; English China Clays; Albright and Wilson; Wall Paper Manufacturers; Profits from Shipping; Harveys of Bristol; Beatlemania in the City; Bank Meetings; Unit Trusts Export Attractions; Austin Reid.

Stock Prices and Yields ... 844
Money and Exchanges ... 846

Annual Postal Subscription by ordinary mail UK £6; overseas £6 10s.; by air see page 834
VOLUME CCXIV · NUMBER 6339

The Compass Swings Back to Europe

LIKE Persephone rising from the world of shades to herald the return of spring, Europe has made a belated reappearance in the centre of British politics. Nice things said by President de Gaulle about Britain on February 4th, the House of Commons debate on the miseries of the British aircraft industry on February 9th, the visit of the new Foreign Secretary, Mr Stewart, to Brussels on February 10th, Sir Alec Douglas-Home's rousing call to Europe before the Young Conservatives on February 13th—all these things have raised the feeling that events are swinging Britain back towards a connection with Europe. Of course, the aircraft industry is doubtless a special case, and to some extent the Conservatives are playing electoral politics, pinning the European label on their coats again before Mr Wilson can pick it off. But the fact is that while Europe may have been out of sight for the past two years, it has never been wholly out of mind.

Cool judges have been saying all along that the European issue would sooner or later thrust itself back to the surface of British politics, simply for the lack of any other answer to the questions in people's minds about Britain's future in the world. These questions were hidden for a while behind electoral slogans and in the decent silence in which any new government is allowed to show its intentions. But Britain's renewed economic crisis has cast doubt on either party's power to restore the country's impetus by purely national reforms. The sobering experience has stripped away many verbal veils concealing rough realities. Even Mr Wilson, doubtless thinking of his coming visit to Paris on April 1st carefully sidestepped the effort of one of his backbenchers on Tuesday to make him descant on the merits of the Commonwealth and, by implication, the shortcomings of Europe. There are some songs in the heart to which one cannot revert.

For a good many people in Britain, including farmers and industrialists, the sense of difference between Britain and the continent has, of late, been rapidly fading. This makes for greater frankness in talking politics. Sir Alec Douglas-Home set out on February 13th to correct Mr Macmillan's tactical mistake of trying to sidle into Europe looking the other way. "When the time comes to cement an agreement with Europe," he said, "it will be economic and political and in due course it will cover security, for these three must go together." It was high time these fundamental issues were openly stated, and now, at last, they have been.

So far so good. The risk is that woolly thinking and over-optimism may well produce the wrong kind of tactics that would wreck the right kind of strategy. Mr Desmond Donnelly and Mr Woodrow Wyatt, for instance, two of Labour's pro-Europeans, suggested in a letter to *The Times* on Thursday that Britain could enter the common market now by boldly signing the Treaty of Rome on the dotted line. There is no evidence whatsoever that it could. The fact that, for the first time in months, General de Gaulle has recently said nice things about Britain does not mean he is half-way to letting Britain into Europe. And Mr Wilson knows it. As our Paris correspondent says on page 761, there is no sign that the general is thinking of letting a potential competitor in on his European club in the foreseeable future. French diplomats have been using Mr Wilson's unwary statements of acquiescence in Britain's exclusion from the common market to persuade other people on the continent that Labour is as anti-European as ever. The far more likely explanation of General de Gaulle's

position is that, before letting Britain into the common market, he would once again insist that at the very least it must drop any links with the United States. In using nice words about the British he is almost certainly doing no more than provide himself, as it were, with a reinsurance policy for the future in case his present plans for Europe (which do not include Britain) have to be modified.

The right approach is that of Mr Heath who, cautious in his boldness, said on Tuesday that Britain's next chance of entering Europe would come in 1968. The date matters less than the fact it is some way off: this suggests the truth, that any journey into Europe may well be an Odyssey as long, slow and roundabout as the original itself. Such an approach also gives time to familiarise British public opinion with the idea of political commitments in Europe. This is more a matter of feeling than of argument, and a change of feeling needs more preparation than it got when Britain was trying to negotiate itself into Europe in 1962.

From this point of view, it is almost more important for the present to talk about the need to go into Europe, as long as the talk is forceful and clear, than to pretend that miracles can be accomplished straightaway. The continentals in particular need to hear that the British are interested again. The "will to be European" has played a large part in their own thinking, and all too little in British. Professions of interest may seem abstract in London. They are now the stuff of political conviction across the water.

The ever-present risk in such a slow march to Europe is that people may get lost on the way. The fact that the "European" Mr Soames has not finally been appointed spokesman on Europe in the new Tory shadow-cabinet (and that Mr Maudling, whose handling of the free trade area negotiations made him seem "anti-European" on the continent, has been put in charge of foreign affairs) may suggest that the Conservatives' European convictions have not really solidified. Superficially, too, there is danger that renewed Tory enthusiasm may turn Europe into simply a party issue and freeze Labour in a posture of Atlantic-minded anti-Europeanism. There had lately been signs that some Labour politicians were having second thoughts about the party's coolness on Europe. Will this welcome process be cut short?

It may be. Mr Wilson in the House on Tuesday, and Mr Stewart at a press lunch on Wednesday, talking like the Conservatives in 1959 after the failure of the free trade area about the dangers of a division between the European Free Trade Association and the European common market, still sound years out of date. But realities are a great discipline for a party in power. Little as Mr Stewart said in Brussels on February 10th to warm European hearts, it was symbolic that the purpose of the first trip abroad of a new Foreign Secretary, with a mildly anti-European record, was to affirm the continuity of British interest in Europe. And a party in power can always afford to steal the opposition's clothes. Even its hesitations can be explained away on the ground that it is dealing with the hard facts of power. This was the line Mr Stewart took in Monday's "Panorama" interview on BBC television, when he pointed out that his ideas for co-operation with Europeans, though cautious, constituted a programme, while Sir Alec's clarion-call provided no guide to immediate action.

It was in fact striking that Mr Stewart put the Atlantic nuclear force as well as industrial co-operation at the centre of Britain's European policy. The point is that if Britain goes into a collective Atlantic force that includes some common market countries, Britain would have a foot in the door for later discussions on a European political union. This is a European policy, though it is a non-gaullist one in that it assumes the need for an Atlantic partnership. And in the end it may not be so very different from what even British "gaullists" would do if given their head.

Gaullism means, in part, asserting one's own national importance in the world. On this point, rightly or wrongly, General de Gaulle's instincts are at one with those of any British government: Britain in Europe would be second to none in promoting European interests. But no British government, "gaullist" or not, would follow the general in his mystical anti-Americanism. It might, say, carry on with national deterrents dressed up as European ones; but it would not break the strategic links with America. There is no conscious bipartisan European policy in Britain, but many roads can lead to similar ends. There is room for Labour in power to inch nearer Europe, as it realises that it cannot pull the British economy up by its bootstraps alone, while the Tories in opposition talk about entering by the front door.

The basic point of the recent British concern with Europe

The Economist

FEBRUARY 18, 1865

FRANCE AND FREE TRADE

¶ The speech of the Emperor of the French delivered at the opening of the Chambers has, we think, been received in this country with satisfaction. It is free from that sensational element which, though it adds to the dramatic interest of politics, affects too suddenly and too powerfully the ordinary course of European affairs. . . . All this is satisfactory so far as it goes, but this is not the portion of the speech on which Englishmen will dwell with most pleasure. There is something much more important behind the determined frankness with which the Emperor persists in the policy of free trade. . . . The Continent is very apt to distrust English commercial reforms for two powerful but widely different reasons. It has happened that most of them have been suggested and urged on by Liberals, and have experienced great resistance from the Conservative party, and continental statesmen have thus been led to see a dangerous principle in reforms, which by enriching the people really indispose them towards political innovation. Why, they say, should English Tories resist schemes which economists think wise, unless afraid of endangering things more valuable than money? That objection cannot, however, be raised to the action of the Emperor of the French. . . . Above all, Europe is accustomed to look to France and not to England for the initiative. English ideas do not spread, not we think because English instructors do not comprehend the thoughts of other races, but because they never understand the hiatuses in those thoughts. They assume data, which in their pupils' minds have yet to be proved. The Frenchman rarely makes that mistake, simply because his own countrymen have just the same blanks to be filled up, and an idea once become French spreads very fast. Should the thinking class in France ever, therefore, become converted to free trade,—and experience is sure to produce conversion,—we may expect to see the cultivated class in Germany, in Spain, and even in Russia, shortly acknowledge that their predjudices are untenable. . . . The decision of the Emperor Napoleon may, therefore, and we believe will, in a few years, throw open all the ports of Europe to a trade burdened only with the duties necessary to revenue, a reform of incalculable importance both to Great Britain and the world, one which would compensate this country for the American war, and Europe for the vast armaments which the energy and the success of the French Emperor has compelled it to maintain.

is that realities, not sentiments, sent Mr Stewart to Brussels just as realities, not sentiments, made Sir Alec put on an unaccustomed European hat over the weekend. The very fact that the interest in Europe is reviving at a time when no one knows exactly how to set about getting inside is a sign that it is the result of powerful pressures in Britain itself—even if it only means, for some politicians, that the devil when sick would be a saint. There is beginning to be a purposeful continuity in the reluctant British crawl towards Europe which should not be underestimated, especially on the continent. It is becoming, as indeed it ought to be, the major fact of British politics.

Dear Mr Governor

While the United States is meeting its balance of payments problem by measures to control its capital outflow, the British Government is split down the middle by a row whether Britain should meet its payments problem purely by internal deflation, especially by cutting government expenditure. Mr George Brown's Department of Economic Affairs is against deflation, although this week it was apparently also on the side of making a large cut in the import surcharge. Mr Callaghan's Treasury is in favour of some deflation, but this week its political task has been made more difficult by another tough speech by Lord Cromer, the Governor of the Bank of England. It is therefore not altogether surprising that some Labour ministers have been muttering angrily that Lord Cromer must go. Everybody, including Lord Cromer, knows that this would be most unfortunate for sterling. How then can the Chancellor get off the hook on which the Governor has impaled him? The Economist *suggests below a letter which Mr Callaghan might write to Lord Cromer this weekend.*

Dear Mr Governor,

Allow me to express *my* appreciation, at least, of your Edinburgh speech. As you know, I for one do not intend to be as free-wheeling as our Conservative predecessors in over-committing public money on schools, hospitals and all the other desirable benefits which filled our election manifesto. So let me assure you of my own support against carping critics of your refreshing candour. In these days when we are so successfully conducting the business of government itself by public debate, I am sure you are entirely right to extend the same principle to the old hole-in-the-corner scrapping between Threadneedle Street and Westminster.

But the purpose of this letter, my dear Governor, is to thank you for your splendid co-operation of the last few months. First for your sterling work, if that is the right term, in arranging those $3,000 million credits with your fellow central bankers; and I would like to take this opportunity of assuring you right away that the Treasury's Exchange Equalisation Account will not hesitate to release to you every dollar and cent that you need to repay. I would not want the Bank of England to make any inroads on the £361,619 of gold that its weekly return so usefully shows that it still holds itself. But above all, I and my officials greatly welcome the public campaign that you have launched, and that perhaps only a governor of the Bank of England can launch, enjoining the country to live within its means.

For while the press has perhaps given undue emphasis to your strictures on unproductive public expenditure, I myself believe that these and other observers have missed the vital, much wider implications of many of your pungent remarks. Some of my more impetuous colleagues are asking why the building of indoor lavatories for council schools should be regarded as an extravagant example of public authorities attempting to "meet the desires as well as the needs of the citizen," while the building of indoor lavatories in public houses is a part of productive investment in the private sector on which our future as a trading nation depends. You, I am sure, intended no such implication. You are a governor of a central bank which has a dominant influence on interest rates; administers exchange control over all capital transactions; advises the Government on exchange rate policy; speaks out as the undoubted voice of the City of London. You would not therefore suggest that you have less responsibility for a chronic payments deficit than the chairman of Wigan Borough Council. I have, accordingly, read your excellent recent speeches as a sign that you believe that the City of London must now play a still more direct part in closing that deficit.

As you so rightly said recently: "Prestige is earned, not bought: least of all on borrowed money"—how wise and sober a warning to our great City houses not to lend foreigners money that Britain has not got. And again: "We must, too, relate financially unremunerative expenditure overseas to what we can afford"—this has spurred my Treasury officials to make an immediate examination of the nature and timing of the foreign exchange return on all portions of our overseas private investment, which as you know accounted for more than half our £800 million deficit in 1964; and to prepare for a selective equalisation tax *à l'Americaine* to be applied accordingly.

While profoundly agreeing with you that the harsh needs of our balance of payments may oblige us to cut public amenities and do disagreeable things to our citizens—such as stopping their children being educated in the way that all of us would like them to be (and that some of my colleagues with sons at Eton ensure that their own are)—I wonder whether it would be pressing the principle of equality of sacrifice too far if we were also to become disagreeable about different kinds of citizens providing themselves with distinctly private amenities in the shape of Mediterranean villas: even if they are at a safe patriotic distance from Gibraltar. I mention this not to cast any doubt on your positively effortless administration of exchange control, but because I understand from

pertinacious travellers that a man and his wife making a quick round of the seven banks at London Airport alone can get £3,500 in foreign currency without signing a form. I know, my dear Governor, that this is our British way and have no wish to see any exchange control of Hungarian severity ; but perhaps we might make up our minds whether we are operating an exchange control or not.

Mr Governor, as you said on Monday, last November " we got uncomfortably close to the day of reckoning," and reckoning has not been our habit where the balance of payments is concerned. How profoundly relieved I am that all this is now changed, in the East End of London as in the West. Our historical world-wide military posture, as you put it, now has to be shaped against our limited external resources ; and so —as I know you meant to add—must our historical world-wide financial posture. From now on, because we intend to give up our permanent seat at the world borrowing table, a posture you rightly deplore, every decision in Whitehall will be coloured by the hard test : does it help or does it hinder the net payments balance ? And I am delighted that this is now to be true of every decision in Threadneedle Street too.

Let me close, my dear Governor, by reaffirming my full confidence in you in these difficult times for us both. I repeat that I, personally, am sure that your emphasis on public expenditure has been much misunderstood. I know that the Bank of England today, with economists in its employ who are second to none, could never subscribe to the hoary myths in vogue in earlier times such as 1931 or 1957, that a cut in public expenditure *alone* is an appropriate or, still more important, an effective remedy for our payments troubles. And if, I am sure with your help, I am now mobilising a more direct attack on our payments deficit, that is not primarily for fear of recession in 1966—that risk, as some of my cabinet colleagues have perhaps forgotten, was implicit in our November decision to hold the exchange rate at all costs. What we really must avoid is having both a recession in 1966 *and* a return of the old payments spasms in 1967.—Yours always respectfully,

Jim the Treasury

Another Part of the Bog

The Vietnam conflict involves Russia in a dilemma as acute as America's ; which is, oddly, a cause for hope

No Russians are getting killed in Vietnam. No military alliance commits Russia to defend North Vietnam ; it is a long way from Russia's borders, and farther still from Moscow. Nor is there any visible reason why the conflict there should make the Soviet government see alarming visions of a row of falling dominoes. And nobody is even demonstrating outside Russia's embassies to denounce its south-east Asian policies. That the new Soviet prime minister should nevertheless have placed a journey to distant Hanoi so high among his priorities is the more significant in view of all these elements of detachment. In reality, Russia is involved in the Vietnam conflict up to its neck. The dilemmas that Mr Kosygin has been struggling to resolve are, in their way, as painful as those that confront President Johnson.

To illuminate the nature of the Soviet leadership's problem, an imaginary situation that would perplex the Americans the same way may be suggested. Suppose that the Red Army had never evacuated eastern Austria. Suppose it was now being harassed there by local guerrillas, and unable to stop supplies, reinforcements and trained leaders reaching them from western Austria. Suppose that the Austrian liberation struggle was being fervently backed by a strong west European union that embraced both a France visibly seeking to challenge American leadership, and a Germany eager to oust a Russian-sustained regime from part of its own territory. Suppose that America had no troops of its own in Europe ; and that an Administration which had been confidently feeling its way toward a general accommodation with Russia had just been abruptly succeeded in Washington by a weaker leadership, much less sure of its aims and more troubled by the need to avoid any final break with a restive western Europe that had already ostentatiously spat in its eye.

Something not unlike that, in mirror-image, is the picture that so bleakly faces Russia's new B and K. One may well believe that they, too, are buffeted by hawks and doves among their powerful colleagues—including the Soviet marshals. An inkling of the urgent pressures that surround them was given by the hasty conference held at Moscow airport the moment Mr Kosygin landed on Monday. This could hardly have been necessitated by the arrival of dramatic news from the theatre of fighting—where, be it noted, a relative calm has followed the American raids on North Vietnam. A clue, at least in a symbolic sense, was the fact that the Chinese ambassador was among those left waiting in the airport hall during this urgent conclave, in which Mr Gromyko took part.

Mr Kosygin had staged his spectacular visit to Vietnam at a time when the Americans seemed in more difficulty there than ever, in evident hope of restoring the image of Russian leadership and protective power in the eyes of communists not only in Vietnam but also in other parts of the developing world where Peking has been strengthening its appeal. It was hotly denied in Moscow that he also hoped to work towards some way of ending the conflict that America might be able to accept ; but the fact that these denials had to be made to the Soviet domestic audience as well as to the outside world suggests that the word had gone round. Moscow's interest in a continued dialogue with Washington still seems evident, even if it is less freely and heavily emphasised than in Mr Khrushchev's day. Russia has refrained, at the cost of some loss in face among the Afro-Asians, from demanding a debate on Vietnam in the UN Security Council ; it also appears ready to resume the Geneva disarmament talks, though the eclipse of the UN Assembly would provide a convenient excuse for avoiding a resumption.

After the Kosygin safari, as before it, the Russians nevertheless also assert their total solidarity with a China whose official press almost daily calls President Johnson a "bandit chief" or "gangster." By hastening to Hanoi with pledges of support and stern warnings to the Americans, Mr Kosygin has doubtless, in this particular respect, narrowed the Sino-Soviet rift. But he has not closed it, nor prevented question marks from thickening around the international communist meeting summoned by Russia for March 1st. A clear contrast appeared in the messages that the Moscow and Peking leaderships exchanged on February 13th, on the fifteenth anniversary of the Sino-Soviet treaty of friendship. The Chinese message bluntly reminded the Russians of their "unshirkable duty" to support, in close unity with China, the armed struggles against America in Vietnam and elsewhere. The Russian message named neither Vietnam nor America; it urged unity in the face of an unidentified "imperialism."

The Chinese government's statement of February 13th on Vietnam included a passage directly addressed to Washington, which said: "You have been taught a lesson in the Korean war. Do you want the lesson repeated in Indochina?" There followed a reiteration that "American aggression against North Vietnam means aggression against China." In comparison with this fighting talk, Moscow's vague vows of unspecified "support" for national liberation struggles still look relatively pallid. Small wonder that the Peking press pointed out, just as Mr Kosygin was ending his tour, that "there are still shadows over relations between China and Russia." (Simultaneously, *Pravda* was tactlessly claiming that Russia had given China the latest types of military equipment.)

Russia's reassertion of an active concern with Vietnam has, in fact, revealed the limitations of its influence there. The moment Mr Kosygin left Hanoi, the North Vietnam newspapers switched back to lavishing praise on China's generous aid. The arrival of more Soviet supplies might strengthen Moscow's hand in Hanoi. But it seems that Russia's only hope of getting a real grip there must depend on its ability to offer the Vietnam communists some pretty solid alternative way of consolidating their gains without having to wade even deeper into bloodshed. Marshal Chen Yi, the Chinese foreign minister, encapsulated Peking's view on Monday in the blunt assertion that the only thing the Americans understood was "concrete action." The Russians dare not slide all the way to acceptance of the fighting Chinese formula. Nor can they opt for a halting of the conflict so openly as to revive the charges of treachery to the revolution that China levelled against "the Khrushchev clique." At the moment, it appears that the Kosygin visit amounted to little more than a holding operation, and that the emergence of any new line in Moscow must await the outcome of an intricate bout of in-fighting among the Soviet leaders.

The West's hope is that the debate now presumably going on in Moscow will be decided in favour of those Russians who are arguing that the Americans' willingness to take risks rather than lose south-east Asia makes it worth Russia's while to look for a compromise settlement; and against those who look forward, with less anxiety about the risks involved, to total victory dropping like a plum into the Vietcong's lap. That there is scope for a compromise, if Russia can swing its Chinese and Vietnamese allies to accept something short of unconditional American surrender, is not really in doubt. President Johnson must feel pretty dubious about the chances of restoring America's position in Indochina by military action to what it was before the Vietcong revolt really flared up in 1959. The important thing is to keep alive in the Russians' minds the idea that the unpleasantness of arguing with their fellow-communists on behalf of compromise is liable to be smaller than the unpleasantness of not doing just that. Given the whole trend of Russian policy in the last half-dozen years, which would Moscow prefer: the consequences of having helped to push America to its most ignominious defeat in a generation, or the credit for having helped to find a mutually tolerable way out?

Revamping the Towns

Reforms are urgently needed to clear the way for rebuilding Britain's old towns, as well as planning new ones

NOBODY could invent a more complicated cat's cradle of economic, social and administrative responsibility than that which meets in the middle of the average British town. That is why, despite all the discussion that goes on about the need to speed up the rebuilding of outworn city centres—the old residential districts as well as business centres—no policy has yet been produced for this purpose comparable with that for new towns. The present government says it wants to initiate a massive "new round" of new towns, and also to concentrate on righting the wrongs of existing decayed urban areas. Certainly the two must go together. Redevelopment displaces more people than it can reabsorb, and it is no use remodelling old towns until you know how much of their functions you expect, or want, to be dispersed to other centres. But which projects should come first, and how?

Quite rightly, the more energetic towns have embarked on thorough and costly plans of renewal, and have indicated the scale of their ambitions for the future. But even those that have estimated the cost have no means of telling, for more than a year or two ahead at least, by what combination of sources—local and central, public and private—it will be paid for. Nor is there any guide about what degree and complexity of rebuilding the country can afford.

As long as the main task is basic slum clearance this may not matter very much, although it does have an effect on such decisions as whether to save a little on land and erect expensive high buildings, or to spread out at cheaper lower densities and then have a bigger overspill problem. But, since the Buchanan report at least, it has been clear that the scale of expense and range of possibilities are very much larger when it comes to traffic.

A few months back, Leicester produced an orthodox traffic projection and a central road scheme which, it said, would cope with two-thirds of the traffic that would want to reach

the city centre in the year 1995. The cost of motorways and parking would, it calculated, be £135 million (excluding public transport). Quite apart from the question of what is going to happen in the year 1996—why not call a halt ten years sooner, or plan for a smaller or greater fraction of cars ?—can one urban area of half a million people really expect such a big share of the national cake ? Will the cake itself, or the total proportion of it available for construction, increase sufficiently while these works are in progress to make them seem quite reasonable ? How far could new growth outside Leicester render the plan unnecessary ? There is no means yet of answering these questions satisfactorily or even of indicating to towns like this how far self-financing methods (such as road pricing and parking charges) should be expected to pay for or to modify their schemes. The Buchanan steering committee's point that many more cars will bring in much more tax revenue demands positive government action if it is to become part of the economics of urban redevelopment.

When considering any sort of comprehensive redevelopment, apart from the clearance of scheduled slums, local authorities labour under all kinds of quite haphazard disadvantages. Roads are a case in point. No aid from the central government is available for anything except major roads inside county boroughs. This encourages city engineers to drive ring roads through residential districts, but not to rearrange the street pattern within the districts to use the sites to best advantage and make life with the motor car more tolerable. And since the direct planning grant was abolished in 1958 there has been no aid, outside war-damaged areas, towards the net cost of assembling and preparing large comprehensive sites. It is no coincidence that the biggest schemes are often to be found in towns which either happened already to have large sites in council ownership by 1958, or could buy or lease them from one or two large landowners. When either a council or a private developer undertakes, in a central business district, the task of buying up a rag-bag of small rights to make one big scheme, the subsequent development is all too often either over-priced or over-developed (in order to cover the initial costs in a short enough period of time). In either case the result can become an expensive white elephant, as some councils and developers have already found. If the Government's proposed land commission turns out to be designed primarily as a means of helping local authorities to buy land at less than market price, there may be more room for manœuvre in comprehensive developments. But this, by itself, will not induce a sense of realism about what is or is not a viable scheme—in the context of events outside as much as within a town's boundaries.

It is by now crystal clear that the whole problem of rebuilding cities is not going to be tackled sensibly until there is a thorough revision of the methods and sources of local authority finance, and of housing subsidies in particular. These are both being looked into currently, and action is promised by the present government. The Allen committee on rates, which reports next week, should fill in an important part of the background. It is impossible to expect local councils to act sensibly over redevelopment when they are anxiously watching a shaky housing account on the one hand and the effects on their incomes of losses of population on the other. A reform of housing subsidies could have a profound effect if it switched the bulk of support to places which really need the most new housing, rather than those which already have a large middle-aged stock of council houses. The present system encourages neither the most economic use of existing houses nor the most useful type of new building. Local authority housing finance therefore has an enormous if haphazard influence on the renewal of urban areas and the dispersal of population outside them.

If this is true of housing subsidies, it is every bit as true of rates. At present, there is an obvious incentive to local councils to plan for modern premises in business and commercial districts, in order to help finance redevelopment through higher rateable values. This is all very well, but at the same time there is a positive disincentive for poorer authorities to plan for the displacement of population. This is because the payment from the central government of the rate deficiency grant is calculated on the product of a penny rate in relation to population. Because of this, towns can actually find themselves with diminishing funds to pay for redevelopment as schemes proceed and values rise ; under the present financial system, this loss of rate deficiency grant through loss of population may not be compensated by the reduction in demand for services like education. The smaller boroughs are often the worst off ; these, too, are the ones who may be most frightened of losing too many people in case they have to give up their independent status.

One could go on endlessly enumerating the absurdities of dividing financial and administrative responsibility for cities and their suburbs, for houses and roads—and the barriers these place in the way of planned development. There is no national policy for urban areas outside such controls as a government cares to impose on investment generally. Short of a very much more thoroughgoing reform of local government structure and powers than any administration is likely to initiate in the near future, how could a more far-sighted system of priorities be introduced into large urban development schemes ?

This is where Mr George Brown's new regional councils, if they are to mean anything at all, could be a very positive force. The siting and size of new towns must certainly be their business. But there should also be comparable machinery for helping at least the most urgent schemes of renewal. The comparative degree of urgency is something which the regional councils must be equipped, with facts, to decide. Money should be set aside for the purpose too. Rather than re-introduce straight planning grants, the most effective system might be to allot a " development fund " to each region which could be used to give an extra impetus to large schemes that in the normal way might take years to get off the ground. Any local authority that wanted to draw from this fund should be shown very clearly that it would have to co-operate with the broad aims for its whole region, rather than just busy itself with what local councillors would like to do within their borough's own narrow boundaries. And in any place where no existing local authority is strong enough to carry out an essential project effectively, it should be accepted that a development corporation, on the new town model, could be introduced for the sole purpose of getting the job done. The resulting increase in efficiency and speed could even make such schemes pay.

COMMENTARY

TORY SHADOWS

Odds on Heath

THE reshuffle of the Tory "shadow" ministers by Sir Alec Douglas-Home has been judiciously done, with one big exception. And that (Mr Thorneycroft's receipt of the Home Office portfolio in place of Sir Edward Boyle) is not calculated to cost the Tories any immediate votes on hanging or immigration. The impression is, however, that Sir Edward's change was prompted more by a Brummagem blackball against a liberal immigration policy than by his own desire, however genuine, to return to education. If so, Sir Alec has surrendered to the nastiest pressure group in the party. Still, after Mr Thorneycroft's last floundering on defence, Sir Alec may have reflected that giving him wider experience will of itself strengthen the Tory performance in the Commons.

Mr Maudling has got foreign affairs (and retains the nominal No. 2 position) without any running interference from a purely European spokesman. Mr Soames (who was certainly considered for the European job) could slip up against the expertise of Mr Healey on defence but is the man to grasp at his chance. But still, on balance, the real gainer must be Mr Heath. He is not only shadow Chancellor-plus; he is given the fantastic debating opportunity of driving a coach and four between Messrs Callaghan and Brown whenever he wishes. He can now be awarded the edge as Sir Alec's favourite heir.

Mr Macleod still languishes in the outer Hades looking after steel; his desperate hope must be that it will be on this issue that Mr Wilson's parliamentary cardhouse eventually collapses. As for Mr Hogg, the curtains have finally closed on him. Since Mr Butler has gone there is no more cause to cosset Mr Hogg. The real rivals of October, 1963, have vanished together. As for the victor of that fight, the latest National Opinion Poll in the *Daily Mail* suggests that he would cost his party 50 seats at an early election. When will he vanish too?

MALAYSIA

Yankees All

IT must be a new experience for British residents of Kuala Lumpur to be denounced, as they were during the rioting there on February 13th, as "Yankees." The rioters, some 1,500 mainly Chinese youths, were supporters of the opposition Socialist Front, protesting against the detention of several of their party leaders as sympathisers with Indonesia. One might expect the rioters' anger to be confined to the British, who are usually understood to be the neo-colonialist imperialist villains in Mr Sukarno's confrontation pantomime. Not at all. Demonstration, over, the demonstrators beat up the United States Information Service building.

The explanation is simple enough. The Indonesian confrontation of Malaysia is swiftly being assimilated to the world-wide struggle led by Peking against "imperialism." In this the Americans are the principal target, and it is merely incidental if they do not happen to be involved in any particular situation. The Kuala Lumpur incident is a reminder that Malaysia has not one enemy but two, and that Chinese-directed communists at home can be quite as dangerous as Indonesian confronters. More dangerous, maybe. The Chinese have some influence over Indonesia, not only through its friendly president but through its communist party. The Indonesians, if they should ever wish to call off their push for power in south-east Asia, have none whatever over China.

Sorry, but . . .

ON February 12th, the front page of the *Malayan Times* carried the banner headline "Tunku lashes at UK paper." Underneath, in an "exclusive interview," Malaysia's prime minister was quoted as trouncing *The Economist* for the "irresponsible and unthinking journalism" of its attempt, on January 23rd, to describe Malaysia's domestic strains. Hit where it hurts, we were asked whether we aimed at stirring racial emotion between the Malays and Chinese of the federation. An editorial, published alongside the "interview," scolded us fiercely for abusing the freedom of the press and demanded an unequivocal apology.

Well, we would have been more ready to be sorry if it had not been for a small notice published by the *Malayan Times* the following day. Under the heading, this time, of "Misunderstanding" it quoted a surprised statement by the Tunku saying that he had given no such interview and asking for an explanation. The paper's editor supplied one: the interview had been not with the prime minister but with his political secretary, Mr Yap Chin Kwee.

AMERICA AND AFRICA

Brer Lyndon

ON February 14th the United States announced that it was expelling Mr Katua, the counsellor in the Tanzanian embassy in Washington. This produced an immediate riposte from Dar-es-Salaam in the shape of the recall of the only other Tanzanian diplomat in Washington, the ambassador, Sheikh Othman Shariff. The game of tit-for-tat had started on January 15th when Tanzania ordered two American diplomats, Mr Carlucci and Mr Gordon, to leave the country after a monitored telephone call in which one of them had been heard using the significant word "ammunition." The Americans argue that this was the verbal sort, and President Nyerere of Tanzania has rather mysteriously admitted in a letter to President Johnson that the United States was not involved in the "subversion" planned by Messrs Carlucci and Gordon. (Then who was?) But the rumours in Tanzania of American plots remain unquenched.

All this would be something of a diplomatic farce, if it did not come at a time when American relations with Africa are steadily growing worse. On the same day as Mr Katua was being told to leave Washington the government of Uganda was accusing American-supplied aircraft of being responsible for the bombardment of two Ugandan villages just across the Congolese border. At the meeting of the United Nations Economic Commission for Africa in Nairobi on February 16th Mr Kakonge, Uganda's chief delegate, claimed that America was mounting "a campaign of genocide against black populations of Africa." Many Africans dislike American support for Mr Tshombe in the Congo, but there is more to the situation than this. There is a background of frustration in Africa that has been brought up to the level of consciousness, though not created, by the failure of African states to solve the Congo problem or realise the hopes implicit in pan-African myths. The bitterness engendered by this frustration rubs off easily enough on to the strongest of the western powers, which is obscurely felt to be carrying out a sinister plan, having as its object the establishment of a hegemony over innocent Africans. In this atmosphere perhaps the best course for western states in Africa might be, like Tar-Baby and Brer Fox, to lie low and say nuthin'. But can they afford to do so?

TRADE UNION LAW

Licence to Coerce?

THERE are two overriding reasons why the Trade Disputes Bill should not have been given its second reading by the House of Commons this week—and why it was very odd of the Liberals to vote with the Government for it on second reading. First, the bill is being presented as the necessary purchase price of the unions' acquiescence in the work of the coming royal commission on trade union functions. It is said that the unions are more likely to co-operate in making the royal commission a success if they are given a sense of assurance that the legal *status quo* is entirely favourable to them. Why? Unfortunately, human nature being what it is, the incentive more likely to be given to the unions is to see that the commission now introduces as few changes as possible.

Secondly, even in the short term, the bill will make some trade union officials, including some shop stewards, less reluctant to try to bully people who will not toe the unions' line. It is no answer to say that some of the people whom union officials may wish to oppress are tiresome or eccentric. The bill should be condemned because it will encourage a few petty tyrants to feel it is now safer to be more tyrannical.

The odd thing is that it may mislead them by giving them this impression. Many lawyers feel that the bill, drafted as it is, in fact does not perform the function that it was intended to perform: there could be some strange surprises if it is tested in the courts. One of the straightforward purposes of the bill is to provide that, in the circumstances of a trade dispute, it shall not be actionable in tort for a person to threaten to strike in breach of his contract of employment. Union officials naturally think that any action in which they engage will be regarded by the courts as trade disputes; but when the main purpose of their threats is to injure somebody, or indeed to do anything else which judges do not see as directly relevant to the trading conditions that determine their livelihood, the courts may not agree. The bill, in short, may turn out to be an inefficient instrument for performing an undesirable purpose. It seems rather paradoxical to say that this last point makes it any better.

DOCTORS' PAY

Heal Thyself!

THE family doctors of Britain have now been advised by the British Medical Association to resign from the national health service on April Fool's day, giving three months' notice that will expire on July 1st. Frankly, nobody can really believe that this ultimate breakdown will take place. So far the chief beneficiary of the doctors' ill-argued campaign has been Mr Kenneth Robinson, the Minister of Health, who has appeared before the public as reasonable, comforting and eminently responsible. The BMA has done all it can to help him give this impression; in particular it has omitted to mention that it wished the pool system of payment on doctors itself, or that Mr Robinson has been among the few public figures to bother to say that this system will surely have to be changed.

But the question of changing the system was not in any way at issue before the Kindersley review body, whose recommendations (as accepted by the Government) have caused the doctors' fury. The doctors' position can be summed up in an unkind pair of formulae. They wish their remuneration to be settled by an independent body, so long as it is independent on their side. And they seek the security of public service, without wishing to accept the status of public employees.

SUNDAY OBSERVANCE

Never on Sunday

THE House of Commons rarely appears to worse advantage than in its periodical "non-political" debates. What members are inclined to mean by non-political is that no action is to be taken that could cause anybody any offence. This week they debated the report of the Crathorne committee on Sunday Observance. This committee, after sitting for three and a half years, produced a set of recommendations for sorting out the absurd and outdated network of legislation that enfolds and embalms the Englishman's Sunday. The mild criticisms that most people directed at this very worthy report were directed more at the timidity of its dash for freedom than at its revolutionary ardour.

But what was the upshot of this week's debate? The government spokesman—Mr Thomas, under-secretary at the Home Office, and a friendly Methodist from Tonypandy—assured the House that the report "will have the consideration of the government. I can go no further than that." In short, Lord Crathorne's report is to go into a pigeonhole, and heaven knows when it will be taken out again. Yet it is obvious that the Crathorne programme would be supported by a vast majority of the country. It is desirable, liberal, entirely inexpensive (perhaps even profitable for the nation). It is one of those rare chances for a government of actually *increasing* people's happiness. But the new, reforming government that the nation has elected chooses to let it gather dust.

GAMBIA

Teasing Strip

ON Thursday the Commonwealth acquired its twenty-first sovereign member, the smallest yet in terms of population. The Gambia, as official documents style it, although general usage may, with *The Times*, show a preference for dropping the definite article. It has been cruelly called a comic strip that lives on peanuts. Its 320,000 people live along the banks of the Gambia river; the country is only fifteen miles wide for most of this riparian length; and groundnuts are its only significant commercial product and export commodity. The first British post at the river mouth was established in Cromwell's time, and colonial rule, of a sort, took shape in the late eighteenth century. But not until the twentieth were the Mandingo, Wolof and Fulani inhabitants of the river banks made aware of British protection in any real sense.

A distinctive Gambian national personality is thus a rather elusive entity. Twice the British tried to run the place from Freetown in Sierra Leone; once (having temporarily bested the French) they bundled it into a short-lived colony called Senegambia; once they tried to swap it with France for territory elsewhere. None of these bids was particularly successful, and at last London found itself uneasily contemplating the inevitable transfer of sovereignty to a state that is surrounded by an already sovereign Senegal, and inhabited by people indistinguishable from the Senegalese except by the fact that their small (but lively) élite had undergone British, not French, education.

The idea of integration with Senegal has been rejected by Gambian leaders fearful of being swamped and "gallicised"; the idea of federation has been rejected by a Senegal that has had a painful experience of that kind with Mali. A United Nations team, invited to offer recommendations to both governments, urged them to shun complete separation, and advised, as the most practicable first step, a limited treaty relationship from which closer association might develop. The agreements actually reached so far do not even add up to the kind of tenuous relationship suggested by the UN team. Until 1967, British financial aid totalling almost £3 million will help the newly independent Gambia to stay afloat; after that, the urgency of restoring the Senegambian unity whose first brief life began two hundred years ago is likely to become more apparent.

LATIN AMERICA

Getting to Know

IN a land of the blind, even the experts are one-eyed. Most Britons know next to nothing about Latin America; the few who try to find out tend to attach themselves like drowning men to what they believe are firmly anchored truths but which sometimes turn out to be clichés awash. This has mildly surprised the distinguished Latin American and north American specialists who, at the invitation of the Royal Institute of International

*NICE and MARSEILLES
by Caravelle

Leave London after breakfast, at teatime, or after dinner (up to three flights daily). 115 minutes later you're at Nice (easy ride to anywhere up to Ste. Maxime west, and the Italian Riviera east—or take a connecting flight to Corsica). Alternatively, fly Caravelle via Paris to Nice or Marseilles (for St. Tropez, the Côte des Maures, the Calanques and the Carmargue). Whichever way you go, you'll enjoy a Caravelle start to your holiday. Ask your Travel Agent, or nearest Air France office for the free 50-page Summer Programme, which also gives details of Air France's exciting long-distance Welcome Tours.

* Flights to Nice in conjunction with BEA

à Votre Service

AIR FRANCE, 158 NEW BOND STREET W1
London GRO 9030 Birmingham CEN 9251/4 Manchester DEA 7831, 5
Glasgow CEN 8054/5, 6 Dublin DUBLIN 79073

AIR FRANCE
THE WORLD'S LARGEST AIR NETWORK

CANADA'S
First Bank

. . . . . can help in your quest for CANADIAN BUSINESS. With over one hundred and forty years' experience and over 925 branches 'Coast-to-Coast' we are in a unique position to offer assistance to newcomers to the Canadian market.

Our Business Development Department is at your disposal and will gladly send you a copy of our booklet 'Your Guide to Establishing a Business in Canada'.

FINANCIAL AGENTS OF THE GOVERNMENT OF CANADA IN LONDON

BANK OF MONTREAL

CANADA'S FIRST BANK
Covers Canada Spans the World

950 Offices across Canada and Abroad

JOHN A. HOBSON, General Manager for Europe
(Resident, London, England)

LONDON
Main Office: 47 Threadneedle Street, EC2
DONALD R. McCALLUM, Manager
West End Office: 9 Waterloo Place, Pall Mall, SW1
GORDON L. WILLIAMS, Manager

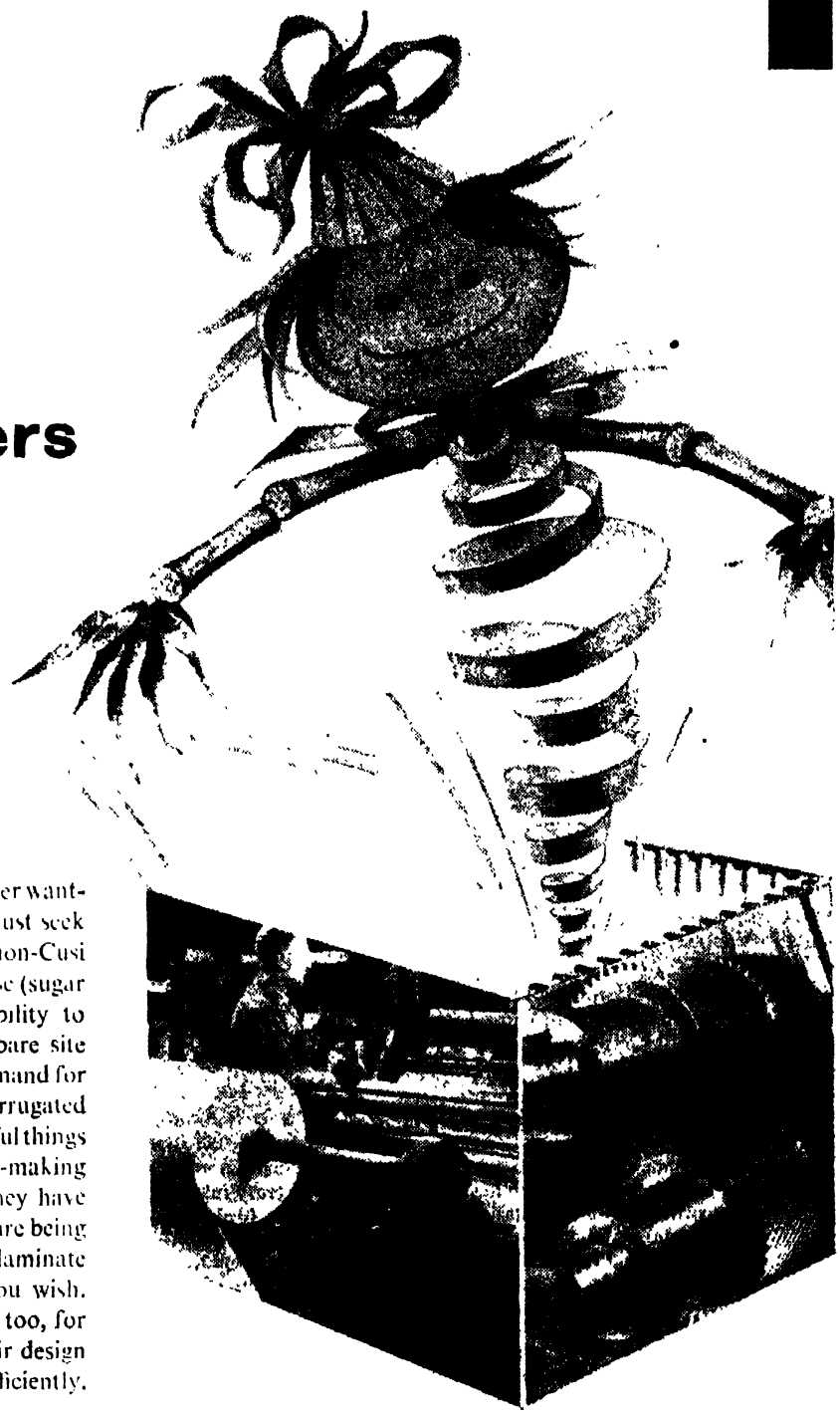
PARIS
No. 10 Place Vendôme, Paris 1er, France
G. F. Boe European Representative

DÜSSELDORF
Königsallee 6, Düsseldorf, Federal Republic of Germany
R. J. R. BONNELAND European Representative

ASSETS EXCEED $4,000,000,000

Simon looks to the future

The Paper Industry



Paper pace-makers

In a paper-chasing world the forward-looking paper maker wanting plant where traditional raw materials are scarce must seek indigenous materials. He finds his answer in the Simon-Cusi process for making paper of many qualities from bagasse (sugar cane stalks) and annual grasses, and in Simon's ability to engineer and build him a complete paper mill from bare site to production. When every deal is a packaged deal the demand for more packaging will go hand in hand with the need for corrugated containers - more sophisticated, more complex. Wonderful things are being done by Simon corrugated board and container-making machinery—more work in less space at lower cost. They have interesting things on the drawing board too. New things are being done with paper by Simon-Waldron plants; they coat it, laminate it, impregnate it, and put a shiny surface on it if you wish. And Simon supply not only the initiative but the drive too, for wherever paper is made or processed, gear units of their design and manufacture keep the wheels turning smoothly, efficiently.

If you are in paper, keep pace with **Simon Engineering Ltd**

STOCKPORT · ENGLAND · AND SIMON HOUSE · DOVER STREET · LONDON W1

Affairs, have been spending this week at Chatham House in London discussing the obstacles to change in Latin America. Their debate with several of the British participants at the conference has tended to be on two levels: the somewhat esoteric formulations of the north and south Americans have been punctured from time to time by the groping interjections of Britons trying to fit general labels to particular thoughts. True, the economists and the sociologists respectively have private snarls at what they consider each other's too rarified thoughts, but at least their theses are not pre-packed. Maybe the conference will succeed in getting behind a few of the more worn labels, the "revolution of rising expectations," for instance.

Probably, as often with an academic exercise of this kind, the main usefulness of the conference is in the contacts it offers. It is as hard for many of the Latin Americans to meet in the usual course of events (especially as one or two are exiled from their own countries) as it is for the British to cross the ocean to see them. And with unusual imagination for a host, Chatham House is offering its guests an extra week to be spent not in conferring but in travelling round meeting the people they want to meet. In particular, there are facilities for them to visit British universities, which should give a lift to the Latin American studies that last month were urged by a committee set up by the University Grants Committee.

TURKEY

Electoral Shadows

MR INÖNÜ'S resignation on February 13th was his third since he was appointed prime minister of Turkey in November, 1961. He came to power then after the first general election held since the army overthrew Mr Menderes in May 1960. On the first two occasions no acceptable alternative to Mr Inönü was found. This time his resignation seems more likely to stick.

Mr Inönü's downfall was contrived by the opposition leader, Mr Demirel, who persuaded the three smaller parties to form an "opposition front" with his Justice party to vote down the government's budget proposals. What the smaller parties thought to gain from lending themselves to this manœuvre is obscure. What Mr Demirel apparently thought to gain was a stronger position in the electoral contest that is due in October and is already throwing a long shadow before it. The position of the Justice party is already believed to be strong enough for it to wrest the lead from Mr Inönü's People's Republican party. But the question is whether such an outcome would be acceptable to the armed forces; to them the Justice party is little better than the political heir of the Democrat party, which they went to some trouble to destroy five years ago. Mr Demirel may calculate that if his party can perform the role of leading partner in a pre-election caretaker cabinet, it would gain some useful respectability. So it might, if it managed to play the part with credit.

Senator Urguplu, a political independent, has been asked to head the new four-party coalition in order to make it more acceptable to the army. He is bound to find it terribly hard to hold the ring in the approaching electoral struggle when the chief partner in his team is one of the two main contestants—and a bitterly partisan one at that. Turkish politics, never noted for their placidity, seem set for a particularly turbulent period. But perhaps the army, watching critically from the sidelines, will have a restraining effect on the politicians.

MONEY FOR SCHOOLS

Scrooge or Strategist?

THE latest spat in the world of education concerns the money the local education authorities are allowed to spend on minor additions and repairs to their schools. The Department of Education has announced that spending on minor works will be increased from £18 million this year to £21 million in 1965-66. But the department also announced that local authorities will no longer be entitled, as they were in the past, to spend sums up to £2,000 without limit on the total amount. It is reckoned that the aggregate spending on these tiny works would be over £5 million next year. So, the local authorities are proclaiming, this new increase is in truth a cut of £2 million a year and more.

It could, however be a beneficial cut—except in areas where the education authority is itself unusually competent. While the limit of "free" works has been set at £2,000 some authorities have spent too much of their time and energy in minor tinkerings with really dreadful schools; there is evidence that this has actually distracted them from the major task of ripping such schools down. Furthermore, the really dramatic need in British education—especially during this brief interim while the school population is on the brink of another giddy rise—is surely to recruit and train teachers for the next impending bulge, rather than to make minor improvements of amenity in existing schools (important though these often are). Unfortunately, the people who negotiate with the government about money for education seem incapable of thinking in terms of reasonable priorities. In a week when the National Union of Teachers has been so absurd as to put in a pay claim for an extra £200 million a year—a sum so vast as to make sensible negotiation impossible—it is not altogether surprising that a harassed government has felt obliged to assert more strictly its control over spending on the schools.

BERTRAND RUSSELL

Alas

BERTRAND RUSSELL once wrote, in a book called "Our Knowledge of the External World," that "the hardest of hard data are of two sorts: the particular facts of sense, and the general truths of logic." In the statement he read out at the London School of Economics on Monday he said, among other things, that:

> American attacks on North Vietnam are desperate acts of piratical madness. . . . Once more America stampedes mankind to the brink of war. . . . When the Congo became independent, the Western powers, especially America and Belgium, made a determined effort to preserve for the West the products of Katanga. Lumumba, who was the Congo's elected prime minister, was murdered. . . . Similar troubles are being stirred up by British initiative in the war between Malaysia and Indonesia.

Lord Russell has in recent years talked a fair amount of tosh about the external world, but he has rarely waved farewell so blithely to the facts of sense and the truths of logic. It was painful on Monday to see him slowly stumbling his way through a prepared text that ignored vital evidence, slid over the true and suggested the false, and fell back on innuendo instead of direct accusation. Sitting beside him was Mr Ralph Schoenman, the anti-American American who is now Lord Russell's secretary and who, until he proves the contrary, will be presumed to produce the stuff the old man takes responsibility for. "I am quite willing to suppose," Lord Russell once wrote in another book, "that my views, like other men's, are influenced by social environment." His present environment does not become him. There are many people who respect Bertrand Russell enough to believe that he could, if he wanted, show a glint of the cutting edge of his mind to all this nonsense; and dearly wish he would.

EIU Quarterly Economic Review

PAKISTAN & AFGHANISTAN

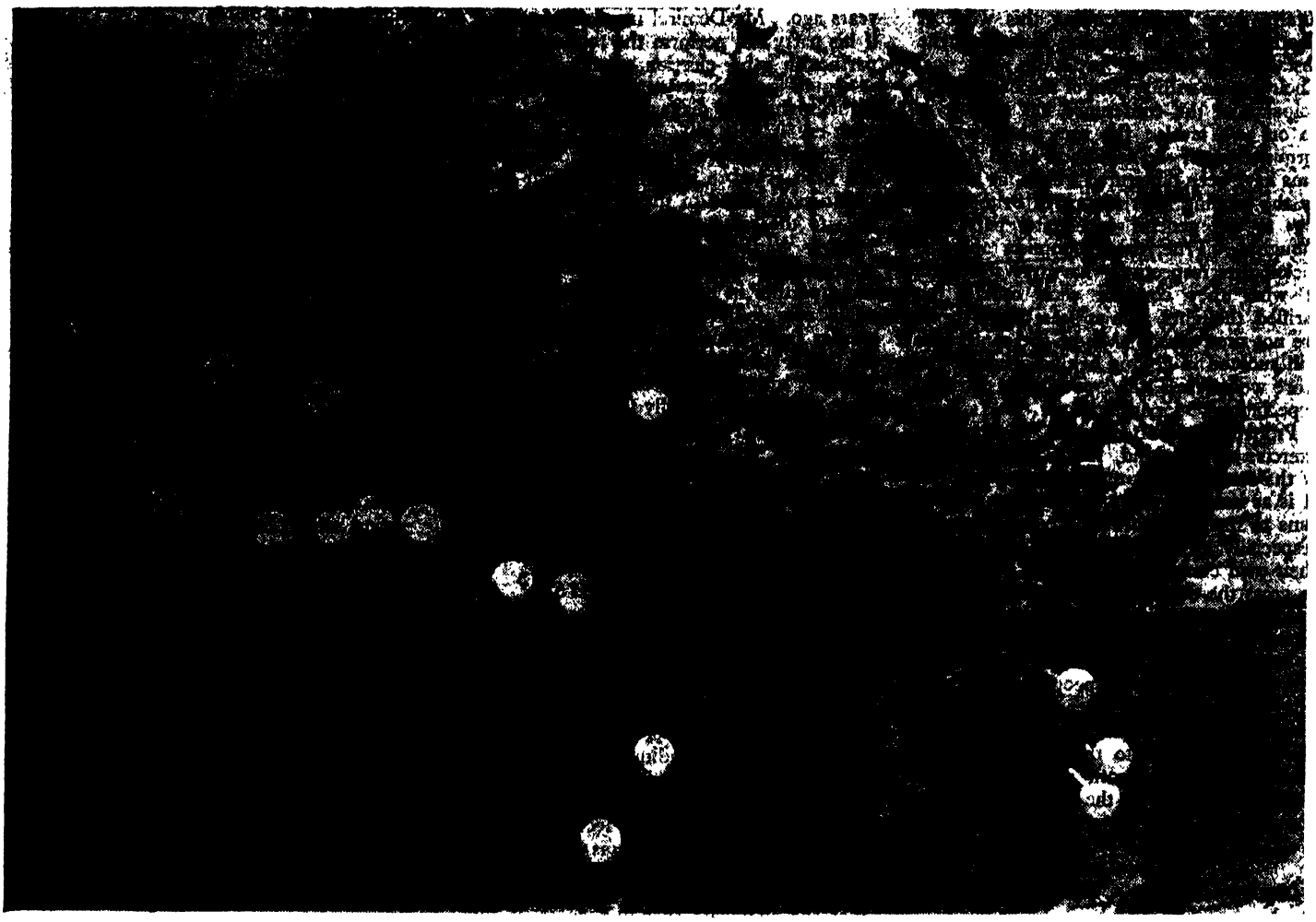
The review examines the implications of President Ayub Khan's re-election at the start of an economically promising year and assesses changes in the import policy made in the face of temporarily falling exchange reserves, a problem which threatens Afghanistan's external situation also.

Further details from:

THE ECONOMIST INTELLIGENCE UNIT

Spencer House 27 St James's Place London SW1
Telephone Hyde Park 6711 ext 27

60 East 42nd Street New York 17
NY Telephone Murray Hill 7-8850



It takes 30 pins to cover Africa . . . *and we need more all the time.*

Each pin is a Mitsui man, in charge of a Mitsui office. Mitsui is active all over Africa . . . we're building a textile factory in Kenya, cocoa and butter factories in the Cameroons. In Nigeria, fish are caught, processed and sold to various districts in Africa through the Mitsui Group network. In Ghana, it's tuna destined for the United States.

We import pyrethrum, copper, mineral products, iron and steel, wool and corn from Africa, and export textiles.

The varied enterprises of the Mitsui Group, an integrated complex of business and industry, extend from Japan to every continent in the world. 280 years of experience behind import-export, chemicals, metals, shipbuilding and shipping, foodstuffs, textiles, machinery, raw materials and finished products. If you want to build, Mitsui is ready to help in any project, from engineering and contracting right through to insurance.

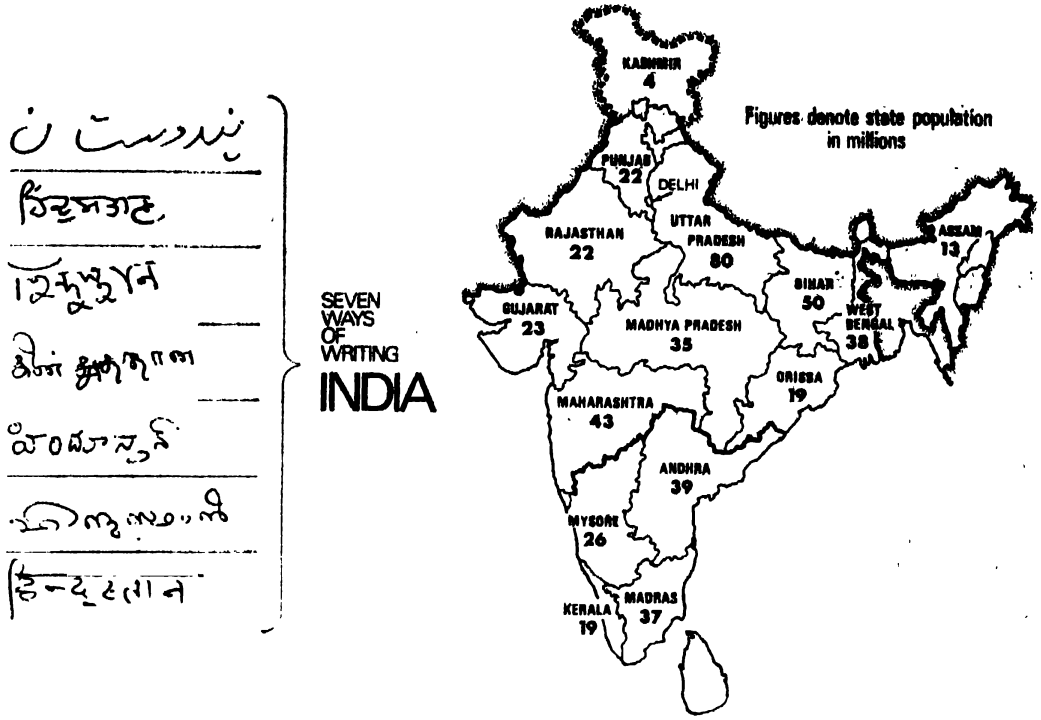
Call on Mitsui . . . we're no further away than your phone. Do you have a question? We have the answers!

MITSUI GROUP: **Mitsui & Co., Ltd. (Trading) · The Mitsui Bank, Ltd. · Mitsui Chemical Industry Co., Ltd. Mitsui Construction Co., Ltd. · Mitsui Miike Machinery Co., Ltd. · Mitsui Mining & Smelting Co., Ltd. · Mitsui Petrochemical Industries, Ltd. · Mitsui Real Estate Co., Ltd. · Mitsui Seiki Kogyo Co., Ltd. (Precision Machinery & Engineering) · Mitsui Shipbuilding & Engineering Co., Ltd. · Taisho Marine & Fire Insurance Co., Ltd. · Toyo Koatsu Industries, Inc. (Fertilizers, Chemical & Plastics)**

Offices and affiliates in Africa: Accra: Liaison Representative, Mitsui & Co., Ltd. Mr. T. Tanaka c/o Star Kist International S.A., Tema (P.O. Box 46 Tema) Cable: MITSUI ACCRA. **Cairo:** Liaison Representative, Mitsui & Co., Ltd. Abou Regeila Bldg., 28 Talaat Harb Street, Cairo, Egypt (P.O. Box 48 Cairo) Tel. 41079, 53045 Cable: MITSUI CAIRO. **Casablanca:** Bureau de Liaison, Mitsui & Co., Ltd. Immeuble C. M.R., 30 Rue Sidi-Belyout, Casablanca Tel. 617 76, 691-22. Cable: MITSUI CASABLANCAMAROC Telex: Call No. 21045 Answer Back Code: Mitsui. **Lagos:** Liaison Representative, Mitsui & Co., Ltd. Second Floor, Hamburg House, 31 33 Martins Street, Lagos (P.M. Bag 2764 Lagos) Tel. 21967, 24192 Cable: MITSUI LAGOS. **Johannesburg:** Commercial Adviser to Mitsui & Co., Ltd. Rooms 329, 335, Innes Chambers, Cor. Pritchard & Von Brandis Street, Johannesburg (P.O. Box 9712 Johannesburg) Tel. 23-1972-3 Cable: MITSUI JOHANNESBURG Telex: Call No. JX7220 Answer Back Code: Mitsui. **Nairobi:** Liaison Representative, Mitsui & Co., Ltd. Rooms 313/7, Uniafric House, Sadler Street, Nairobi, Kenya (P.O. Box 30277 Nairobi) Tel. 24733 Cable. MITSUI NAIROBI Telex. Call No. 20240 Answer Back Code: MITSUI.

THE WORLD INTERNATIONAL REPORT

Many tongues, no communication



North India

Assam	*Assamese, Bengali*
Bihar	*Hindi*
Gujarat	*Gujarati*
Kashmir	*Kashmiri, Punjabi*
Madhya Pradesh	*Hindi*
Maharashtra	*Marathi*
Orissa	*Oriya*
Punjab	*Punjabi*
Rajasthan	*Hindi*
Uttar Pradesh	*Hindi*
West Bengal	*Bengali*

South India

Andhra	*Telugu*
Kerala	*Malayalam*
Madras	*Tamil*
Mysore	*Kannada*

Minor states, territories and languages omitted. Hindi covers Hindustani and Urdu.

FROM OUR INDIA CORRESPONDENT

On the night of February 11th Mr Shastri's eight-month-old government teetered on the edge of disaster. An emergency cabinet meeting that evening had only widened the north-south differences over the use of Hindi as India's official language. Heedless of the deep emotional ferment in the non-Hindi-speaking south, which had erupted in a nihilistic orgy of burning down central government installations in many parts of Madras state, one northern minister was reported to have suggested leaving it to the army to deal with the situation.

The food minister, Mr Subramaniam, whose home town Coimbatore is one of the major trouble spots, had been urging Mr Shastri and other cabinet colleagues to make some positive gesture to allay southern fears. On his way back from the cabinet meeting, he decided he had been wasting his breath and sent in his resignation. Although one junior minister decided to follow his example, the senior southerner in the cabinet, Mr Krishnamachari, the finance minister, decided to stay on. This mercifully prevented a complete north-south split which would almost certainly have brought the government down.

The resignations (now withdrawn) reached Mr Shastri just before he broadcast an appeal reiterating "without qualifications" Mr Nehru's assurances that English would continue as the alternative official language for as long as non-Hindi-speaking states wanted it to. This served little purpose because confidence had been undermined by the intolerance (or the stupidity) shown by Hindi zealots within the government and parliamentary party in recent months. Alarmed by their antics, even moderate southerners are insisting that assurances must be given legal form by an amendment to the Official Language Act so that infringements can be taken to court. They feel it is no longer possible to depend solely upon good sense.

Since no new issue of principle is involved in turning Mr Nehru's pledge into law, Mr Shastri's reluctance to do so has been interpreted by critics as implying that he himself has reservations. Some with long memories recall that the south was flooded, by mistake it was subsequently explained, by money order forms in Hindi during his tenure as minister of communications. Others raise a more substantive objection ; they point out that the Official Language Act as it now stands is merely permissive. It says English "may" be used in addition to Hindi. While Mr Nehru had succeeded in persuading people that "may" really means "shall," Mr Shastri's indecisiveness in the face of the Hindi lobby's pressures has made the south unwilling to take anything for granted.

The south has interpreted the ministerial resignations as confirmation that political battle has now been joined at the highest level. This persuaded students in Madras state to call off their agitation the day after the resignations were announced—agitation that had claimed more than fifty lives, including five in Vietnam-style acts of self-immolation. But the respite proved shortlived. The demonstrations have spread unexpectedly to the adjoining state of Andhra, where the police have opened fire on mobs on the rampage. Demonstrations are taking place in other states as well but mercifully without violence. New Delhi has tried to suggest that the left-wing communists are master-minding the revolt in the south. Most people are unconvinced.

Mr Shastri's reaction to the crisis has been to shift responsibility for decisions to the chief ministers of the states. He has summoned them to a conference next Tuesday, presumably in the hope that they will help him evolve a statutory formula to meet the south's point of view. The withdrawal on February 16th of the two southern ministers' resignations suggest that he is ready to go quite a long way to meet them. But that will not be easy; his room for manœuvre has been reduced by the pressure that Hindi fanatics are mounting to counter southern agitation. A para-military Hindu organisation, the RSS, has made it known that it will not take a slight to Hindi lightly. Unless the Hindi-speaking chief ministers can summon enough courage to agree upon a compromise, the conference may precipitate a complete breakdown with grave consequences for India's unity.

The danger is fortunately recognised. Mr Gandhi's foremost disciple, Vinoba Bhave, started a fast (which he ended on day) in an attempt to make people see sense. Nehru's daughter, Mrs Indira Gandhi, has publicly urged rethinking on the Hindi issue and her stand is endorsed by several cabinet colleagues. The Congress party president, Mr Kamaraj, continues silent, but there is no mistaking that his sympathies lie with the south. He perhaps feels that northern obduracy over Hindi is playing right into the hands of the separatist Tamil party, the DMK. This party is bound to make capital out of the passions roused in the south during the past three weeks; it may even revive its secessionist pleas.

While few Indians take the secession idea seriously, an extreme anti-north posture is nevertheless a good electoral gimmick. It could lose the Congress party Madras state at the next general election in 1967, a prospect that Mr Kamaraj and other Congress members from the state must find particularly odious.

WEST GERMANY

Military Aid from Germany

FROM OUR BONN CORRESPONDENT

It would have seemed nightmarish less than twenty years ago to have dreamed of a German army sufficiently restored to be able to train and equip Africans for war, and to ship weapons and war material worth some £30 million to—of all takers—Israel. If that is too alarmingly simple a statement of today's reality, it is none the less the upshot of what is happening. German staff officers, cabinet ministers, senior civil servants, and a handful of parliamentarians have known of these transactions at least since 1962, but the Bundestag as a whole and the general public have come to be aware of the extent of the commitments only through the great rumpus precipitated by Herr Ulbricht's projected visit to Egypt on February 24th.

Arms shipments to Israel apart, German military aid to other countries is invested nowadays with little secrecy. But it is not called that in official parlance; "equipment aid" and "training aid" are the fashionable terms; and those concerned in it make a point of explaining that it is being given with wincing reluctance, solely in deference to importunate Nato partners such as the British and the Americans, especially the Americans. The 1965 Federal budget provides for an expenditure, not counting aid to Israel, of 167.2 million marks, or about £15 million, under these politic headings. The allocation has risen from 25 million marks in 1962, 38.5 million in 1963, and 125 million in 1964. All arms and equipment sent abroad are taken from existing Bundeswehr stocks; nothing is bought to be shipped directly elsewhere. And of the weapons exported, only the small arms are of German make.

The latest report on west German military aid in Africa and Asia can be summarised as follows:

Ethiopia. A trilateral agreement is being negotiated with the object of harnessing German and American help in forming an Ethiopian frontier defence force. The training and equipping of some 3,000 men is contemplated.

Guinea. Germany has already contributed 10 million marks, largely in the form of motor vehicles and concrete mixers for military engineering projects. Under a new agreement, 20 million marks is earmarked for training 75 Guinean soldiers in Germany, of whom 25 are already in the country. One Bundeswehr officer and six NCOs are in Guinea. No weapons are being supplied.

India. Germany has presented the Indian army with winter clothing for 10,000 men, at a cost of 5 million marks.

Libya. Ten airforce pilots and ten air safety controllers are being trained in Germany. There is no formal agreement.

Malagasy. Germany is training 55 airforce pilots and ground staff, and arrangements are being made to supply six coastal patrol boats.

Nigeria. 42 Germans are now in the country to advise the nascent Nigerian airforce. Germany has undertaken to train 160 Nigerian airmen (100 pilots, 50 ground staff, and 10 technicians) with the Luftwaffe, and to deliver 26 Piaggio training aircraft, 30 Dornier reconnaissance and light transport aircraft, and 10 Noratlas transport planes. Nigeria has the distinction of being the only receiving country to pay for everything.

Pakistan. An agreement is now being negotiated—doubtless to the stimulation of India's constant distrust.

Somalia. Germany has fulfilled one project which, at a cost of 7.5 million marks, involved training a police force and equipping it with small arms, signalling apparatus, and vehicles. 40 Somali policemen went through a course in Germany. Negotiations for a second project, valued at 37.5 million marks, were broken off when Somalia accepted Russian help valued at 120 million marks.

Sudan. By an agreement signed in 1961, Germany undertook to help for five years in the training of six frontier defence battalions, and to deliver small arms and mortars. Altogether 130 Sudanese soldiers are to be trained in Germany, of whom some 40 are already in the country. The project is estimated to cost 120 million marks, of which the Sudan government has agreed to pay one-third.

Tanzania. An agreement exists by which Germany has undertaken to deliver 20 of the small Dornier planes that are going to Nigeria, 12 to 16 Noratlas transport aircraft (the exact number has yet to be fixed), and probably six coastal patrol vessels. All this would be a present from the incurious German taxpayer, but may remain largely on paper should Tanzania unequivocally recognise the east German regime. A clause in the agreement stipulates that German aircraft and German instructors shall not be used for aggressive purposes outside Tanzania. But the Luftwaffe men stationed in Dar-es-Salaam are uneasy. They hear of military planning against Portuguese Mozambique, see Chinese arms passing through to the Congo, and wonder whether all in all they are serving a good cause.

The arrangements catalogued above were entered into with Nato's knowledge and encouragement. The government made each one known at the time to two members of each of the three parties represented in the Bundestag, who were enjoined to silence. According to Dr Adenauer this procedure was also followed in 1962 when the secret arms agreement with Israel took final shape. But on Wednesday, in the course of a debate on the budget estimate for the Federal chancellery, a succession of deputies protested that a better informed Bundestag would have corrected the mistakes that have created new trouble for west Germany in the Middle East, and may in the future cause mischief in Africa and Asia.

Photograph: Courtesy of The Ben Line Steamers L

In search of trade

Today more fiercely than ever before, the battle of Britain's balance of payments is being fought in highly competitive markets all over the world. Kleinwort, Benson have developed a range of services designed to provide valuable assistance to the exporter. From the provision of overseas introductions, financing trade, arranging settlements in foreign currency and the raising of capital for major overseas contracts, Kleinwort, Benson actively assist the winning of export orders. The Bank's expert advice is backed by more than a century of experience and is readily available.

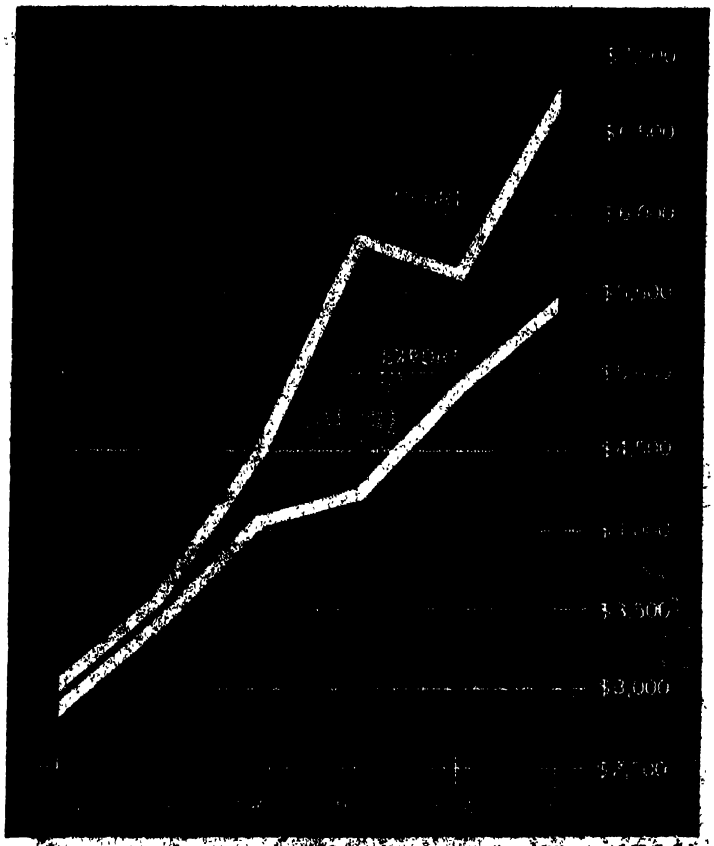
KLEINWORT, BENSON

LIMITED

Merchant Bankers and Advisers to Industry

Established 1792

ST. ALBAN'S HOUSE GOLDSMITH ST LONDON EC2 MANsion House 1531
ALDERMANBURY HOUSE LONDON EC2 METropolitan 1797



Japan's imports-exports (in millions of U.S.$)

How to buy and sell in the billion dollar Japanese market

One way is to open your own office in Tokyo staffed with 3,000 experts on Japan's industries, commerce and foreign trade. In effect this is what you get when you deal with Japan's largest general trading company, Mitsubishi Shoji of Tokyo. From its head office with 100 branches and associates throughout the world, Mitsubishi Shoji helped over 5,000 overseas firms do $1,500,000,000 worth of import-export business in Japan last year. Mitsubishi Shoji handles everything from consumer goods to heavy industrial equipment. Long association with other Mitsubishi enterprises (30 of Japan's largest corporations) gives you a priceless advantage when either buying or selling in the Japanese market. Put Mitsubishi Shoji's proven ability to work for your firm. For complete information write to:

General Importers & Exporters

MITSUBISHI SHOJI KAISHA, LTD.

Head Office: Marunouchi, Tokyo, Japan

London Branch: Bow Bells House, Bread Street, London, E.C. 4

Overseas Trade Network: Düsseldorf, Hamburg, Paris, Milano, Madrid and 55 other major cities around the world

WHY AN EXPORT MANAGER WITH A MAGIC CARPET?

Because export orders don't grow on trees, that's why. To get them, I've got to dart here and there, quite frequently at a moment's notice. Speed is all important, of course, but I *do* like to arrive feeling fresh and in good business shape. *That's* why I prefer to go by the Beagle company aircraft.

Enjoy the comfort, the timesaving, the convenience of stepping into your own company executive aircraft and, in no time at all, arriving hundreds of miles away, fresh and ready, for the business of the day. Enjoy the red carpet treatment which seems to follow executive aircraft owners wherever they go. Enjoy the rich business rewards and the economy of operation. Enjoy Beagling to business . . . your Beagle will serve you well.

BEAGLE

AIRCRAFT LIMITED

SHOREHAM AIRPORT, SHOREHAM-BY-SEA, SUSSEX. TELEPHONE: 2301
REARSBY AERODROME, REARSBY, LEICESTERSHIRE. TELEPHONE: 321

FRANCE AND BRITAIN

Mésentente Cordiale

FROM OUR PARIS CORRESPONDENT

GENERAL DE GAULLE'S particularly amiable greetings for the new British ambassador on February 13th, and his kind words earlier at the press conference on February 4th, have given birth in London to flights of fancy about a revival of an Anglo-French entente. But trying to probe below the cordial surface in Paris, one does not discern any signs of a substantial shift in French policy towards Britain. As the late Professor Joad would have said, it all really depends what you mean by an entente.

It is too easily forgotten that President de Gaulle never said kinder words about the greatness of the British people in war and peace than at his press conference in January, 1963, when he was casting his veto on Britain's entry into the European common market. Britain was great, but did not, or would not, fit into the gaullist scheme. Now, Britain is out of the common market and the Labour government is unlikely to restart negotiations over membership. The other major bone of contention—the plan for an Atlantic nuclear force (ANF)—has been cast aside for the time being. Mr Wilson's ANF was as distasteful to the French as the multilateral force it was designed to replace. Both were possessed by the same original sin of perpetuating American leadership of the alliance. But the British move has indirectly contributed to the American decision to put off the whole thing. The victorious general may have reasons to be magnanimous; he has none to alter his policy.

Within these political limits, the French see most scope for co-operation in the aircraft industry, where the British are sometimes their indispensable partners. Since the British intention to scrap the Concord project had been attributed by the French to political motives, its resurrection is the more welcome. Other plans for joint production are also greeted favourably. But the French are still cautious about the future. The most significant new project (the swivel-winged trainer-cum-fighter) will not become an issue on [illegible] have to be taken until 1967 at the earliest. The [illegible] for French [illegible] in private that "when [illegible] to serious business, the British want to do it with the Am[illegible]s."

The unanswered question is what the general's reaction would be if the British government decided to "go gaullist" and pool its nuclear resources with France. The sceptics argue that the general would still be reluctant to commit himself. Britain, like France, still has all the trappings of a great power. It is one of the permanent members of the Security Council. It is one of the Big Four in Germany. It also has a nuclear sword of some kind. In other words, it has the instruments on which the French president, rightly or wrongly, relies to keep his leadership of a west European coalition, and it would be a competitor for that primacy.

British gaullists reject such scepticism and proclaim that General de Gaulle is eagerly waiting for London's conversion from its Atlantic loyalty to his European faith. The French are less convinced. Only this week the astute M. Edgar Faure, asked about Britain's entry into the common market, went beyond the usual formula about accepting the rules of the Rome treaty to argue that, since the purpose now is to get the countries of eastern Europe back into the fold, the west European system must be as unAtlantic as possible and, preferably, strictly continental. Admittedly, M. Faure is not an official spokesman. But he is often used as an unofficial envoy and he is as well able to interpret the presidential thoughts as anyone can be.

In any case, the question is abstract. As things stand, no British government is likely to tamper with its Atlantic ties. But at his last press conference, General de Gaulle showed a growing awareness of the power of Germany, his chosen partner. This apprehension may lead him to glance more frequently across the Channel. For all that, Paris and London are still miles apart on the central problem of relations with the United States. What the French are offering now to Britain—and it is not new—is an agreement to disagree and to co-operate in friendly fashion despite fundamental differences. The rest, as Verlaine would have put it, is literature.

KUWAIT

No Rubber Stamp

FROM A CORRESPONDENT IN KUWAIT

FOUR oil-producing countries—Iran, Saudi Arabia, Qatar and Kuwait—provisionally accepted the new profit-sharing deal that the oil companies offered them last November. Only Kuwait, it now turns out, has a parliament whose ratification of the agreement could not be taken for granted. Neither the oil companies nor the Kuwaiti government seem to have made sufficient allowance for this small rock in their path.

The original oil company offer had written into it a time-clause making additional payments for 1964 dependent on acceptance before January 26th: a condition that sounded to Kuwaiti deputies—first presented with the agreement on January 19th—a little too much like a pistol pointed at their heads. At a special session on January 23rd, the national assembly voted overwhelmingly (with the exception of the cabinet and five abstainers) to postpone a decision for two months to allow time for study and discussion.

In the long-drawn-out negotiations between governments and oil companies, no one, it seems, had foreseen the necessity of guiding the agreement through the Kuwaiti national assembly. The government did not receive the signed document until December 31st; it did not table a motion until nearly three weeks later.

Presenting the agreement to parliament three days before its deadline, the government could produce only the crude argument: "Ratify, or we lose £10 million." Deputies called it "a threat laced with a bribe." Transcripts of the debate on January 23rd, and again on the 26th (when the government made a last attempt to get the assembly to change its mind), show that the more articulate deputies were dissatisfied with the oil companies' offer, and thoroughly distrusted their government's ability to drive a hard enough bargain.

The assembly's refusal to rubber-stamp an agreement of great complexity, and of vital importance to the national economy, is easy enough to understand. What seems more curious is the government's mishandling of the whole affair. Its timing was inept, its stance lacked conviction, and it clearly overestimated the obedience of its lately born legislative body.

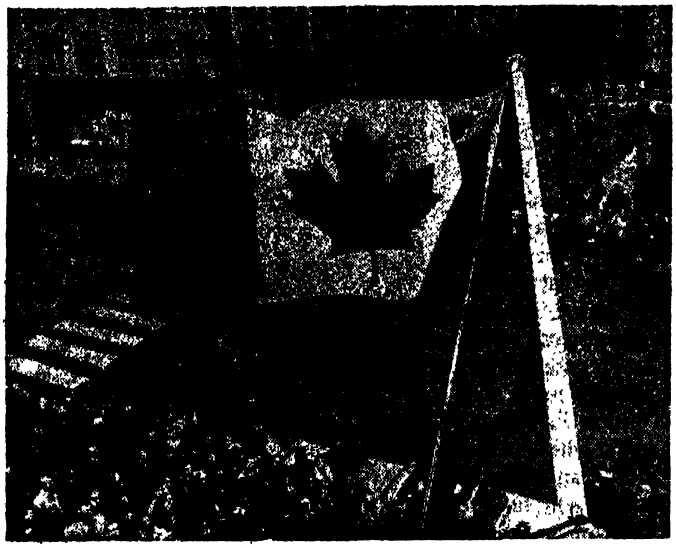
Significantly, no leading member of the government put his weight behind the agreement; it was left to Sayyid Omar, the head of the petroleum department, to try to push the shot-gun marriage through. There is evidently a lack of government leadership on this issue; this may be due to a split within the ruling family, to preoccupation with other matters, or to sheer failure to understand that an assembly with a mind of its own will also sometimes express it. The result has been to allow the radicals in the assembly to carry far more weight than their numbers warrant.

Although the companies' offer is now formally in limbo, few people believe that the time-clause was more than an unsuccessful attempt to hurry the Arabs up. New negotiations are expected to start soon; indeed, it is being said that some way will be found to keep safe the endangered £10 million. The companies have already said that their agreements with the other three countries still stand—in spite of an original proviso that they would be valid only if ratified by four countries.

CANADA

Dump Dief Week

FROM OUR CANADA CORRESPONDENT



Maple leaf on high in London

WITH Canada's long-disputed new flag at last flying from the Peace Tower over Ottawa's parliament buildings, parliament reassembled on Tuesday to try to finish off its 1964 session, already the longest in Canadian history. Outwardly there is little sign of change except for the red maple leaf on the new flag streaming in the cold, clear sunshine of an Ottawa winter. But the political forces have been thrown into confusion, like a compass carried into an area of magnetic rock. It is touch-and-go whether the House of Commons will settle down at last into relative reasonableness or become even more truculent and factious.

What its mood will be depends, largely if not entirely, on the Conservative party, which is just emerging from the ritual ordeal of its "Dump Diefenbaker Week," an event that has been staged in three out of four successive Februarys. In 1962 it was a half-baked palace revolution within the cabinet, which fell apart when Mr Diefenbaker got wind of it. Last year it was a full-scale convention at which Mr Diefenbaker—by then in opposition—tearfully pleaded for a vote of confidence. He got it, but the strength of his majority was never clearly measured.

This year the engagement was fought out in a smaller forum—a meeting of the party's national executive, which numbers just over 130, of whom 116 were present. The meeting was summoned on the demand of the ten sitting Conservative members from Quebec, led by Mr Léon Balcer, who had been named a year ago as the party leader's "right-hand man" from Quebec. After a year in which he was never consulted about policy, and in which Mr Diefenbaker flouted every sensitivity of Quebec, Mr Balcer at last announced that he was thinking of leaving the party. But as a final effort, supported by all his Quebec colleagues, he asked the executive to call a convention to discuss the leadership.

This time the proceedings were all in private. So was the vote. Party officials drafted a questionnaire to be filled out in secret. The first question was whether a party convention should be held. The second was whether Mr Diefenbaker should immediately resign. The Conservative leader protested so violently against the inclusion of this second question that a vote was taken. The five men who had drawn up the questionnaire did not vote; the others divided 55-52 in favour of deleting the question.

When answers to the questionnaire had been counted, the party president, Mr Dalton Camp, announced that the vote was against holding a convention and that the full results had been given to Mr Diefenbaker. He thus knows what margin of support he has. But he has not chosen to reveal it. On the basis of the one voting result that was leaked from the executive meeting, most of his party and most of the public assume that it was very narrow indeed. Mr Balcer said on Monday that he himself would not leave the party just yet.

Mr Diefenbaker himself retired into seclusion after the meeting just as he did after the 1962 election. But he emerged on Monday to salute the raising of the new Canadian flag against which he had fought so bitterly. This was another result of the secret questionnaire. At his own request the national executive was asked whether he should join in the flag-raising ceremonies or boycott them. He was present.

With the Conservatives so blatantly divided, Mr Pearson's Liberal government might normally expect a fairly easy passage in the reassembled House. But it has troubles which even a divided opposition is eager to exploit. A judicial commission of inquiry, headed by Chief Justice Dorion of Quebec, is now in the middle of public hearings about an unsavoury mess involving bribery, the Mafia, the drug traffic, influence-peddlers, Liberal party organisers, and several young assistants to ministers. If wrong-doing is brought home to any of the prominent Liberals involved, it would be very damaging to the party.

Until Mr Dorion's commission makes its report Mr Pearson is in no position either to "clean house"—as his opponents righteously demand—or to rebut charges of corruption. He is taking the position, natural to him, of suspended judgment. But there is joy in all this for the opposition.

ITALY

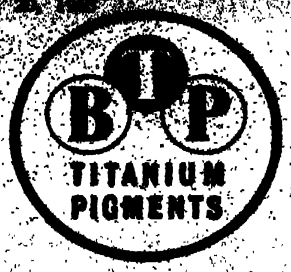
The play's the thing

MAYBE it was provocative to try to stage "The Representative," Mr Hochhuth's controversial play attacking Pope Pius's attitude to the Nazi persecution of the Jews, in Rome on February 13th. Rome is not only the capital of a secular state; it is the city of the Popes and the spiritual centre of Roman Catholicism. The Vatican was within its legal rights to protest to the Italian government. Whether the government was wise to ban the play's performance is a different matter. The performance was, in fact, technically private; it was scheduled to take place in the basement of a deconsecrated church before an invited audience; only a few people would have seen it. As it is, the hamhanded intervention of the police at the dress rehearsal and the subsequent imposition of a ban by the prefect, on the instructions of the Italian government, has turned the incident into a *cause celèbre*.

In banning the play the government was acting in accordance with the concordat between Italy and the Vatican, signed in Mussolini's time, which places a duty on the civil authorities to preserve Rome's "sacred character" and to defend the Popes. The prefect is also required to preserve public order, and the right-wing press had called on Romans to stop the performance "by all means available." The actors managed to put on their play at least once in Rome to a small private audience in a bookshop; there is now talk of staging it in some other Italian city.

Under the Lateran treaty, any offence against the person of the Pope, whether by act, speech or writing, entails the same penalties as an offence against the head of state. It could be argued that the play is an indirect attack on Pope Paul, who, as Monsignor Montini, was acting secretary of state at the Vatican under Pius XII. But it would be foolish as well as mistaken for the government to give way to any pressure to take action on these grounds; it would only give the Communists fresh ammunition for the anti-clerical campaign they are already waging.

Meanwhile, the Vatican is preparing the only really useful reply it can make to the accusations against Pius XII. This will be the publication of all the documents concerning the relations between the Vatican and the Third Reich from the time of the signing of the concordat in 1933 until 1945. Vatican archives are not usually available to historians until a hundred years after the events recorded. By lifting this particular veil, Pope Paul has shown that he is prepared to make a courageous break with tradition when events require it.



TIOXIDE

white pigments for beautiful colours

TIOXIDE titanium pigments are opaque, brilliantly white and used increasingly in a wide range of products where their performance gives unequalled standards of quality.

British Titan Products Co Ltd

10 STRATFORD STREET LONDON W.1

Now fly JAL to Tokyo any day of the week!

From April 1st, a JAL jet will take-off for Tokyo *every* day of the week. There will be five flights from London, two from Paris. You can fly over the North Pole (four flights weekly – that's more than any other airline) or south by the Silk Road (three flights). Only JAL fly these two direct routes to Japan. And if your destination is South East Asia, and across the Pacific to the West Coast USA, JAL schedules are increasing there, too. The same big, luxurious DC8 Jet Couriers operate. And you'll find the same attentive service aboard, from take-off to touch-down. *See your travel agent.*

JAL

JAPAN AIR LINES 8 Hanover Street, London W.1. Tel: HYDe Park 3831

Send for your free Japanese language gramophone record

SOUTH VIETNAM

How round can you get?

Dr Quat, right

FROM A CORRESPONDENT IN SAIGON

SOUTH VIETNAM was given its ninth government in fifteen months on Monday when the Armed Forces Council designated Dr Phan Huy Quat the new prime minister. Dr Quat has a reputation of being very "round"—that is, good at pleasing everyone. He has lived up to his reputation. His 21-member government contains men from the country's various religious, political and regional groups, though they claim to have entered the government as individuals, not as representatives of their groups. How long the government can remain in office, and whether it will be able to achieve anything while it does, depends on Dr Quat's ability to make his heterogeneous ministers work together, while keeping on good terms with the Dharma Institute (the politically active body of Buddhist monks) and maintaining the support of the armed forces, and particularly that of the commander-in-chief, General Khanh.

The problem of getting the government to work together may turn out to be easier than it seems at first sight. It includes the friends of Dr Quat and various politicians who have joined each successive government in the past year and can therefore have no very strong convictions. The government also includes several men considered to be close to the Dharma Institute. This alone is unlikely to satisfy the institute which to judge from its past conduct has ambitions to control, not just to influence, the government. But if Dr Quat gives full satisfaction to the institute he will arouse cries of favouritism and discrimination from other groups, particularly from the Roman Catholics who are still smarting from the removal of the last prime minister Mr Tran Van Huong and whose mood is becoming ugly.

Whether Dr Quat will really be able to govern, and for how long, depends more than anything else on the attitude of General Khanh and on what happens in the Armed Forces Council. This self-appointed council of 20 officers has assumed what amounts to sovereign powers. It appoints the chief of state, chooses the prime minister, selects the members of the civilian-military council that is to act as a legislative body and most important of all, provides the wherewithal to maintain law and order. When General Khanh deposed Mr Tran Van Huong he accused him of being unable to maintain law and order—while, at the same time, refusing the support of the armed forces to break up the demonstrations incited by the Dharma Institute.

The same fate could overtake Dr Quat. A further factor in the situation is that since General Khanh is the elected chairman of the Armed Forces Council, his position depends on the power play among the military men. Should he be forced out, Dr Quat would have to follow him. But General Khanh is working very hard to keep his majority in the council.

The same Saigon correspondent has had a stab at prediction. He describes the shape of what he believes might one day be accepted as a negotiated settlement and "honourable peace." The obstacles are all too clear, but in a bleak landscape it is worth presenting.

A Saigon hope for the future

FOR peace in Vietnam to be truly "honourable," the conditions would have to be: no American capitulation, not even a disguised one; the preservation of South Vietnam's territorial and political integrity; the withdrawal of the bulk of American forces from Vietnam. To achieve this, there would have to be two separate but connected agreements. The first would be between all the principal parties concerned; the second a purely inter-Vietnamese one between Hanoi and Saigon.

The international agreement (essentially a ceasefire arrangement) should combine the military aspects of the 14-nation Geneva agreement on Indochina in 1954 with the main features of the Geneva agreement on Laos in 1962. It would therefore include the following points: an immediate ceasefire; provision for the withdrawal of American troops and the disbanding of National Liberation Front forces; and an international guarantee of the ceasefire and of the political agreement to be concluded between the two Vietnams. This guarantee would probably have to provide for the stationing of equal numbers of American troops in South Vietnam and, say, Russian troops in North Vietnam.

The agreement between the two Vietnams is a more complex proposition. It would have to take into account both international realities and the longing of the Vietnamese people for peace and for some kind of national unification. It might be along the following lines:

(1) Recognition of the two states of Vietnam.

(2) The establishment of a Vietnamese confederation (which might eventually be broadened to include Laos).

(3) Joint selection of a president of the confederation (perhaps Bao Dai, the head of state in the early 1950s).

(4) The two Vietnams to have separate governments, parliaments, police, armies (to be limited to 100,000-150,000 men) and diplomatic services. The presidents of the two states would be vice-presidents of the confederation.

(5) The confederation would have a federal capital (perhaps Hué), a federal flag, federal money and federal citizenship.

(6) The administrative, military and diplomatic services would be standardised in order to make eventual reunification possible.

(7) Economic and technical affairs (development, trade, communications) would be handled jointly by a federal board of technical co-ordination.

(8) Economic aid would be on a federal basis (although bilateral aid to one state only would also be possible).

(9) Free trade would be guaranteed between the two Vietnams, plus freedom of movement and limited freedom of residence.

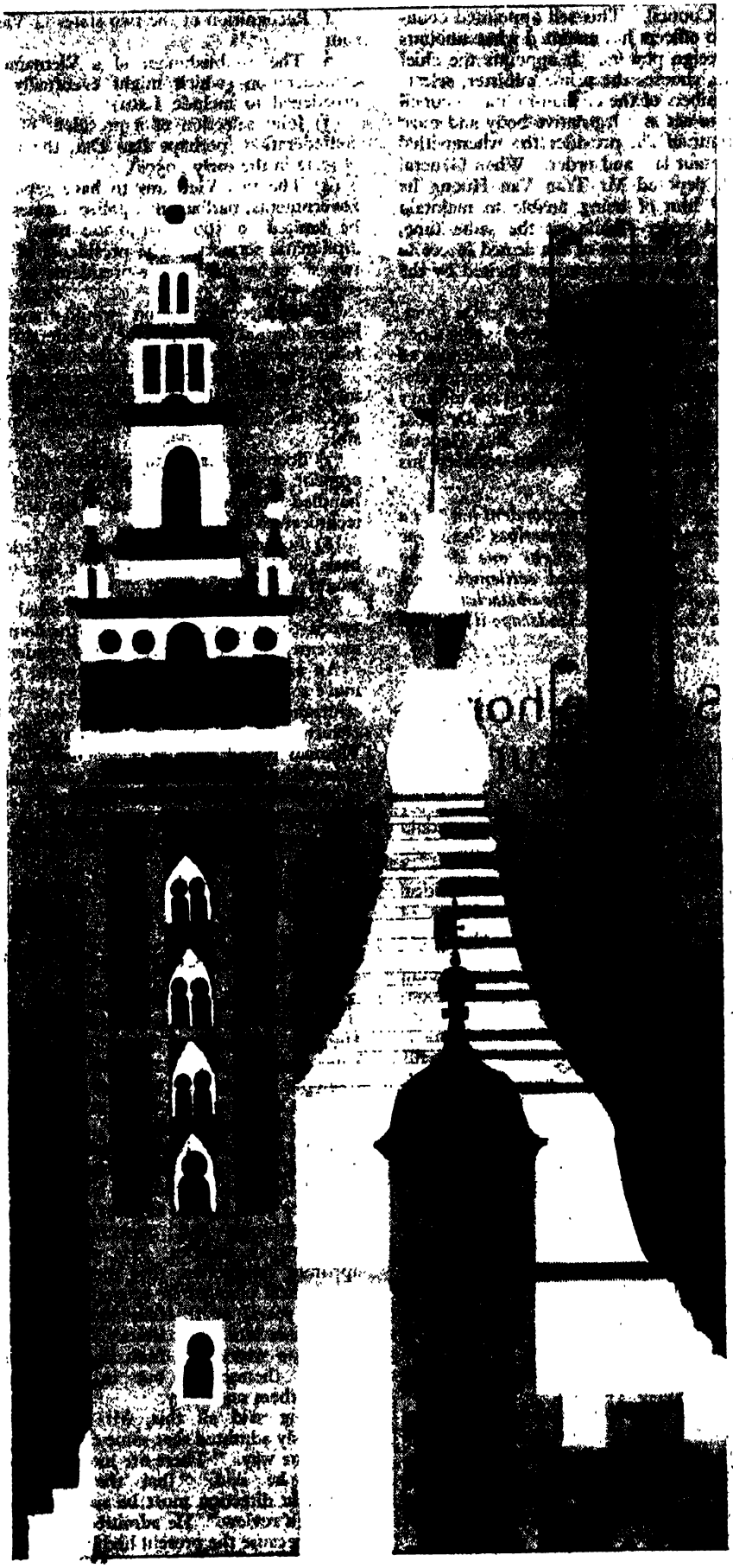
An agreement on this basis would be a move towards peace, unity and the de facto neutralisation of the two Vietnams. To ensure true peace and harmony, South Vietnam would have to accept some form of socialism and North Vietnam would have to drop the more objectionable aspects of communism. This alone would smooth the way towards eventual territorial reunification.

HUNGARY

Cautious Kadar

BY comparison with some other east European countries, and Russia itself, Hungary is tackling the delicate job of squeezing the excess marxism out of its economic system in a spirit of careful and cautious conservatism. Or so at any rate Mr Kadar, the prime minister, would like everyone to think. In the lengthy survey of domestic and foreign affairs that he made to the Hungarian national assembly on February 11th, he was at pains to emphasise the continuity and correctness of his government's policies. He denied, with apparent satisfaction, that there had been any radical changes in economic policy in recent years, apart from the merger of enterprises into larger units. Where things had gone wrong the fault lay not in the policies themselves, but in those who carried them out badly.

Having said all this, Mr Kadar then cautiously admitted that some change might be on the way. "There are more and more signs," he said, "that the system of economic direction must be subjected to a thorough review." He admitted that it was partly because the present highly centralised



KNOW THESE TOWERS ?

Steeped in romance . . . the Giralda Tower of Seville. Capped in gold . . . the Schwe-Dagon Pagoda, Rangoon. Veiled in fog (well, some of the time) . . . The White Tower of the Tower of London. And covered in glory, the man who knew them all, including the Fractionating Tower, symbol of BHC chemicals. The fact that it stands in our factories at Grangemouth and Baglan Bay is less important than what it stands for: petroleum chemicals, the raw materials for plastics, detergents, man-made rubbers and fibres, and a host of other essentials of our age. The BHC Group is one of the largest producers of these chemicals in Europe.

British Hydrocarbon Chemicals Limited

HEAD OFFICE Devonshire House, Mayfair Place, London, W.1
FACTORIES: Grangemouth, Stirlingshire; Baglan Bay, Glamorgan

BHC IS OWNED JOINTLY BY THE BRITISH PETROLEUM COMPANY LIMITED AND THE DISTILLERS COMPANY LIMITED

TA180

economic direction was "slow, clumsy and immobile," that Hungarian industry tended to turn out goods that would not sell, either at home or abroad. He spoke favourably of the principle of profitability, and of increasing the autonomy of factories.

But he spoke unfavourably of "adventurous experiments" and "muddling." No hard decisions are to be even contemplated ("put on the agenda" was Mr Kadar's phrase) before next year. In the meantime, this year, the last in the current five-year plan, is to be a year of consolidation, with a more modest target for the increase in industrial production (4.2 per cent) than in previous years, and with the emphasis firmly on quality rather than quantity.

The tone of Mr Kadar's remarks on economic policy, taken at their face value, was in fact less than fair to the mental industry and agility of Hungary's economists and planners. They are perfectly well aware—and have been for some years—of the limitations of planning; they are very much exercised by the pressing need to devise a more flexible system, to get rid of the stocks of unwanted goods, and to provide incentives for factories to produce what people really want to buy. They even imposed, at the beginning of last year, an interest rate of 5 per cent on industrial capital. Hungary was the first of the communist countries to introduce what is—for a marxist state—a startling innovation, but Mr Kadar chooses to play it down. He has chosen also to keep the economic debate muted and to restrict the innovators to working in a piecemeal and unobtrusive way.

At first sight this quiet and cautious approach comes oddly from the Hungarians, who are not ordinarily associated with either quiet or caution. But in Hungary the economic and political pressures to take drastic action here and now are less compelling than in some other east European countries. Life, both in political and economic terms, is so much sunnier and more agreeable than seemed remotely possible in the years immediately after the 1956 revolution that the dark economic clouds building up on the horizon seem faraway and comparatively unimportant.

Moreover, the pressures that bear on Mr Kadar come not so much from the liberalisers, who are thankful that so much has been achieved, as from narrow-minded communists who feel that what the country needs is more discipline and regimentation and certainly not economic experiments that play fast and loose with their cherished marxist dogmas. This old guard, it seems, is not particularly numerous, but could be dangerous if the government should slip up badly. Mr Kadar has in fact achieved a delicate balance. He has, moreover, survived Mr Khrushchev's fall, and is probably stronger as a result. But in the circumstances it is natural that he should have emphasised the importance not of change, but of the precarious stability that the Hungarians have so surprisingly achieved. Perhaps, at this stage, a good many Hungarians would prefer it that way.

CHINA

Half-Steam Ahead

FROM A CORRESPONDENT RECENTLY IN CHINA

LIKE certain parts of the Bible, China gives the impression of being craggy and awe-inspiring but more than a little misty when it comes to matters of fact. The visitor is reduced to adulation or irritating detective work on relative trivia. "Since 1958, under the guidance of the party, 932 technical innovations have been made." This is the kind of cheerful but almost meaningless claim that Chinese managers and [illegible] when about the health [illegible] Even with the economy as a [illegible] for which no proper official figures have been published since 1959) it is hard to say [illegible] that it is slowly climbing back from the disasters that followed the over-hurried Great Leap Forward of 1958 and the ensuing series of bad harvests. At the recent National People's Congress in Peking, which ended on January 5th, Mr Chou En-lai, the prime minister, fixed the start of the next five-year plan for 1966; by then it will be three years overdue.

Even after two fairly good years, the pace of economic advance is still sluggish: much of the heavy industrial capacity that was expanded so rapidly and thoughtlessly in the late nineteen-fifties still remains underused or, in the small units, closed. In the steel plants, managers are particularly cautious and edgy about revealing any details; they make statistical comparisons with 1957 in order to disguise the disastrous slump of the early 'sixties, and, when pressed, tend to take refuge in some meaningless party formula.

In one small Shanghai tube-making plant, for example, your correspondent eventually discovered, after much probing and an extended tour of the plant, that tubes were being made only in one week out of five, the other four being devoted to shaping the tubes in various ways. The director of the plant insisted that there was no problem of steel supplies, but he appeared to have no idea at all what his annual supply of steel was. In a larger steel plant, the manager admitted to having difficulty in storing his output; even so, two of the plant's six workshops were closed and less than half of the chimney stacks seemed to be smoking. At the moment, the output of heavy industry is strictly controlled through the supplies of raw materials and the government's heavy emphasis on quality. With the government's increasing interest in foreign trade quality is becoming ever more important; on the whole managers were more anxious to display the variety of their output than its physical volume.

Light industry and chemical fertilisers seem to be doing better than steel. A new fertiliser plant in the south, which was designed to produce 133,000 tons of ammonium and sulphur products each year, proudly claimed to have reached an annual output of 159,000 tons. When it was gently suggested that this performance implied atrocious planning beforehand, the manager intimated, rather vaguely, that as the level of over-production had also been planned by the state, it created no problems; if he was right, there must still be some form of double planning. The plant was said to be operating on three eight-hour shifts for about 360 days a year. Unfortunately, at the time of your correspondent's visit the final workshop was closed for repairs, and to judge by the experience of earlier visitors these unplanned stoppages seem to be fairly frequent; much of the equipment had clearly been carelessly installed.

On the other hand, the important Shanghai cotton textile industry, which concentrates on producing for export, seemed to be booming. But in spite of its boom, the industry is hardly helping to reduce unemployment. The plants consume much capital but little labour; and the situation is made worse by the results of the government's campaign in 1961 to cut the urban labour force. This problem, however, does not worry the managers, who measure themselves against American standards instead of the more appropriate Indian ones; none of them would ever admit that their plant could do with more skilled or technical labour. Indeed, it was difficult to discover any concrete problems at all. Most insisted that they had never had any worries over raw materials, sales, power or transport; the assurance over transport came from a steel plant which still has to ferry its output over the Whampo river because the planned bridge has not been built.

The potential clash between the professional management and the party does not seem to have developed very far yet. But there is certainly friction between the (now) old duffers who joined the communists between 1946 and 1949 and now form China's middle-level industrial management, and their younger lieutenants. The first

From Shanghai, for export

have usually earned their present jobs through merit acquired in quite different fields; most of them are poorly educated and find it hard to keep track of all the figures. The younger men are in management because of their industrial knowledge and they are quick to correct their elders.

In general the state of the economy seems to be stable and mildly healthy; the stability of prices all through the slump and the resulting scarcities is perhaps the biggest tribute yet to the regime's efficiency. The emphasis on quality and variety is having an effect, and obvious economies are being encouraged—like the double-decker trains now running between Hengchow and Shanghai, or the buses with trailers that ply in most big cities. But underpinning the relatively small industrial structure is agriculture; and it is success or failure on the land that will ultimately determine what happens in China's cities.

A second article by this correspondent, on agriculture, will be published next week.

INDONESIA

Musical Chairs in Jakarta

BY A CORRESPONDENT LATELY IN INDONESIA

WHAT would Indonesia be like without President Sukarno? Worse on the whole, is the line still taken by Americans who visualise chaos strewn around the islands. But better for us, is the thinking in Kuala Lumpur and London where the impact of Sukarno's policy of *konfrontasi* has been more directly and more painfully felt. The expectation is that without Sukarno so many long repressed internecine forces would be released that the pressure on Malaysia would be relieved, if not altogether abandoned. Reports about the president's illness, flashing around recently, have given these hopes fresh fuel.

Although the ministry of information in Jakarta has been pooh-poohing the rumours about Sukarno's illness as wishful thinking on the part of "imperialists, colonialists and neo-colonialists" (these terms always come in a festoon, never singly), the leaders of Indonesia's proscribed Socialist party are convinced that the president is seriously ill of a kidney disease. They claim, moreover, that he is refusing to take his doctors' advice to be operated on because of his reluctance to give a chance to a prophecy that "Sukarno will die under the knife."

But perhaps the strongest evidence that something is going on is the present manœuvring of Indonesia's political groups. Both friends and foes of President Sukarno are anxiously trying to demonstrate their personal closeness to Bung Karno. A recent attempt to form an organisation of Indonesians living abroad, with the aim of rallying a force of external opposition to "Sukarnoism," was brought to nothing by the argument that now is the time, not to oppose, but to close up around the president.

This was also the motive behind the effort of Chairul Saleh and Adam Malik, two senior members of the "Nasakom" cabinet (the coalition of Nationalists, the religious parties and the communists) known for their anti-communist views, to establish, last December, a new movement spearheaded by the Body for the Promotion of Sukarnoism (BPS). The intention was to provide a receptacle for the president's power to flow into once he himself was disabled or dead; it might even have had a

chance of success since, to begin with, it received the president's own blessings.

But its organisers made a tactical error in overtly stating the movement's anti-communist purpose. This drew the strident and effective hostility of Mr Aidit, the PKI (communist) leader. Overnight, gangs of communist workers daubed every inch of wall-space in Jakarta, Bogor, Bandung, Malan and Madiun with tarbrush slogans, such as: "BPS Kontra-Revolusi," and "Hidup Bung Karno, Ganjang BPS" (Long live Sukarno, chew BPS). Sukarno got the message and choked off the new movement before it could gather enough power to do more than squeal.

The liberals then fell back on their second line of defence by trying to put new life into the Parti Murba—the rump of the old "trotskyite" movement once led by the legendary Tan Malacca. But early last month the Parti Murba was squashed underfoot. The communists then started mobilising all their resources of propaganda and demonstration, concentrating their attack on the liberals in the Nasakom coalition. The intensity of the onslaught shows that the communists, who up to now have been content with having earned an official place in the government, are concerned to entrench themselves close to the centre of power.

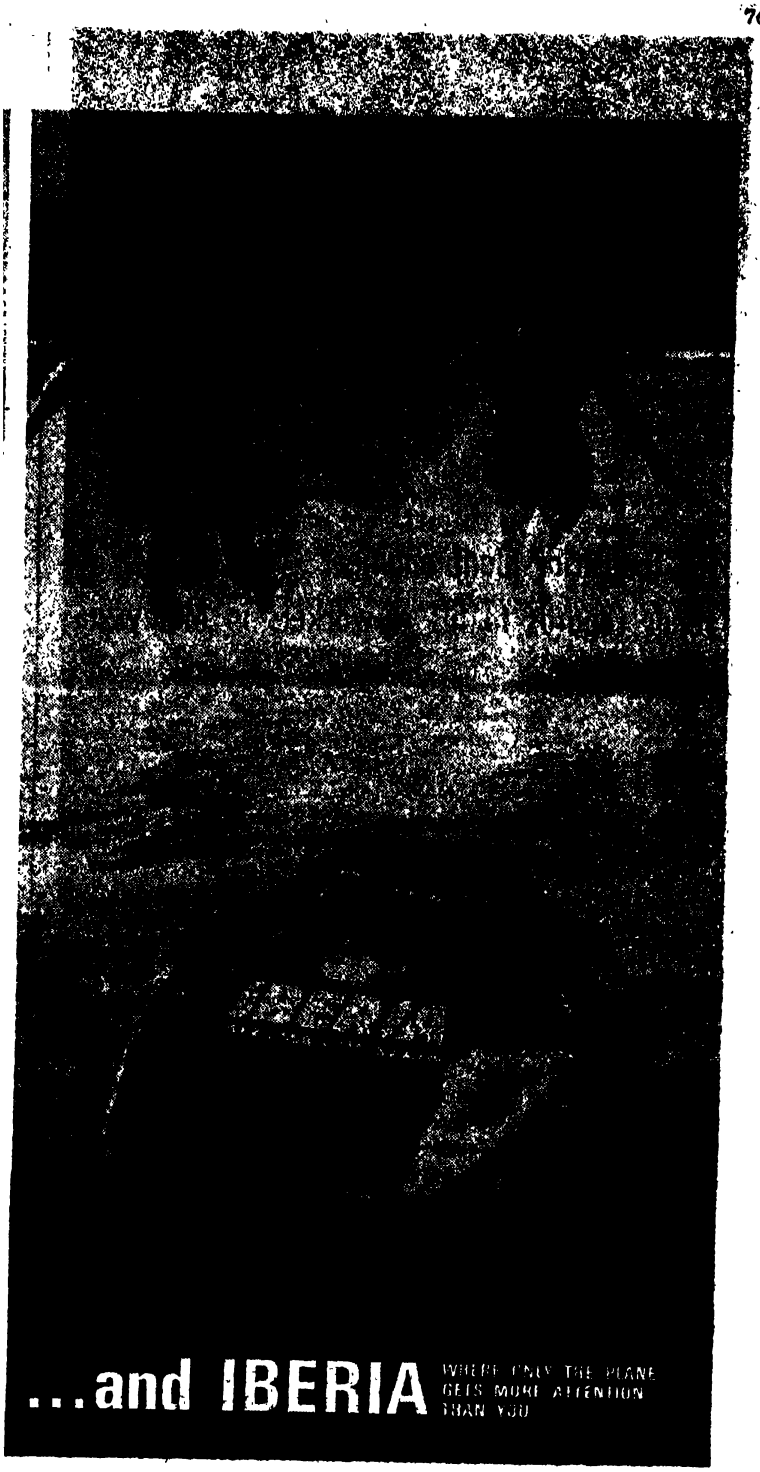
The communists made this intention abundantly clear when they unsuccessfully demanded that the 15 million peasants whom they claim as their supporters should be given arms. Nobody in Indonesia has any doubt that Mr Aidit, expecting the regular army to follow General Jani and possibly the non-communist political leadership, was making a pitch for his own army. The queer logic of the situation is that the PKI has its roots in a solid membership, while the liberal leadership, whose parties are banned by decree, has none and must depend on the support of the army.

The sense of crisis caused by this game of musical chairs has been intensified in recent weeks by two developments: President Sukarno's decision to boycott the United Nations, and by inflation unprecedented even in Indonesia. The walk-out from the UN has dismayed many Indonesians, although the dismay is tinged with respect for the president's resoluteness. This doggedness in the face of world opinion, and the willingness to go it alone if pushed into a corner, are distinctive features of Indonesian psychology and must be reckoned with.

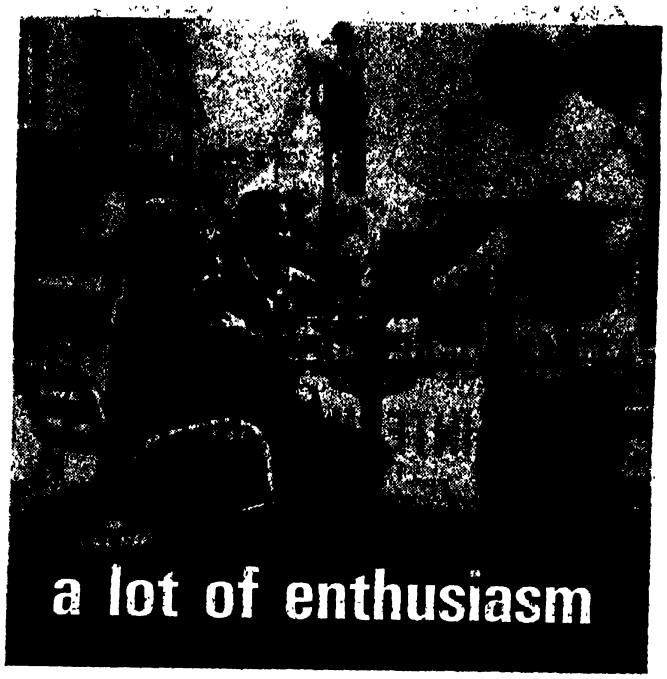
The rupiah, still officially rated at 45 to the dollar, dropped in the "open" market at the turn of the year to a record 8,500 rupiah to the dollar. A labourer's wage is still about 400 rupiah a day but prices have risen suddenly to about 1,000 rupiah for a kilo of sugar, 1,500-2,000 rupiah for a kilo of chillies (an essential item in the common diet of rice and sambal) and 600-1,000 rupiah for a kilo of rice. Ludicrously, five exchange rates are operative between the official rate and the "open" rate, at which most transactions are in fact done. Tourists get 570 rupiah for their dollar, senior officials and customers at the Hotel Indonesia get 3,000 rupiah. The government is trying a new disinflationary device: bank withdrawals are limited to two million rupiah a day. Currency operators who had been withdrawing as much as 40 million rupiah a day were sufficiently inhibited by this to cause the rate to drop to 6,500 rupiah to the dollar, but only for a few days. The trend is still upwards.

By the laws of economics and public finance, national bankruptcy, mass starvation and civil disorder might have been evident long ago. For more than ten years, the ruin of Indonesia has been regularly predicted by economists, visiting journalists and the western diplomatic corps. True, the main industries of Indonesia are possibly the currency printing press and the manufacture of slogans, but the dread day of national reckoning never seems to come. Except for a brief spell last year when the rats ate the rice crop, there has been no evidence anywhere in Indonesia of starvation or even widespread malnutrition. Jakarta is not by a long way as dirty or as wretched as many other oriental cities. Indonesians appear to be capable of a kind of acceptance that is sustained, not by miserable resignation to their fate, but by a capacity for laughter and pride. In a single generation, Indonesia's 103 million people, living in an archipelago of 3,050 islands, have achieved a sense of nationhood.

Things to take to Spain:



very little money...



a lot of enthusiasm

...and IBERIA

WHERE ONLY THE PLANE GETS MORE ATTENTION THAN YOU

Spain gives so much, yet takes so little. From the colourful pottery of Las Palmas to hotel rooms at less than £2 per day in sun-drenched Malaga, Spain offers Europe's most beautiful travel bargains.

Fly to Spain in comfort and confidence aboard Iberia Air Lines. The lavish service, luxurious surroundings and superb cuisine make you forget you're flying. Pampered as the passengers are, Iberia's meticulously-maintained Caravelle Jets are even more so. Many of our pilots have a million or more flying miles behind them.

Take Iberia to Spain. You'll bring home memories to last a lifetime.

For information or reservations, see your Travel Agent or contact Iberia Offices in London · Birmingham · Dublin · Glasgow · Manchester

In 1963 Teruo Ugijin was assigned as chief engineer in charge of constructing two IHI-designed and manufactured 600 tons/day cement plants in Malaysia's Perak State. At the start of the project he was concerned that cultural differences and the distance of the installation site from the equipment supply source—IHI's Tokyo No. 1 Works—might prevent him from completing the job within the scheduled eight-month period.

He needn't have worried. He recalls with great pleasure the enthusiastic cooperation and diligence of his Malaysian assistants. Even in such demanding tasks as interior welding of the twenty-four pieces that made up the 150-meter kiln, Mr. Ugijin was gratified to see that they acquired the necessary skill quickly and well. So well, in fact, that welding of the kiln for the second plant was completed in three weeks less time than it took for the first one.

The result: the two-plant installation—Pan-Malaysia Cement Works, Ltd.—was completed on schedule without a hitch. It is now Malaysia's largest cement producer, supplying its vital product to industrial and commercial installations all over the nation—and proof that neither national differences nor distance is any barrier to successful international engineering projects.

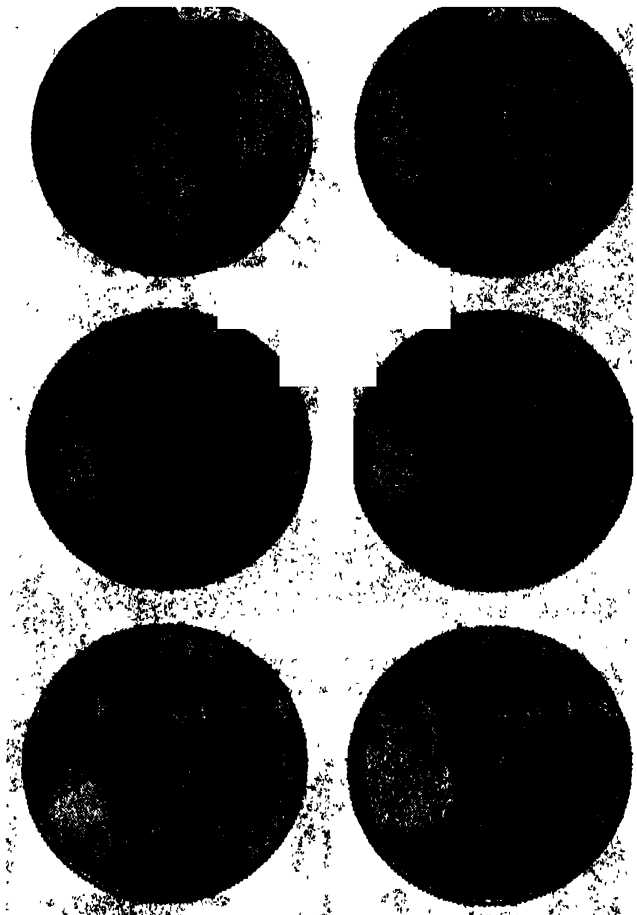
IHI

Ishikawajima-Harima Heavy Industries Co., Ltd. Tokyo, Japan

Cables: IHICO TOKYO Telex: TK 2232
London Office: Audrey House, 5-7, Houndsditch, London
Cables: IHICO LONDON

New York, San Francisco, Düsseldorf, Sydney, Johannesburg, Rio de Janeiro, Mexico City, New Delhi, Calcutta, Karachi, Djakarta, Hong Kong, Singapore

MAIN PRODUCTS: Material Handling Equipment, Iron and Steel Plants, Power Plants, Chemical Plant Equipment, Paper and Pulp Plants, Ships, Jet Aircraft Engines, Compressors, Blowers



1 OUT OF EVERY 6 DOLLARS AT MANUFACTURERS HANOVER WORKS INTERNATIONALLY

Well over $1 billion in resources—out of a total of more than $6½ billion—are devoted exclusively to international banking services. Putting dollars to work in this fashion is one of the ways this Bank helps keep open and flowing the channels of international trade and finance.

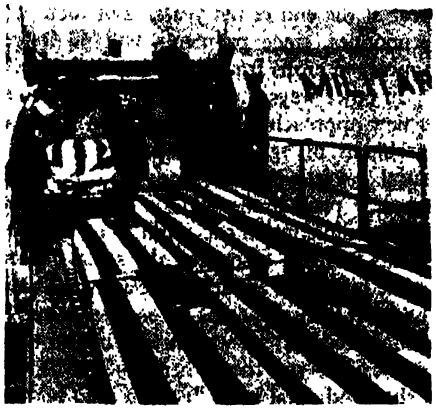
International Division:
44 WALL STREET, NEW YORK, N.Y. 10015
London Branches: 7 Princes Street, E. C. 2 and 10 Mount Street, W. 1
Representative Offices:
Beirut · Frankfurt · Madrid · Manila · Mexico City · Paris · Rome · São Paulo · Tokyo

MANUFACTURERS HANOVER TRUST COMPANY

Member Federal Deposit Insurance Corporation
Incorporated with Limited Liability in U.S.A.

THE WORLD AMERICAN SURVEY

Asian Rubicon



WASHINGTON, DC

THAT the bombing attacks on North Vietnamese camps on February 7th, 8th and 11th are a new departure in the Indo-chinese war needs no argument. But, in the chilly silence that has followed the last American attack, nobody has known exactly which Rubicon it is that has been crossed. Plainly these actions give notice that the United States will no longer stay on the defensive when its men in Vietnam are slaughtered in their beds. Unlike the action in the Gulf of Tonkin last August, which was a response to a naval attack on the American fleet at sea, the bombings also assert the doctrine that Hanoi is responsible for guerrilla actions in South Vietnam. Beyond this point there are areas of shadow, for instance on whether the doctrine of reprisal applies to the slaughter of South Vietnamese, which is going on all the time, as well as to that of Americans.

President Johnson spoke on February 7th of Hanoi's "more aggressive course of action against both South Vietnamese and American installations" as the occasion of the first reprisal. A statement after the third and heaviest one said that in the preceding three days "a large number of South Vietnamese and United States personnel have been killed in an increased number of Vietcong ambushes and attacks." Thus the White House did not confine the quarrel to the blowing up of the American billet at Qui Nonh, though without doubt it was this that occasioned the third raid. The complaint made is a more general one of infiltration and murder on a mounting scale. Hanoi is deliberately left in uncertainty over what will be thought worth a reprisal and what will not. There have been times in the past year when it was conceded in Washington that the military problem in South Vietnam was primarily domestic—mainly, that is, one of dissidents within South Vietnam using arms obtained (never mind how) from the southern troops. This theory has been laid aside, perhaps in part because an improvement in the flow of intelligence has been bringing in vastly more evidence of the extent of Hanoi's direct involvement, and no doubt also because of the bigger scale, tighter co-ordination and wider spread of the recent guerrilla attacks. At all events, the prime responsibility is laid on Hanoi.

On this assumption a further area of shadow lies over the scale and spread of future reprisals for future disasters. So far, leaving aside the affair of the Gulf of Tonkin, the American raids have been confined to camps and staging posts in the southern portion of North Vietnam that are part of the guerrilla lines of communication. Towns, industry and the whole northern plain have been left alone. Apparently there are, to put it cold-bloodedly, still plenty of targets left to bomb without striking at the vitals of North Vietnam. But, equally, military opinion in Washington tends to be that blows carefully designed not to be mortal, such as have been struck up to now, have also no chance of deciding the course of the war. Such an opinion may cause the military advisers to be regarded as warmongers, but it is a function of military advisers to tell their civilian chiefs what will work, in a military sense, and what will not. President Johnson has to weigh this advice against his larger responsibilities, while he awaits the next guerrilla assault. During this interval the official theory is that the decision on whether the war is to be widened "lies with the North Vietnamese aggressors," to quote the White House statement of February 7th. It is not a wholly comfortable thought.

One of its more uncomfortable aspects is that, as things stand, President Ho Chi Minh is invested not only with the power of peace and war in east Asia, but also with a degree of control over the course of American-Soviet relations. That Mr Kosygin was in Hanoi when this chain of violence flared up is regarded in Washington as an unfortunate mischance. Intelligence had brought many indications in the past two or three months that more, bigger and more violent guerrilla attacks were on the way and it had been decided in principle, probably two months ago, that, if the things happened that did happen, there would have to be retaliation. What brought Mr Kosygin to Hanoi is a matter of speculation, but what took place while he was there put him in a position of horrible embarrassment.

Back in Moscow, Mr Kosygin and his colleagues are now faced with the difficulty of showing the necessary degree of vehement hostility to American policy in the Far East while continuing, if possible, to push Soviet-American relations towards the improvement that the Soviet leaders are believed still to desire—the newest example of Moscow's general dilemma at the present time. The next move is, or was to have been (which, is not yet clear), the exchange of official visits between Washington and Moscow. President Johnson said early this month that discussion had been going on with the Russians about these projected visits. He was hopeful of success and is believed to want to go to Moscow first, in June or July. But, after the reprisals in Vietnam, carried out so nearly under Mr Kosygin's nose, this discussion has stopped. In the present suspense and uncertainty, Mr Johnson's travel plans can make no headway. If the pause continues and the apprehension dies down, then perhaps in a fortnight or a month the project can be taken up again.

How to Help Farmers

WASHINGTON, DC

PRESIDENT JOHNSON'S message on agriculture, sent to Congress on February 4th, was preceded by the customary exhilarating row within the Administration, in Congress and among the various farming organisations. This year it fell to Mr Kermit Gordon, the head of the Bureau of the Budget, to spark the tinder. A passage in the federal government's Budget said that, given the market outlook, "farming alone cannot be expected to provide a decent living in the future for more than about one million farm families, even with continued government assistance." A speech made by Mr Gordon in November elaborated this train of thought in an effort to distinguish the realities of assistance for farmers from the conventional assumptions about what this assistance does. As he pointed out, supports for agriculture, begun in the nineteen-thirties to relieve rural distress and continued through the nineteen-forties as a means of stimulating production, have a far different use at present. The dominant problem now is the irresistible progress of farm technology and the supports of today

exist to cushion the disruptive effects of that revolution.

Price support is, with certain qualifications designed to restrain the flooding of the market, the chosen method of sustaining farm incomes. It follows that the federal government's largesse, something between $3.5 billion and $4 billion a year, is distributed more or less in proportion to the volume of crops offered for sale. Mr Gordon estimated that four-fifths of it went to 1,000,000 relatively prosperous farmers who, he said, were fully capable of producing the entire requirements of the United States in agricultural products and of meeting the demand for commercial exports as well. The remaining fifth of the money spent on commodity programmes was spread thinly among the other 2,500,000 farmers, "who do not now and who cannot in the future be expected to operate successful commercial farms." No support programmes would rescue these poor farmers; what they needed was "assistance in the painful transition to non-farm jobs."

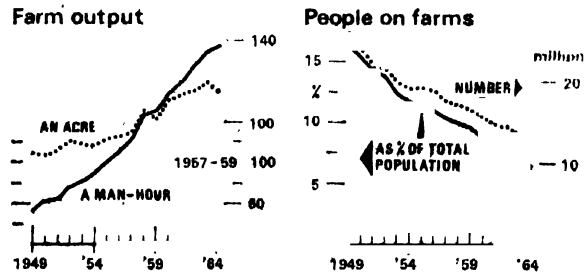
In airing these views Mr Gordon was not yielding to mere didactic impulse. He was trying out on the public various elements of a possible new farm policy to see what the reaction would be. At the heart of this embryonic policy seems to have been the idea of restricting the amount of subsidy paid out to very rich farmers and diverting the money saved to alleviate the social condition of the poor farmers and, where practicable, to ease the "painful transition" for them. Why President Johnson should have wanted to sound out the reaction in advance is not clear. On the part of the farm interests it could hardly have been other than adverse. Organisations of small farmers such as the National Farmers' Union do not want to see their members eased off the land, however humanely. Of the Farm Bureau Federation, which represents the bigger farmers, it might be said that, unlike the old French radical party, it wears its heart on the right, with rugged Jeffersonian individualism, and only its pocket-book on the left, with government supports and controls. No conceivable government policy will ever heal its ideological turmoil. This policy certainly would not, since it would have continued to wound the heart while aiming a shrewd blow at the pocket-book.

In fact no new policy had reached the point of application. In arguments about agriculture the remedies are never clear and the fronts are usually confused. The question, as it fell to the President for decision two weeks ago, was merely whether to move a step further towards clarity at the expense of treading on some toes. In the end Mr Johnson, rejecting controversy for the sake of consensus as is his way, deleted a passage that would have argued in rather general terms in favour of differentiated treatment for three groups, the 400,000 or so farmers who are really well off, the 600,000 who are less well off but tolerably viable and the multitude of operators of small marginal farms for whom no economic future can be foreseen on the land. Both conservatives and liberals are reassured and mollified by the deletion. The disappointed ones are those who hoped that the so-called honeymoon phase of the new Congress would be marked by bold rationalist innovations.

No great economic innovation marks the farm message. Substantially, the existing commodity support programmes are to be maintained or renewed with, for the most part, only minor tidying up and rationalisation of detail. The total cost will apparently be allowed to rise moderately, although the ingenious presentation of the federal Budget makes even this less than crystal clear. The chief concrete innovation is to put on a long-term basis what is called "cropland adjustment," the arrangements to encourage the turning of land to other than agricultural uses as one means of preventing surplus production getting out of hand. Landowners are paid by the acre, and in addition are rewarded with higher support prices for their crops from the rest of their land, for taking a proportion of their land out of arable production and turning it to pasture, forest or park. At present this is being done on annual contracts. The proposal is now to make contracts of up to ten years, which allows timber production (quick-growing pulpwood in the South, for instance) and may enable the Department of Agriculture to withdraw from arable use something between 50 million and 80 million acres over ten years. If the programme is persisted in the cost will eventually be high, perhaps $1 billion a year at the end of ten years. But there will be some compensating economies, since payments will no longer have to be made for unwanted crops from the "frozen" land.

In other ways the message indicates some cautious steps towards a new approach. The distinction it makes between the economic problems of agricultural production and the social problems of rural poverty is not exactly new but at least this time, with the poverty programme and the various related efforts taking shape, the Administration can claim to be equipping itself with the instruments to make a start on the social aspect. One difficulty is that, while big towns are articulate and can draw attention to their wants, backward rural areas are easily overlooked. The President t he was instructing all the federal departments and are distributed equitably between urban and rural areas"; there is to be an administrative review of the obstacles in the way of this and the Secretary of Agriculture is to take a general responsibility for applying this idea through a new Rural Community Development Service.

Following a suggestion from the National Agricultural Advisory Commission, Mr Johnson proposed putting another distinction into effect, this time between surplus stocks held by the Commodity Credit Corporation as part of its effort to support prices and stocks held deliberately as reserves for national disasters or emergencies. The probable dimensions of the new National Food Reserve have been mentioned only unofficially, but they include perhaps 600 million bushels of wheat, 45 million tons of feed grains and six million bales of cotton. Mr Johnson commended the Advisory Commission for its usefulness, but he also gave it notice to quit in order to make room for a new body less exclusively representative of the producing interests. This Commission on Food and Fibre Policy will be entrusted with a general review of agricultural policy both in detail and in general.

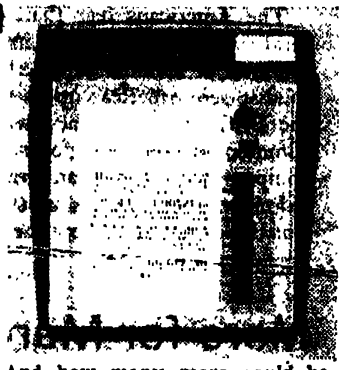


"Farming," said the report of the President's Council of Economic Advisers last month, "has been transformed from a way of life into a business." But, depleted as it is, there is still a farm population that holds to a way of life. Its average output a man hour is four times what it was in 1940, but its position in the market place is weak and the farmer's share of what the consumer spends on food declines persistently. An extra element of insecurity in the farmer's existence is his dependence on export trade, which is fully twice as great—17 per cent as against 8 per cent—as that of the American industrial producer. Thus it is more necessity than choice that makes the Administration exert itself in the negotiations on the Kennedy Round of tariff reductions to preserve the access of American farm products to foreign markets and particularly to the rich European Economic Community.

Mr Christian Herter, the President's Special Representative for Trade Negotiations, visited the European Commission in Brussels

How many people does your company train?

That's how many good reasons you have for looking at the "AutoTutor" Teaching Machine.*



And how many more *could* be trained to greater efficiency? Add them to the number you first thought of.

As for the "AutoTutor"—that's a marvel made by usi. It's a simple machine that teaches facts to people. It teaches logically and personally; all kinds of facts to all manner of people.

The "AutoTutor" is backed up by the biggest library of programmed courses in Britain. More than sixty are now available, including programmes from America on computer work and on Management Training and executive efficiency.

Rentals are low, results are high. May we tell you more? Our Educational Science Department will be happy to give you detailed information.

Or perhaps one of the other usi Divisions can be of service to you. Please call on us if you think so.

Our interests are widespread and our ideas original, so prepare to find us a little disconcerting. And more than a little helpful.

usi IN BRITAIN

usi in Britain also produce and distribute oil-field and drilling plant; High Energy Rate forging machines and presses; size-reduction machines for plastics; tail-lifts for transport fleets; oil seals; refrigerated bulk milk tanks; and the "TransfeRobot"* for automating production lines. Widespread interests, in fact . . .

U.S. INDUSTRIES LTD
14 New Bond St. W.1.

ENGINEERING LTD
Lancs.

Alternat Welwyn Garden City, Herts. Welwyn 2671

* Trade Mark

(O-57)

early this month and since then Dr Mansholt, a vice president of the commission and its chief agricultural authority, has been in Washington. The upshot is a modest but welcome sign of movement in the sluggish agricultural side of the Kennedy Round. Washington has been pressing for a date to be fixed for the submission of offers which would enable negotiations on agricultural trade to start. Now the European Commission has agreed that negotiations on grain may begin on April 1st, but says that it will not be ready to discuss other products until mid-September. Even this is not a hard offer; still to Washington it is something that any dates have been mentioned at all.

Dr Mansholt went on from Washington to Des Moines, Iowa, to address the National Farm Institute. Warm and cheerful as he was, he offered no substantial comfort on any matter to be negotiated. The Americans tried and failed to get the opening of the agricultural side of the Kennedy Round and the method of bargaining synchronised with the industrial negotiations. They want better access to the European market and they want tariffs and other barriers to be discussed with a view to reducing them; Dr Mansholt reiterated at Des Moines the proposal that all elements of agricultural protection should be ascertained and "bound," that is, frozen for an agreed period of years. To the Americans this approach does not promise any liberalisation of agricultural trade at all. As Mr Herter's agricultural specialist, Mr Irwin Hedges, explained, the share taken by agricultural products in America's total export trade is so large (in the cases of the EEC, Britain and Japan it is as much as a third) that, if the negotiators find themselves reducing tariffs on industrial products while merely freezing the existing level of agricultural protection, reciprocity will be impossible to achieve.

The Americans fear that, once the common market's agricultural system gets properly into its stride, they will be reduced to the level of residual suppliers; that French grain will soon begin to displace American grain in the other countries belonging to the EEC; and that they will also have to pay, by way of the common market levy, for substantial French exports which will compete with American grain in other markets as well. The Administration's tactics are still to show patience and express hope. But this is not at all how the Kennedy Round was intended to go.

More for Mann

LAST week Mr Thomas Mann, an old Texan friend of the President, who has been responsible for Latin America, moved up to third place in the State Department, after Mr Rusk and the Under Secretary, Mr George Ball. Mr Mann takes the place of Mr Averell Harriman, the veteran diplomat whose star has burned less brightly since Mr Johnson entered the White House. Mr Harriman was Under Secretary of State for Political Affairs while Mr Mann will be Under Secretary for Economic Affairs; the titles are interchangeable and it is up to the President to decide which function he wishes to emphasise. Mr Harriman's skill in negotiating (particularly with the Russians) will not be lost; he is to be an ambassador at large, available for specific assignments, the post to which he was first appointed by Mr Kennedy when the Democrats returned to power in 1961.

Mr Mann, a career diplomat, was picked by President Johnson in December 1963, to add realism to the idealism of the Kennedy

Tourist Drain

FROM A SPECIAL CORRESPONDENT

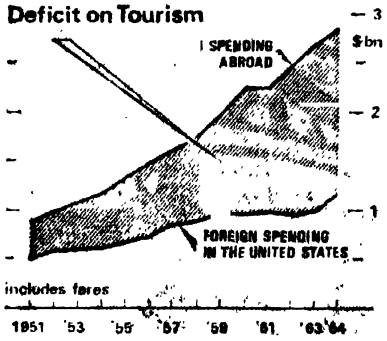
THE controversial proposal that a tax of $50 or $100 might be levied on each American going abroad has found no place in the President's cures for the deficit in the balance of international payments. The only recommendation about foreign travel was that Congress should reduce from $100 to $50 the foreign purchases which a returning traveller can bring in duty-free; this exemption would be limited to goods accompanying the tourist. But Mr Johnson left Americans in no doubt that it was patriotic to spend their holidays at home.

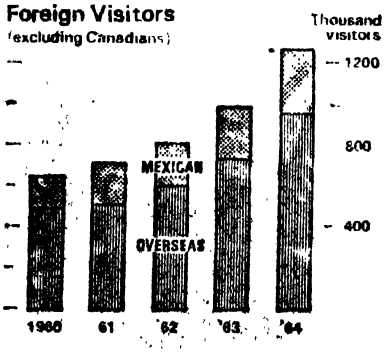
In the vast accounting by which the government assesses its balance of international payments the tourist fraction plays a surprisingly large part. In 1964 the travel deficit (the amount by which American tourist expenditure abroad exceeds that of foreigners in the United States) came to over half of the total deficit of $3 billion. In 1963, the last year for which figures are complete, some 13.5 million Americans went outside the country while fewer than 6 million foreigners (including some 5 million Canadians) visited the United States.

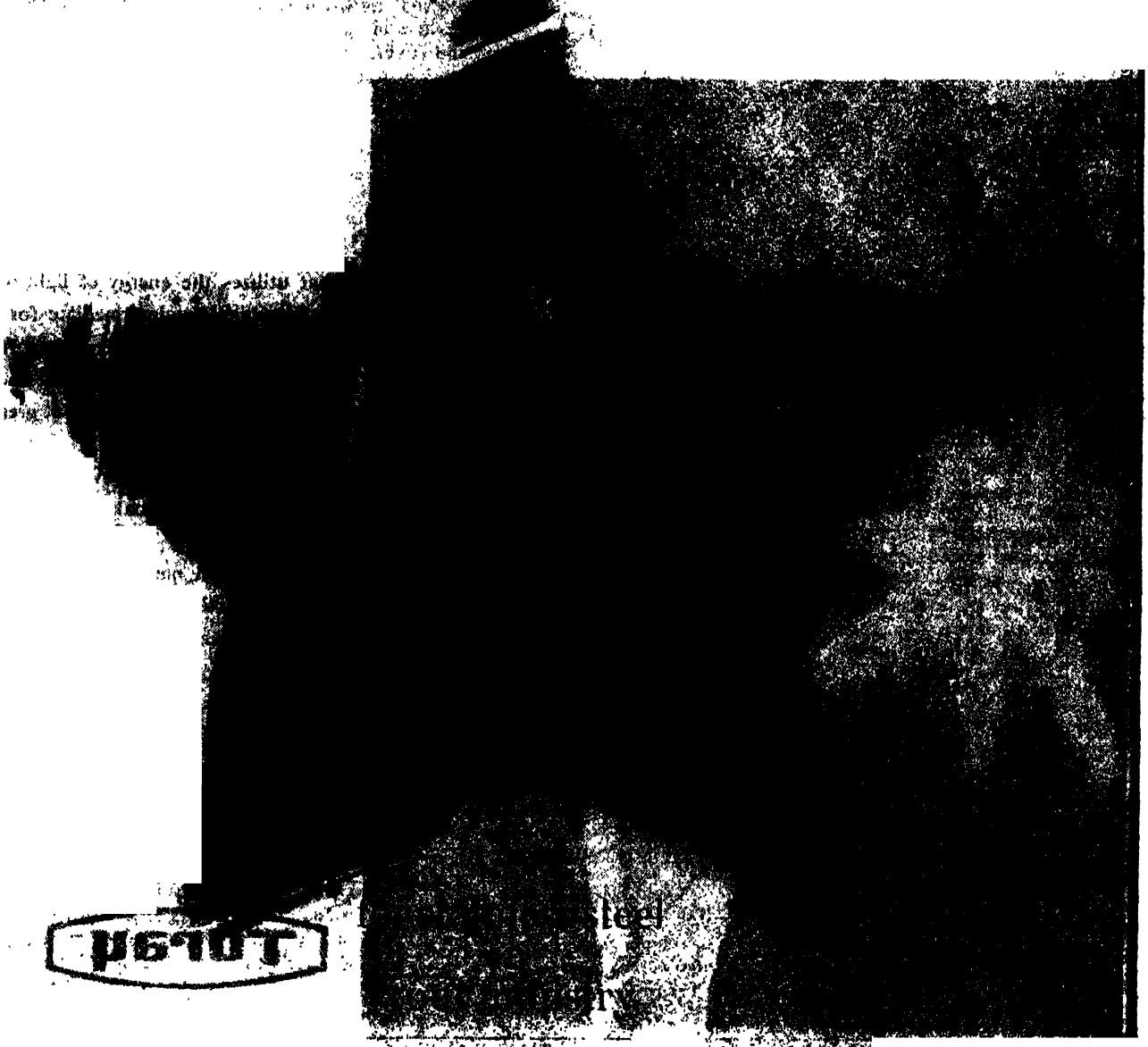
Four years ago the government, troubled by this one-sided traffic, established the United States Travel Service to attract foreign visitors; last year a campaign began to persuade Americans to see their own country first. One of the difficulties in attracting foreigners to the United States was its reputation as an expensive place to visit. Others have been the Travel Service's cramped budget (only $3 million this year) and the need to spare the feelings of the private travel agencies.

Nevertheless, foreign visitors (excluding Canadians) have nearly doubled since the USTS was set up. It now has offices in London, Frankfort, Paris and Rome, in Sao Paulo, Bogota and Mexico City, and in Tokyo and Sydney. Travel procedures such as the obtaining of visas have been made easier; foreign governments (notably the Japanese) have been persuaded to loosen their currency restrictions; and private citizens in 43 American cities now offer hospitality to foreign visitors.

Bargains in travel have been arranged. In addition to cheap internal air and coach fares, agencies and hotels now offer transport and accommodation (though not meals) for $16 a day. The "See USA" drive has also benefited from cheaper trans-Atlantic air fares (though this is a two-way street) and, in 1964, from the World's Fair in New York. The job of the USTS would be much easier if the average foreigner spent as much in the United States as the average American spends abroad. But at least the tourist gap did not widen in 1964.







Think of stainless! Think of Allegheny-Longdoz!
Allegheny-Longdoz is dedicated to stainless steel: our quality, our service, our technical resources, our comprehensive production programme, all are readily available to solve your technical and economic problems.

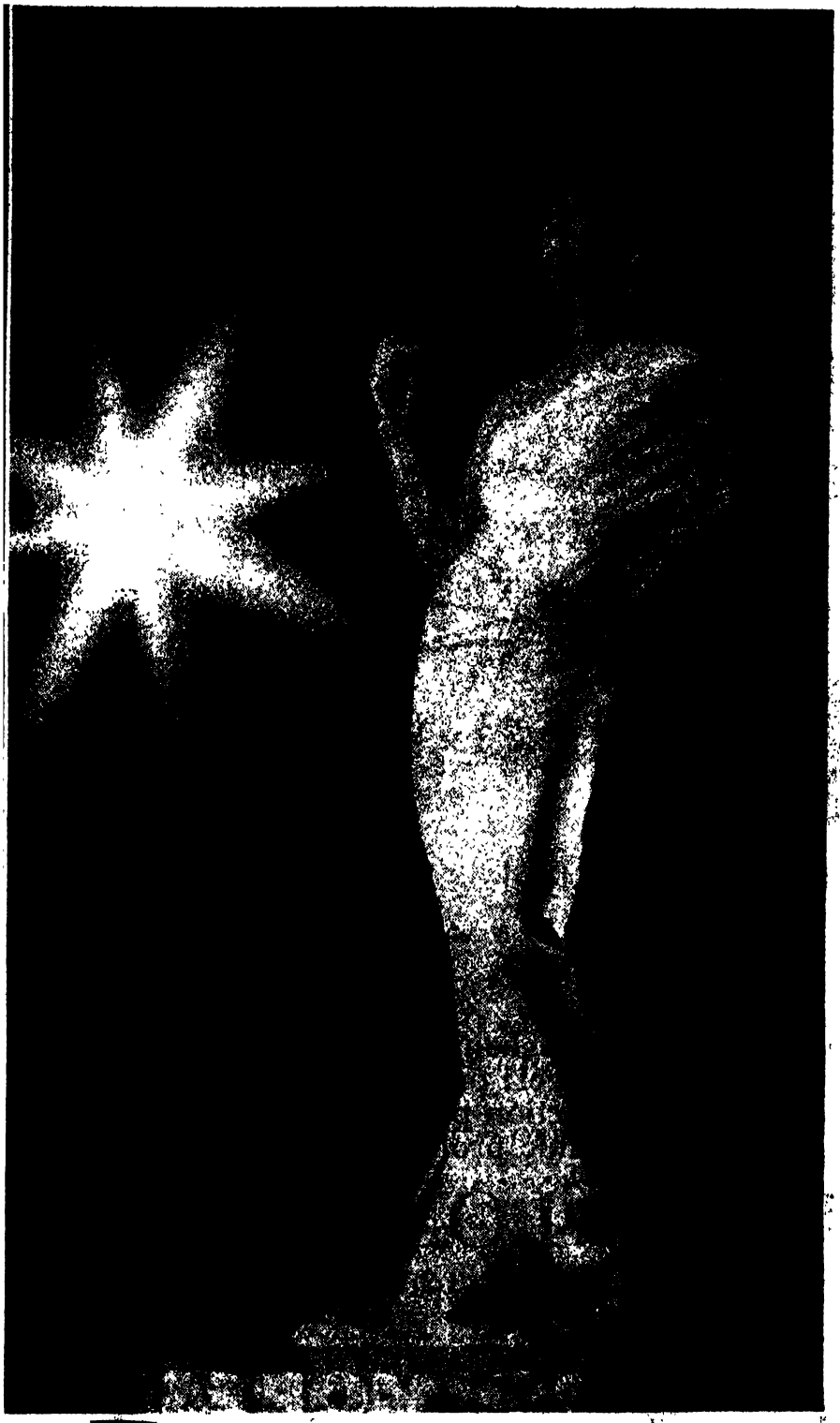
ALLEGHENY★LONGDOZ

6, Boulevard de Berlaimont, Bruxelles 1 - Tél. 18.39.08

Sole Agent for Great Britain
JOHN CASHMORE LIMITED
Great Bridge, Tipton, Staffs.
TIPTON 2800 (20 lines)

CASHMORES

Now *light* helps Toray make nylon faster—at less cost



Research is a way of life at Toyo Rayon (better known as Toray). Recent dramatic proof is the discovery of the PNC* Process for nylon fibre production.

Specialists at Toray's research laboratories have worked out a "photo-energy" method that utilizes the energy of light to produce caprolactam, the intermediate for nylon 6. This is a complete departure from conventional procedures, reducing the production steps from four to two at great savings in time and money.

Toray has also discovered an exclusive new technique for making polyester (Toray TETORON®) by a continuous and direct polymerisation method. This, too, permits drastic reductions in production time and cost.

Success like this has helped Toray become the world's third largest synthetic fibre manufacturer, with an annual production capacity of 103,000 tons and annual sales of £145 million. We make fibres for almost every purpose, as well as plastics, films and resins, and export to more than 100 countries.

**Photo-nitrosation of cyclohexane*

Toray

NYLON

TETORON® POLYESTER FIBRE

PYLEN® POLYPROPYLENE FIBRE

TORAYLON® ACRYLIC FIBRE

NYLON FABRICS

NYLEX®

Toray TETORON® POLYESTER FIBRE

TETLEX® POLYESTER FABRICS

FILMS and RESINS

Toray TOYO RAYON COMPANY, LTD. Tokyo, Japan

policy toward Latin America; his handling of the Alliance for Progress and of relations with Panama has impressed Mr Johnson deeply. Now there is speculation in Washington—spurred by Mr Rusk's curious absence in Florida during the past tense week—that even higher things may be in store for Mr Mann. The present Ambassador in Panama, Mr Vaughn, is to step into his shoes as Assistant Secretary of State for Latin American Affairs but not into those as Special Assistant to the President in this field, his other post, an appointment apparently no longer considered necessary with Mr Mann's promotion.

Mr Johnson also seems about to appoint his own man as Secretary of the Treasury to succeed Mr Dillon. Mr Donald Cook, who began his career in government and has retained many outside interests in his job as president of the American Electric Power Company, is said to be solving, under presidential pressure, the old problem of how to serve his country without jeopardising all his private pension rights. Up to now Mr Cook has been happy to act as one of the President's most influential outside advisers.

Featherbeds Take a Beating

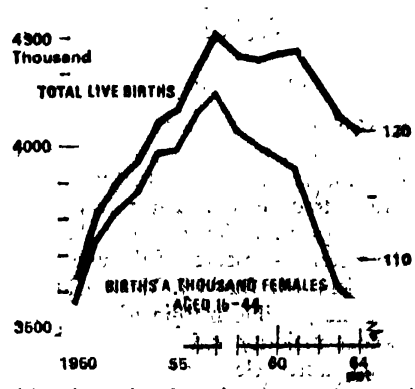
THERE was a comforting bustle in most Atlantic and Gulf ports last weekend as dockers began to move the mountains of cargo piled up during their thirty-three-day strike. It took a month to clear the back-log in 1963 after a strike which lasted one day longer. This year's stoppage is supposed to have cost the economy over $2 billion, but such price-tags have little meaning when much of the damage can be recouped. The fact that such arrears have to be worked off (at premium pay) is one reason why dock strikes tend to be begun lightly and are hard to end. In fact, in a handful of ports—the biggest are Miami, Galveston and Houston—the mediators are still hard at work.

What has exasperated the shipping companies and the public, both weary of repeated dock strikes, is that this one seemed so needless. Ports such as New York, where a handsome settlement had been reached and ratified, remained idle in deference to the not altogether unreasonable tradition of the dockers that all ports stay shut until all can reopen. But under pressure—from the President, the National Labour Relations Board and the courts—the union abandoned its tradition, saving Mr Johnson from the disagreeable necessity of asking Congress for labour legislation.

The shipping companies can now count on four years of labour peace, an unprecedently long period; they have also won the right to cut away some of the featherbedding (made-work and unnecessary jobs) which makes American ports so costly. The natural attrition of the labour force means that this will be accomplished without costing any docker his livelihood. What was not noticed so widely was that at the beginning of the same week the railways were free of any threat of a national strike for the first time in five years. This is the happy result of an agreement reached with their "non-operating" unions—telegraphers, maintenance men, dining-car workers and so on. Like the settlement reached last year with the men who run the trains, it gives the railways the right to eliminate unnecessary jobs (though not by more than 6 per cent a year, even if natural attrition is higher, unless business falls sharply). About 300,000 men are covered, the largest number ever affected by an agreement of this nature. Two industries have thus adopted the principle that, while jobs may become redundant, human beings do not. Featherbedding (which has its roots in the fear of unemployment) is not as widespread in America as people think, as Professor Leiter points out in his recent book*. But the principle now being established should ease the adaptation to a constantly changing technology.

* Featherbedding and Job Security. By Robert D. Leiter. Twayne Publishers Inc., New York. 238 pages. $5.

Booming Birth Control



THE hint of a change in the Vatican's attitude toward birth control has produced a considerable thaw in American governmental circles. President Johnson demonstrated this by including in his State of the Union Message last month a promise that would have been unthinkable a few years back—"to seek new ways to use our knowledge to h[illegible] on [illegible] population." Surprisingly, there was no outcry from the country's 45 million Roman Catholics. Instead, the air has been filled with the whoops of federal agencies eager to be off, at full speed, with the various projects on population control which until now they have had to hold to an unrewardingly slow pace.

The Public Health Service is particularly impatient to increase the scope of its research into the problems of human reproduction; it finds its present ventures—280 projects receiving about $7 million—all too modest considering the enormity of the problem. Mr Johnson himself has been bold enough to ask that the free birth control programme in the District of Columbia (run by the federal Office of Economic Opportunity, which is also happy to have a freer hand on this issue) be more than doubled. But the greatest impact of the change in attitude will probably be seen in American aid programmes overseas. Soon the Agency for International Development may be able to offer more than "demographic studies"—help with clinics, perhaps, and training for doctors, although stopping short of handing out actual devices.

Many state and local governments, worried about the increasing numbers of mothers and children dependent on welfare payments, are also eager to shed their inhibitions about family planning. The city of Baltimore is opening five clinics this month and California hopes to add a dozen new ones to the dozen opened last year. Some states—Alabama and Florida, for instance—have had tax-supported birth control centres for years, but most of the 21 states committed to such projects are recent converts. The whole issue has suddenly lost its tabooed status outside of government as well. The American Medical Association has voted for the first time to enlighten its members on the relative merits of various contraceptive measures. And the Amalgamated Laundry Workers have begun to give information (including advice on the rhythm method, acceptable to Roman Catholics) to those in its ranks. All this makes it even more ironic that Connecticut, Massachusetts and Minnesota still forbid the sale of contraceptives or the dispensing of advice on their use. The Supreme Court is soon to rule on the constitutionality of the Connecticut statute.

American parents, however, seem to be interested in limiting their families without any prodding from officialdom. The number of live births in the United States dropped in 1964 for the third consecutive year and the fertility rate for the seventh. It is tempting to attribute this reduction to the popularity and falling cost of oral contraceptives. About three million American women bought these last year at prices now between $2 and $6 for a month's supply. But sociologists feel that a more subtle development may also be responsible. Americans of varying incomes, races and occupations seem to be abandoning the postwar ideal of a very large family and deciding that somewhere between two and four children is the right number to produce.

Neck and Neck in Steel

FROM A CORRESPONDENT IN PITTSBURGH

SOME 600,000 members of the United Steel Workers of America trooped to the polls last week and managed only to contribute further to the uncertainty over who is to lead America's third largest trade union. After dragging on for days, most unofficial counts gave a majority of less than 5,000 votes to Mr I. W. Abel, the secretary-treasurer of the union, who challenged the incumbent president, Mr David J. McDonald. The tallying was so confused that the possible margin of error is greater than Mr Abel's precarious majority and officials of the union are betting that ultimately a new election will be ordered.

President and Secretary-Treasurer

What the union—and an impatient steel industry—faces in the meantime is the tedious official count which begins this weekend and could go on for weeks. Both sides have sent men into districts that went against them to gather evidence for challenging votes on the grounds, for example, that no ballots were received by a branch in Florida which would have supported Mr McDonald or that counting procedures were unsatisfactory at a Chicago branch headed by Mr Abel's campaign chief. These protests must be ruled on, one at a time, first by the union's three official tellers, then by its executive board. Since this is controlled narrowly by Mr Abel, the official loser is almost certain to go farther and appeal to the Labour Department under the Landrum-Griffin Act. If the department finds cause to believe that there were sufficient violations to affect the outcome, it can order a new vote under its supervision. This ruling can be contested in the courts.

Naturally the situation has done little to quiet the fears of the country's steel mills and their customers that bargaining on a new contract, already suspended for more than a month because of the election campaign, will be delayed until too close to the strike deadline on May 1st for any agreement to be reached without a stoppage. Immediately there was speculation that President Johnson might be forced to seek some way out, perhaps by urging the union to accept the pleas of the managements for an extension of the contract. The union is likely to insist that a later settlement be made retroactive, but the companies maintain that this is against their policy. (In the tin-can industry, however, the contract with the USW was extended with retroactivity last September and, although the extension runs out on March 1st, both sides may simply let the date go by unnoticed.) Meanwhile, the question of who will be talking for the union adds considerably to the complexity of the situation. Industry officials remained quiet through the campaign but are known to favour a McDonald victory because this would maintain continuity in the bargaining.

Mr McDonald has already won a tentative agreement from the Alan Wood Steel Company, a smallish concern near Philadelphia that is not among the eleven companies which bargain jointly with the union. The agreement defines more clearly what Mr McDonald means when he speaks of "total job security," a goal he proclaimed last autumn. It provides for sharply increased payments to those thrown out of jobs, including support for older workers as long as they are unemployed or until they are pensioned; the poorest unemployment programme only supports a man for a year. The union has indicated to the big mills that it wants to discuss such a plan with them.

Mr Abel has not attacked the Alan Wood settlement but much of his campaigning suggests a more traditional approach to bargaining, with the stress on wages and pensions. He has also expressed preference for a shorter work week rather than the periodic 13-week holidays for long-standing employees negotiated by Mr McDonald in 1963 as a means of creating jobs. The companies are likely to resist any such demand as being far too costly. At least for the record, they have tried to build a case for keeping the added annual charge of the coming settlement to 2 per cent of current labour costs, now around $4.37 an hour; this was about the increase resulting from the settlements in 1962 and 1963, but the union insists that those were reached in far poorer times.

America the Beautified

PRESIDENT JOHNSON continues to confound admirers of crisp English prose by uttering platitudes that mean something. Lately, in a "natural beauty message" to Congress, he came up with the New Conservation (and a Parks for America Decade) to make the Great Society beautiful. But the unaesthetic tags should not disguise the fact that Mr Johnson is the first President to set up beauty in itself as a national goal. What is more, he specified just what funds and which programmes were to make the dream come true. Like his predecessor of a half century ago, President Theodore Roosevelt, who first rallied Americans to the cause of conserving nature, Mr Johnson wants more national parks—twelve of them. But he goes much further, asking that cities be made beautiful too, not only with parks but with more open spaces. He also wants new legislation to purify the air, water and soil and to keep the great rivers of the wilderness unspoilt. Federal highways should be landscaped and bordered by wild flowers, not by hoardings and the graveyards of abandoned cars. In short, America must not only protect its natural resources but also salvage what has been blighted, both in town and country.

But beauty begins at home. Both the President and Mrs Johnson have announced their determination to make Washington, DC, and the area around the Potomac River shining examples of loveliness for the rest of the country. Mrs Johnson will tackle the city itself, assisted by an enthusiastic First Lady's Committee for a More Beautiful Capital. They hope by summer to have begun scattering flowers, kiosks and benches around a city that has good basic lines but too little make-up. The President has put his Secretary of the Interior, Mr Udall, who is now in raptures over the swift political ascendancy of nature, in charge of the master plan for the Potomac. And Mr Laurance Rockefeller, brother of New York's Governor and a zealous conservationist, has been appointed to head a White House Conference on Natural Beauty in May. The crusade for beauty is certain to produce a lot of jokes. There will probably be considerable opposition, too, as new restrictions tighten controls on agricultural chemicals, on disposal of wastes and scrap metal and on advertising along highways. But in the long run the President's message will probably emerge as historic—the first reminder to his affluent countrymen that ugliness, like poverty, is all around them and that the powers of government might eliminate it.

VICKERS REVIEW

FEBRUARY 1965

PLAN TO STREAMLINE VICKERS GROUP INCREASED ALL-ROUND EFFI

Central functional control, separate operating groups, retention of individual company identities, stronger emphasis on the personal responsibilities of individual executives, and improved benefits for employees are all part of the recently published "Change In Organisation" plan for the Vickers Group of Companies.

The main change will be the transference, as from the end of March, of all the Group's wholly-owned subsidiaries in the U.K. to Vickers Limited. Amongst the new developments the setting up of a Shipbuilding Group [illegible] rating Vickers ship- [illegible] on similar lines to the Vickers Engineering Group Board already in being.

Great emphasis is being laid on the decentralisation of authority and the consequent increased responsibility of individual executives, at the same time retaining the identities and traditions of the various establishments.

NEW SICKNESS BENEFIT SCHEME

In a personal letter to Vickers employees Sir Charles Dunphie, Chairman of Vickers, explains the reasons behind the re-organisation and says "The Vickers Group now consists of a number of separate companies, some large and some small, some only partly owned by Vickers Limited and some wholly owned. This organisation has worked well in the past, but it is not the best in the conditions of today. I am therefore convinced that the time has come to make a change in order to increase our efficiency and thereby provide the greatest possible assurance of full and continuous employment for all."

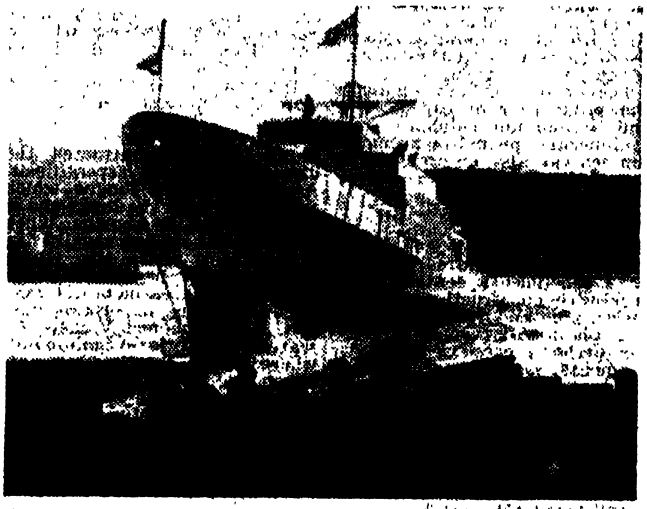
Sir Charles later mentions the new sickness benefit scheme. "In 1962 we brought in new Group pension and life assurance schemes. We did this because we believe that all those who work for Vickers should have some security when they have retired as well as when they are working . . . We now propose to offer to all hourly paid employees of Vickers Limited a new free sickness benefit scheme."

The letter concludes "I am telling you about all this in a personal letter because I am convinced that the success of Vickers and of all who work for the Group depends upon each of you understanding what we are doing and why we are doing it."

£½m CEMENT PLANT SHIPPED COMPLETE FROM BARROW

An order for plant worth over £½m and weighing 1,700 tons, is now on board the Blue Star Line *South Africa Star*. This new plant, the erection of which is being supervised and commissioned by Vickers-Armstrongs (Engineers) Ltd, is to extend the works at Portland (near Whangarei, New Zealand) of Wilsons (NZ) Portland Cement Ltd. It will increase production by over 250,000 tons of cement per year.

The shipment—which has been loaded at Vickers Barrow-in-Furness works—comprises a rotary kiln, 12 feet 6 inches and 13 feet 6 inches diameters by 465 feet long, and all ancillary plant and equipment. The machinery, which embodies all the most modern features in this type of plant, has been loaded direct from the Barrow works into the vessel and will be discharged at the port of Whangarei . . . within five miles of the cement factory saving time and money.



The corvette G.N.S. Keta, launched on January 18th by Mrs. J. E. Bossman, wife of the Ghanaian Ambassador in Paris, at Naval Yard, Walker-on-Tyne. Keta was built for the Ghanaian Navy in collaboration with Vospers Limited of Portsmouth.

THE ABC OF ACV

A series of articles—"A plain man's guide to ACV design and construction"—is currently appearing in "Air-Cushion Vehicles" written by Mr. G. H. Williams, Dipl Tech (Eng), GIMechE, GradRAeS. ACV's include hovercraft and the articles are intended to guide amateurs in building their own hovercraft vehicles. Mr. Williams, who has extensive experience of ACV work started as an apprentice aircraft [illegible] the Supermarine Works [illegible] rmstrongs in 1955, [illegible] the South Mar [illegible] In 1 [illegible] 's-[illegible] he is at present engaged on research work for a Ph.D degree at the Imperial College of Science and Technology, London, and his work should prove to be of value in connection with Hovercraft development.

"Air Cushion Vehicles" is a monthly supplement to "Flight" published by Iliffe Transport Publications Ltd.

In the Litho-Printer 1964 Awards the award for outstand [illegible] nical achievement [illegible] ic Press Lt [illegible] offset [illegible] stand [illegible] ch [illegible] is a Vickers company.

Scholarship. Under this last award

VICKERS REVIEW

New Zimmer Agency

$CO(CH_2)_4CH_2$ AND ALL THAT!

Hans J. Zimmer AG, of Frankfurt-am-Main, Germany, has been granted the exclusive rights, except those held by Union Carbide as licensing agents, to solicit prospective licensees for the new process for the oxidation of cyclohexanone to caprolactone with peracetic acid, and the subsequent conversion of caprolactone to caprolactam with ammonia, by the process owners, Union Carbide. This agency covers the world with the exception of the United States and Canada.

Zimmer are already the proprietors of techniques for the air oxidation of cyclohexane to cyclohexanone. This process when followed by the two new Union Carbide processes gives fibre grade caprolactam. It offers economic and technological advantages and avoids the production of big quantities of ammonium sulphate, a sometimes unwanted by-product of the conventional processes.

The conventional techniques for the production of caprolactam and ammonium sulphate from cyclohexane, phenol or aromatic amines can also be provided by Zimmer.

CANADIAN CONTRACT

Hans J. Zimmer AG and Union Carbide Canada Limited, Toronto, have concluded a contract concerning the construction of a polymerization and spinning plant. The plant will produce Nylon-6 for further processing to multifilaments, yarn for carpet fibres and tyre cord. Zimmer will supply the know-how, engineering and the equipment.

A contract for technical assistance assures a long-term co-operation of the companies.

NYLON PLANT FOR GREECE

A contract for the construction of a plant for the production of nylon—the first of its kind to be established in Greece—has just been received by Zimmers. It is to be built for Vomvix SA, of Athens.

PRESSURISED PENGUIN

Unusual application of Oxygen Therapy

Since their development by engineers and medical scientists of Vickers Group Research Establishment at Sunninghill, Berkshire, hyperbaric oxygen chambers have been used increasingly in the treatment of diseases involving oxygen deficiency. These include diseases of the arteries, heart and lungs.

The chambers are essentially a method of supplying a patient with pressurised oxygen and they are easy to use and have wide applications. Small chambers have been employed with marked success in the treatment of asphyxia in the new-born.

A unique example of their use was seen when a gentoo penguin named "Tot" became ill. The story was told by Mr. Peter Fairley in the "Evening Standard" of January 22nd.

Tot came to the London Zoo from the Antarctic on H.M. ice patrol boat *Protector*. Soon afterwards he became very sick and was found to have contracted the disease known as aspergillosis. Aspergillosis is a fungus which spreads through the lungs and is not unknown in humans. When penguins get it they usually die.

The Zoo's vet., Mr. Oliver Graham Jones had heard about experimental treatment of fungal infections using hyperbaric oxygen. He telephoned Vickers research laboratories at Sunninghill where Tot was shortly afterwards taken and placed in an oxygen chamber. After an hour he was much better. The treatment was repeated each day, an hour at a time, and the penguin continued to improve. During his stay at Sunninghill Tot was kept supplied with whitebait and herrings fetched from a local fishmonger by a Vickers chauffeur. He was also provided with a large block of ice against which he slept, as penguins like to be cool.

After a week of treatment, Tot was cured. When he returned to the Zoo his keeper said he looked "even more robust and better looking than the other penguins".

OXYGEN—THE LIFE-SAVER

A further development is a much larger version of the hyperbaric chamber — again the work of Vickers Research Establishment — in which adults suffering a wide range of malconditions can be treated. Because it resembles, in appearance, a Lotus racing car it is nicknamed the "Lotus bed". Medical experiments over a very wide field are now being undertaken with this.

X-RAY THERAPY

Hyperbaric oxygen chambers combined with X-ray therapy have been used to treat cancer. The Radiation Division of Vickers at South Marston has been making important strides in the fight against this disease with its work on linear accelerators. The Division has produced accelerators for hospitals, and industrial and nuclear research establishments in many parts of the world. In addition to its own facilities at South Marston the Division draws on the conventional engineering resources of other Vickers works.

Recently announced was the 35 million volt linear accelerator being made by Vickers for Churchill Hospital, Oxford. This machine will enable a cancer patient to receive radiotherapy while he undergoes an operation—a method untried in Britain so far. The accelerator and its building are being installed by the Ministry of Health at a cost of about £120,000.

The Lotus bed

Barrow prepares for Europe's biggest launch

Preparations for the launch on March 17th of the BP tanker *British Admiral*, at 100,000 tons the biggest yet to be built in Europe, are well advanced.

The unusual method has been adopted of fitting out *British Admiral* before launching. All machinery has been installed and in addition to being Europe's biggest tanker she will also be one of the heaviest vessels ever launched in the United Kingdom.

This procedure will enable the tanker to make her maiden voyage only a few weeks after launching!

WEYMOUTH SCHOOL OF HYDRAULICS

The Hydraulics Division of Vickers Engineering Group is shortly to open a training school at Weymouth Works. The Division intends to provide courses lasting four to ten days to help engineers, sales representatives, dealers, service engineers and customers' maintenance mechanics. Instruction given at the school will cover all technical and commercial aspects of 'VSG' and Racine equipment. The lectures, supported by films, slides and visual aids will deal with basic hydraulics as well as advanced techniques in order to give the widest benefit. Working models will be used to demonstrate different types of hydraulic equipment. The training school at Weymouth is contained in a single large building. Among the excellent facilities are a lecture room which may also be used for cine and slide projection; a demonstration room; a dining room and lounge and a library.

Customers interested in further details of the courses, which are expected to last from four to ten days, are invited to write to Vickers-Armstrongs (Engineers) Limited, Hydraulics Division, Weymouth, Dorset.

HTS . . . CAMERA . . . ACTION . . .

and eighteen "Vickers"

At one time it was considered politic in the film world to maintain great secrecy about set building and special effects. More recently it has been realised that cinema audiences are appreciative of the skills and accomplishments "behind the scenes" without in any way losing their enthusiasm for the illusions seen on screen.

For over eighteen years Vickers have contributed to the illusions in a unique way by providing "Vickers Rostrums" for most of the films made at the Pinewood Studios of the Rank Organisation.

A "Vickers" is essentially a wheeled rostrum or platform 18 feet 6 inches long by 12 feet wide, which is adjustable in height from 3 feet minimum to 14 feet maximum.

The apparatus was never officially christened and the generic name is bequeathed through usage over the years.

VARIABLE HEIGHT

Originally specified by the Studio in order to save time, labour and materials costs, and built to this specification by Vickers, the Pinewood Studios now have 48 of these unique "Vickers" which are frequently hired to other film companies and studios.

Prior to their advent, the set designers and builders, when required to provide levels other than the sound-stage floor, were committed to erecting timber or tubular steel structures with solid floors upon them. The "Vickers", with its own floor of variable height, can be rapidly moved into position and raised in a fraction of the time required for building and with no outlay on erection materials. Because the "floor" overlaps the base, any number of "Vickers" can be butted together to give any area.

In use a "Vickers" is wheeled into position in its fully collapsed form. Tubular lattice framework is available in one foot, two feet and three feet depths (providing heights varying by one foot). When in position the "floor" is raised by means of hand-operated chain hoists attached to its corners and the required tubular frameworks are built up—much the same as the now popular home-workers do-it-yourself portable scaffolding.

The rostrums are of inflexible rigidity and have a carrying capacity (a rigidly controlled safety margin well within the "Vickers" potential) of 2½ tons at 3 feet down to 1 ton at 14 feet maximum height.

'TWO OF A KIND'

At Eastertime film goers will have the opportunity of seeing Morecambe and Wise, choice of the Variety Club of Great Britain for the title of "Show Business Personalities of 1964", in the premiere of their first feature film "The Intelligence Men". What the audience will *not* see are the "Vickers" used to build the stage and boxes of the replica of the Royal Opera House, Covent Garden.

In this scene, it was necessary to show the auditorium with seated audience, the orchestra pit, and the full-size stage which bore a full ballet company and Morecambe and Wise. Levels and floor angles were the main problems here. A typical "opera house" canted auditorium floor was constructed sloping down from the sound-stage floor-level into a tank.

The orchestra pit evolved naturally from this slope, at the end of the tank, and—from the edge of the tank the "opera house" stage was built on "Vickers".

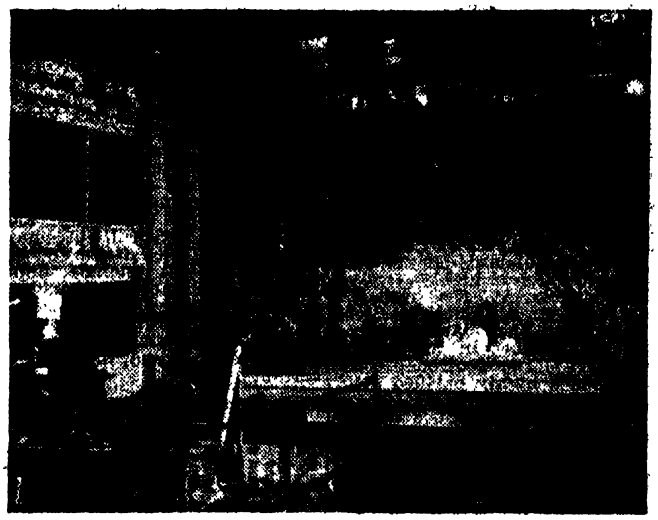
'... GREAT MAELSTROM ...'

Latest Vickers cinematic 'role' is the current use of a 'VSG' variable speed gear motor in the film "The Long Ships".

The equipment was connected to a long ship to simulate the whirlpool in the sequence which begins (in the script) "Wrecked by a great maelstrom..." This depicts the fearsome mishap which befalls the Viking Rolph and his brother Orm who have hi-jacked the ship, complete with a princess and who get caught up in the maelstrom when on their way south.

This Warwick-Avala film is presented by Columbia Pictures, was produced by Irving Allen and directed by Jack Cardiff.

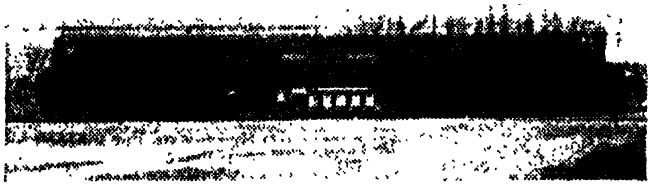
Tailpiece *When making initial enquiries at Pinewood for "Vickers Review" our reporter was informed by a Studio executive that he did not know "whether we have any items of ecclesiastical interest!"*



The Royal Opera House set at Pinewood Studios

"Vickers" shown collapsed (upper picture) and (lower) erected

A long ship



Metropolitan-Cammell Limited, a Vickers Associated Company, are currently delivering 13 battery locomotives to London Transport. Equipment was wanted for handling track maintenance and breakdown work and these locomotives have been specially designed for these requirements. Some will be engaged in the construction of the new Victoria Line and the order follows an earlier contract for 244 tube cars also for the Victoria Line and an earlier contract for 1,059 tube cars. The locomotives have alternative sources of power, conductor rail or battery. They can use power from the conductor rail at 600 volts, and two can move a 250 ton trailing load at 30 mph. Otherwise the locomotives derive their energy from their own batteries and this facility could be used either in the case of accident or during maintenance hours, from midnight to 5 a.m. Under these conditions two locomotives can haul the same load at 15 mph.

VICKERS REVIEW

Towards Cleaner Steel From Scrap

The rapid pace of technological and scientific advancement in recent years has laid a punishing whip across the shoulders of all concerned with the production of basic materials. In the steel industry the insistent demand has been for "cleaner" steel to satisfy the standards demanded in the production of highly stressed components. At the research laboratories of English Steel Corporation, Sheffield, a prototype furnace is now in use which operates a plasma electrode process to produce highly purified steel direct from scrap.

Apart from this purification (by the removal of the major contents of hydrogen, nitrogen and oxygen achieved during the one-stage melting) scrap is melted much more rapidly than by other types of furnaces. The elimination of consumable electrodes as used in conventional electric arc systems also means that this new furnace is cheaper to use.

RAPID MELTING

"Plasma" has now become a generic term in technical fields and it is, in fact, a jet of flame of extremely high temperature produced, in practice, by passing a stream of argon or nitrogen gas through a zone of very high temperature which is generated in the arc gap between two specially-developed tungsten-tipped electrodes. This gas stream naturally absorbs a large proportion of the energy generated by the arc and its focus point is of such intensity as to produce a rapid melting of the scrap charge. Within the furnace the atmosphere is inert and the melt is, therefore, free of slag. At the same time, such an inert atmosphere inhibits both the production of fumes and melting losses, while arc flicker—usually eliminated by using costly electrical equipment—is greatly reduced.

Melts of 100 lbs of scrap are being made with this new furnace but there are, of course, problems posed which are part of a long-term programme of investigation. This includes study in the use of various gases, and gas mixtures, for plasma formation, and direction and deflection for the plasma flame by means of magnetic field control.

The present furnace uses two argon gas plasma electrodes and plans for a 2½ cwt. 3-electrode furnace are well in hand.

Freeze dried foods from Vickers South Marston Works will be displayed at the Salon International de L'Agriculture to be held in Paris from 5th to 14th March. A special exhibit is being sponsored by the French Institute for the Freeze Drying of Foodstuffs.

Management goes to the pictures

A one-day symposium on the use of films in management training is being held Feb. 19 in the Millbank Tower Conference Suite. This has been organised by the British Institute of Management and Sound-Services and will include the showing of four management films from the U.S. which have never before been seen publicly in this country.

Among the subjects to be covered will be the use of films at the School of Business Administration, Harvard University and Robinson P. Rigg will introduce film material used at the school.

Speakers will include John Scott, co-ordinator and advisor on training at Shell International Petroleum and William Oncken of Oncken Heydick and Associates—New York management consultants.

FACILITIES

The Conference Suite at Millbank Tower, which seats 214 in complete comfort, was recently vacated by The National Film Theatre on their return to their own premises at Waterloo.

The suite is available for meetings and films, most facilities being provided, and a first-class projection room is available. Provision is made for television receivers. The spacious foyer has bar facilities and parking space is available in the evenings.

Shielding a 500,000v beam

An installation to provide irradiation by means of an electron beam, for use in the manufacture of clear plastics film for packaging, is now in use at the St. Neots Works of W. R. Grace Ltd. The voltage used is 500,000 volts and it was necessary to provide protection for operators of the equipment in the form of heavy lead shielding, supplied by Robert Boby Ltd., of Bury St. Edmunds.

This method of producing film is the first of its type in Britain (and probably Europe).

The use of the electron beam irradiation technique greatly contributes to the exceptional clarity, strength and high shrink energy that "L" Film possesses. Irradiation in no way affects the chemical properties of the film and the equipment does not use—nor can it generate—any radio-active by-products. The finished film is completely inert.

Similar to the cathode ray tube in a domestic television receiver, but much more powerful with its 500,000 volts, this electron beam is still far short of the potential needed to produce radio-activity: it would need ten times the voltage. It is, however, powerful enough to produce x-rays as a by-product and it is against lengthy exposure to x-rays that the operators must be protected.

Elaborate safety interlocks prevent operation of the equipment unless the Boby shields are properly in place and safety regulations are being applied; the efficiency of these having been proved at Grace's Simpsonville (U.S.A.) plant over a seven-years' incident-free production period.

AUTOMATION IN WAREHOUSING

Vickers-Ferranti joint venture

An outstanding example of the co-ordination of Vickers Group resources and collaboration with outside specialists has recently been achieved by the Vickers Automation Systems Division at South Marston, as yet a little-known but highly important specialist section. The undertaking was an important new warehousing scheme and the final plan and installation was the result of six months combined effort.

The major external co-operation was with Ferranti Limited who quoted for the supply of control electronics, and with I.C.T. Ltd who are the potential suppliers of data processing equipment.

On Vickers side, the tender included structural steel work, buildings and storage racking from Palmers Hebburn Works; mechanical handling equipment from South Marston; special road vehicle bodies from Metropolitan-Cammell; and large quantities of special sheet steel containers from Dartford.

Vickers and Ferranti will also be collaborating at the P E R A Exhibition "Progress in Automation" on March 23rd–25th. The Automation Systems Divisions of both firms will be jointly displaying.

ACC-Vickers-Babcock Limited had a representative display on their stand, in January, at the Exhibition organised by the Indian National Congress at Durgapur.

Among the exhibits was a complete "Steambloc" and a Fuller-Kniffon pump for the cement industry.

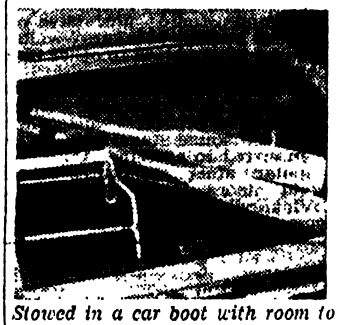
Around the World in 80 Ways

TOUGH TEST FOR IOCO'S 'DHOBI'

Geoffrey Fulton, a 29-year-old Australian architect and professional water skier, embarks shortly on a three years' world tour to look at architectural trends and to make a travel and sports film series for world cinema and television showing. He will be assisted by a photographer and a writer.

At Mr. Fulton's request, Ioco Limited of Glasgow, an Associate Company of Vickers, are providing a Dhobi Dinghy (details reported earlier in *Vickers Review*, January). The Company is confident that the Dhobi Dinghy will serve Mr. Fulton well during his venture.

Mr. Fulton plans, amongst other things, to film a power boat journey around Norway; a small boat voyage along the Nile; the exploration of uninhabited islands in the Mediterranean; a tour of the inland waters of South America and to reach Russia via the new Black Sea Canal.



Stowed in a car boot with room to spare

SUCCESS OF NEW AUSTRALIAN LINER

The new *Empress of Australia* sailed from Sydney on her maiden voyage to Hobart on January 16th. She was built by Cockatoo Docks and Engineering Company Pty. Limited for the Australian National Line and her entry into service sees the restoration of a regular passenger sea link between Sydney and Tasmania which was broken a quarter of a century ago.

Officials of the Australian National Line are reported to be very pleased with the success of the vessel and have announced proposals for the building of similar ships to haul cargo on the Melbourne/Sydney and Sydney Brisbane routes.

Published by
VICKERS LIMITED VICKERS HOUSE
MILLBANK TOWER, MILLBANK
LONDON SW1

BOOKS

Operation Pluto

The Bay of Pigs : *The Invasion of Cuba by Brigade 2506*

By Haynes Johnson.
Hutchinson. 368 pages, illustrated. 40s.

Conventional Warfare in the Nuclear Age

By Otto Heilbrunn.
Allen and Unwin. 164 pages. 21s.

Commencing at H-Hour of D-Day, the Brigade is to engage in amphibious and parachute landings, take, occupy and defend beachheads in the areas of Cochinos Bay and Playa Giron of the Zapata Swamps in order to establish a base from which ground and air operations against the Castro government of Cuba may be carried out. . . .

So ran the directive for "Operation Pluto," the landing at the Bay of Pigs in April 1961 which was supposed to topple the Castro regime in Cuba. The spectacular failure of the operation not only strengthened Señor Castro's apparatus and his dependence on the communist world ; it also initiated a great reappraisal both of the entire role of the Central Intelligence Agency in the policy-making processes of the American government and of American defence policy itself. With the Bay of Pigs, emphasis was shifted away from what President Kennedy publicly called "traditional military needs" to counter-insurgency techniques and limited warfare capability. Today, with the hindsight of four years, we can see that the lost invasion was an important landmark in the evolution of the Kennedy-McNamara doctrine of flexible response.

Mr Haynes Johnson's account of the invasion and its background is far and away the best account of the entire episode ; much more material is now available since Mr Karl Meyer's "The Cuban Invasion" was published in 1962. He has interviewed many of the survivors of the Bay of Pigs, including the senior officers, and he has also studied the Havana government's revealing four-volume study of the invasion, "The Rout of Imperialism"—a work which Señor Castro now denies was ever written. Mr Johnson also mentions that he has had access to "documentary material from sources which cannot be divulged, but which are irrefutable." So for the first time we can see the story of Operation Pluto in some perspective. The roots of the invasion go back well into the Eisenhower era. But in November 1960 there was a decisive change of plan. It was decided in Washington by the "special group" from the Central Intelligence Agency, the Pentagon and the State Department which oversaw the operation to replace a guerrilla campaign by a formal amphibious infantry assault.

Between November and April the special group, including the new President and members of the Joint Chiefs of Staff, continued to meet. The CIA was confident that the brigade's 1500 men could overthrow Castro, confident that air supremacy could be won by two strikes by B-26 bombers. As we know, the result of this overconfidence meant that the chances of success were smashed in the first few hours of April 17, 1961, when a command ship, crammed with the brigade's entire communication equipment and supplies for ten days, was sunk by Cuban jets. All the President could do was to set up a special investigating committee of Mr Robert Kennedy and General Maxwell Taylor: "A shift in policy, subtle but significant, began. President Kennedy srrounded himself with those who asked the tough questions. . . ."

After reading Mr Johnson's account of Pluto with its amazing chronicle of miscalculation, one approaches Dr Heilbrunn's study of conventional warfare in the nuclear age with some scepticism. The author has made an admirable synthesis of the views of Kissinger, Garthoff, Dinerstein, Sokolovsky and other writers on the development of Western and Soviet military doctrine. To some, his inquiry—"how conventional forces can best meet a conventional attack in a European war that may at any time become nuclear"—may appear unnecessarily academic. A possibly more serious criticism would be that the author fails to discuss in any detail the wars in Korea or Vietnam, which have a central relevance to limited war. But where he emphasises the importance of "rear warfare," a term including all forms of espionage, infiltration, subversion and guerrilla warfare, then he is discussing a problem vital to the present, when large-scale conventional limited war is unlikely because of the dangers of escalation.

For, as Mr Haynes Johnson makes clear, only a vast expansion of the original, guerrilla strategy would have guaranteed Pluto any chance of success. A corollary of this strategy would have meant an extensive mobilisation of the underground and a protracted psychological war effort, with the minds of the Cuban people the objective as much as Castro's armed forces. In their later emphasis on unconventional warfare, Kennedy and the Pentagon seemed to have learnt the lesson of Pluto.

Yet there is another important reason for its failure, closely related to the abandonment of the guerrilla strategy, but really quite separate. It lies in the confusion of ends and means that dogged the invasion from its inception. In attempting to bring about its chosen end—the elimination of Castro—the American government used the dubious means of a clandestine involvement. Indeed, this moral confusion at the heart of Pluto resulted in a bizarre epilogue to the invasion. When Mr Haynes Johnson visited the Sierra Madre mountains in 1963, in search of one of the brigade's chief depots,

> we reached a place where the road should have been. It had vanished. Eventually, from fearful Indian peasants in those mountains and later from Cubans who were last to leave the camp, the story came out.
>
> Two weeks after the invasion all of the records at the camp were placed into a freshly dug hole and a bulldozer covered the hole with earth. Soon after that Guatemalan soldiers and labourers came. They broke up the camp and carried away every vestige, including the cement foundations of the barracks. Then the road itself was bulldozed and covered. Now the jungle has taken over. . . .

For its originators in the arcana of the Central Intelligence Agency, Operation Pluto was not merely a failure—it was a non-event.

A City Radical

The Split Society

By Nicholas Davenport.
Gollancz. 192 pages. 25s.

Without Mr Davenport the world would be a duller place. He is the solace of the conscientious layman who struggles to digest the regular offerings of the economic pundits, and his column in *The Spectator* is among the lightest and liveliest of the week. Financial journalist and company director, investment adviser and Berkshire squire, he is also the most articulate of that rare and curious breed, the City radical. From a position slightly but firmly left of centre, he has recently turned his attention to the impact of mass psychology upon the British economy. The result is an immensely readable, often illuminating and very individual tract for the times.

According to Mr Davenport, ours is "a split society exploited by two opposing interests each motivated solely by the acquisitive instinct." Though "tolerant, liberal and decent by comparison with many others," it is therefore "a neurotic society," incapable of securing for its members the good life which the smooth working of a mixed economy could provide. The responsibility for this lamentable state of affairs rests squarely upon "the Establishment." Over the past forty years the short-sighted selfishness of its "financial and economic

mismanagement" under the influence of the City has led to "the complete estrangement of the working class." All too often, the worker's attitude is now that of "the obstructive psychopath," "indifferent to the interests of the nation as a whole." Unless this disastrous interaction is brought to an end, we shall remain "a society doomed to decline."

Since the war, however, the continued domination of the City has driven both parties to put the balance of payments above the modernisation of industry, the prestige of the pound before the welfare of the people. It is now a matter of urgency to "put men before money" by adopting "a humane financial policy" which is clearly seen to be equitable in its operation. But an onslaught on capital gains and the imposition of corporation tax cannot ensure acceptance of an incomes policy. The worker must also be given "a stake in the country" by way of state-sponsored unit trusts. Involved in growth and fired by the prospect of a better life, he will soon lose his "sense of alienation."

Throughout this excursion into sociology Mr Davenport concentrates upon the devil he knows. By comparison with the bankers, Treasury knights and simple-minded politicians, both sides of industry appear to have been guiltless as babes unborn or neglected Keynesians. But can the cleavage in contemporary Britain really be dated from the return to the gold standard in 1925? And is the average worker in fact more likely to be alienated by the spectacle of property millionaires or killings on the Stock Exchange than by the daily stupidity and caprice of management from his charge-hand upwards? Full of good stuff and rich in its denunciations of "finance-capitalism," this remains a view from the Barbican. Still, it begins to look as though Mr Callaghan might benefit from a few more tutorials with Mr Davenport.

Brilliant Conservative

George Canning: *Three Biographical Studies*

By P. J. V. Rolo.

Macmillan. 285 pages. 36s.

Modern psychologists might point to the insecurity of George Canning's early years as part explanation of his single-minded striving for political success. His first years were spent in a series of cheap theatrical lodgings; his mother, a beautiful if not very talented actress, lost her husband when George was a year old and was reduced to touring the provincial stage with an actor called Reddish. From this unstable existence George was removed at the age of eight by an uncle, who sent him to Eton and then to Christ Church. From then on, his own talents pushed him forward. Eventually at the age of 57 he reached the top and became prime minister. Not much more than a hundred days later, on August 8, 1827, he died; the sense of drama which permeated his public (but not his private) life persisted to the end.

Canning concentrated too exclusively on the pursuit of political success to be called a man of many parts. Yet in character he was one of the most complicated and paradoxical of men. He was loved for his immense charm and brilliant wit; he was detested for the sharpness of his tongue and his pen. His contemporaries, and after them the historians, always found it difficult to take what he did or said at its face value. He was a person whom people were bound to feel strongly about, one way or the other.

In his political career a reputation for unprincipled opportunism and deviousness dogged him to the end of his life. Yet on occasion he was quite capable of subordinating his political career to loyalty or principle, as he saw them. In February, 1801, when Pitt resigned over Catholic Emancipation, Canning felt bound, as Pitt's protégé, to resign too—although Pitt himself was very annoyed by his decision. Again, late in 1820, when George IV was forcing his government to take action against his estranged and tiresome wife, Queen Caroline, Canning insisted on resigning from the cabinet because of his former close friendship with the queen.

Canning was a conservative in the sense that he believed that England had hit upon the right mixture of monarchical and democratic government and that the main task was to keep it intact. He never understood that the restless questioning stirred up in England by the French Revolution should be guided into the right channels, not blindly suppressed. He firmly supported Catholic Emancipation (because he believed there could be no solution for the Irish problem without it); but he equally firmly opposed the repeal of the Test Act. He was dead against parliamentary reform; but he was far ahead of his time in realising the advantage of getting public opinion and the press on his side and of deliberately exerting himself to this end.

As foreign secretary, the post where he was most successful and gained the greatest fame, he has been revered and honoured in Greece, Brazil and other Latin American countries as the statesman most responsible for securing their independence from foreign rule. But Canning himself would be the first to acknowledge that his foreign policy was designed, first, last and all the time, to preserve the interests and security of his own country. Basically, it was for England and England alone that he called in the New World to redress the balance of the Old.

Canning, with his brilliance, vitality and complexity, still fascinates and baffles historians and probably always will. In this study, Mr Rolo has made a new attempt to pin him down by analysing him in three different categories: as man, politician and statesman. It is an interesting and illuminating attempt, but it has its weaknesses, particularly in the attempted separation of the politician from the statesman. There is something rather unreal and artificial in separating an analysis of the mechanism of gaining and keeping power from a discussion of the ends for which that power was sought. The method is also apt to be confusing for the reader not already well versed in the period. One reads, for example, in the essay on Canning as a politician, a long (and in itself most interesting) account of his efforts to overcome the opposition of the king and the "ultras" in the government to the foreign policy that he wished to pursue after 1822; but one has to read far into the final chapter on Canning as a statesman before obtaining a description of the aims of that policy. Such weaknesses are no doubt inherent in the method. To offset them, Mr Rolo shows a refreshing disinclination to indulge in any academic hedging. He weighs the evidence and sets down his own opinion plainly and on the whole with admirable fairness. His conclusions may sometimes be controversial; but then so was his subject.

New Ways for an Old Nation

Changing Perspectives in British Foreign Policy

By Kenneth Younger.

Oxford University Press for Chatham House. 147 pages. 9s. 6d.

This is what a book on current affairs should be, a study with a point of view, long in thought and short on words. Its admirable brevity is the soul at times of a dry kind of wit, at others of an epigrammatic gift for cutting through tangled confusions of argument to a known but forceful point:

> When [General de Gaulle] asserts that ideologies are transient but the nation is permanent, he is in effect asserting the primacy of nationalism as an ideology. If this is valid doctrine for France, then it should be valid for Germany too.

Sometimes, too, compression sharpens an original view of things:

> The nuclear stalemate, while offering a certain rather precarious assurance against all-out war, also increases the difficulty of resolving particular conflicts by negotiation. For, by ruling out the use of force as an ultimate sanction, it also removes the incentive to avoid war by the traditional methods of compromise.

If more of the all too many writers on current affairs could adopt the same terse method, there would be fewer books but more enlightenment.

Mr Younger's theme really starts from his reference (near the end) to Mr Acheson's remark that Britain has lost an empire and not yet found a role and his essay is essentially a definition of one. His recipe is that of the large centre-body of British opinion which is now convinced that Britain must join Europe to influence the "huge issues" of western defence, peace between east and west, and development of the poor parts of the world. "The interests of Britain's neighbours are not essentially different from

BOOKS from PITMAN

BENHAM'S ECONOMICS

Fifteenth edition

F. W. Paish

In the hands of its new author, Professor Paish, the basic and well tried structure of the book remains. The alterations for the new edition are made in the light of recent economic changes and are extensive, particularly in the chapters on "British Economic Problems Since the War", and "The Post-war Situation". 20s. net.

AN INTRODUCTION TO CRITICAL PATH ANALYSIS

K. G. Lockyer

This is a short and simple treatment of the subject, with a minimum of mathematics, for managers and students of management. 18s. net.

THE STOCK EXCHANGE

fourth edition

H. D. Berman

This work describes, from the insider's point of view, how the Stock Exchange works, and explains in a straightforward and comprehensive manner its jargon and complicated procedure. 12s. 6d. net.

from all booksellers

PITMAN
PARKER STREET,
LONDON, WC2

UNDER-DEVELOPED COUNTRIES & ECONOMIC GROWTH

Select Reading List No. 6

New and enlarged 1965 edition now out - free on request

An introductory article has been specially written by Dr. H. Myint of Oxford for this fourth edition of one of our most widely-used catalogues, which now has 16 pages and lists 350 titles. Send us your name and address and we will send you a free copy.

THE ECONOMISTS' BOOKSHOP

(Dept. E8B), Clare Market, Portugal Street, London, W.C.2.

The Commonwealth Relations Office List 1965

Brings together in handy form essential information covering the main aspects of Commonwealth affairs. It is an indispensable reference book for all concerned with the subject whether in research, authorship or study, and no library or office should be without it. **45s.** (47s. 3d.)

International Trade 1963

Reports on recent trends in international trade, commodity trade, and trades of areas and countries of the contracting parties to the General Agreement on Tariffs and Trade during the year. **15s.** (15s. 8d.)

Statistical Classification 1965

This classification, published under the authority of the Commissioners of Her Majesty's Customs and Excise, sets out the descriptions (and related code numbers) under which goods imported or re-exported are classified for the purposes of the published external trade statistics. **10s.** (10s. 6d.)

Market Research by Trade Associations

This OECD guide is designed to give practical information to trade associations in industry and commerce on how to organise and undertake market research for their member firms. **6s.** (6s. 6d.)

Prices in brackets include postage at inland rates

HMSO

Government publications and those of OECD can be purchased from the Government Bookshops in London, Edinburgh, Cardiff, Belfast, Manchester, Birmingham and Bristol, or through any bookseller

SCIENTIFIC AMERICAN

The rate at which knowledge, and consequently power, accumulates in our hands astonishes the scientists themselves, who are astonished at their own accomplishments of just the past fifteen years. The consequences of their recent discoveries are not yet apparent to anyone. But there is a sense in which all men can participate in the spirit of inquiry.

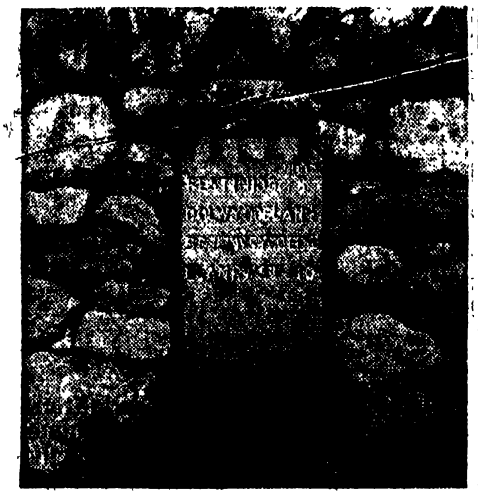
"The most beautiful thing we can experience is the mysterious. It's the source of all true art and science. He to whom this emotion is a stranger, who can no longer pause to wonder and stand rapt in awe, is as good as dead. His eyes are closed."

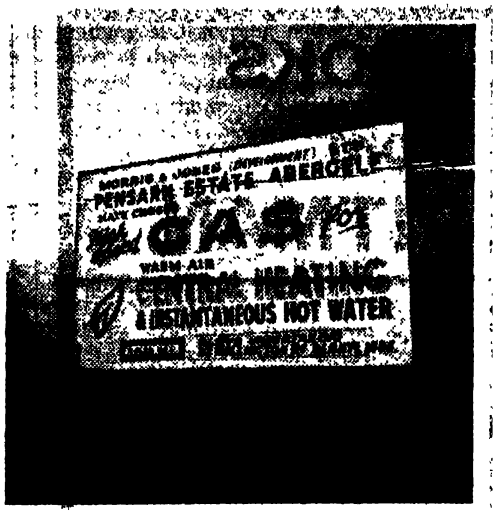
Albert Einstein

"What does science tell us about the formation of human purpose? The answer to that question does not come easily, nor does it come with certitude. It remains to be discovered by our generation and generations to come. But in our lifetime we have come to know that the universe is pervaded to its farthest reaches by dynamics, by evolution, by history. We have come to know that our lives are cast at no special point in time and at no particular place in the universe. We have learned that life is the inevitable outcome of universal physical processes and may be in course of evolution toward consciousness elsewhere in the universe."

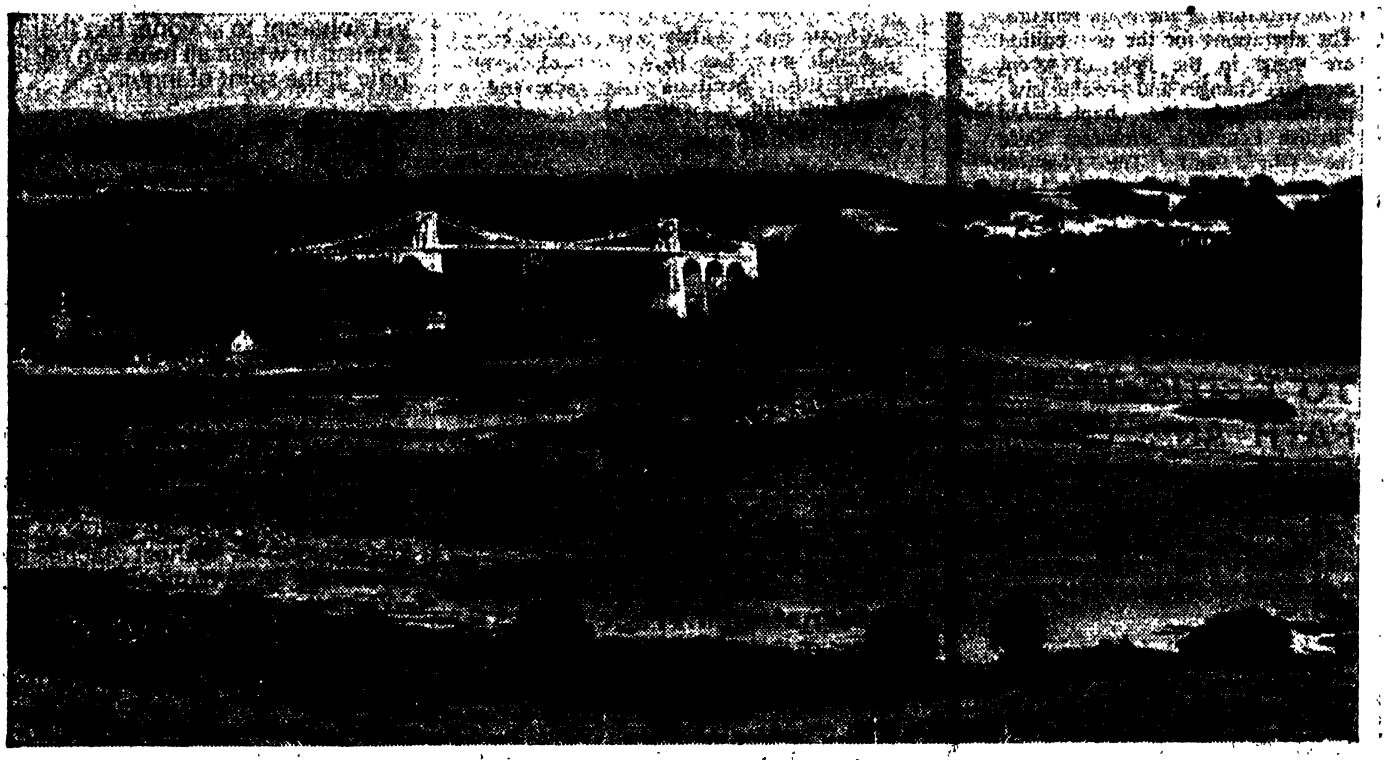
Gerard Piel
President and Publisher
of Scientific American

SCIENTIFIC AMERICAN





From Llangollen to Pwllheli and across the Menai Straits . . .



High Speed Gas spreads its warmth around North Wales

THE NEED WAS THERE, the demand was there. The difficulty lay in the terrain. Rugged and romantic to the tourist, it presented a tough, practical challenge to the architects of the N. Wales grid. To supply the growing demand for High Speed Gas, the Wales Gas Board had to plan a complex and ambitious pipe-laying operation. They had to reckon with three major rivers, one hundred and twenty-seven streams and seven miles of solid rock and boulder in the Snowdon range. They had to provide for sufficient pressure to pass the gas over exceptional distances, and altitudes of up to 1,750 ft. above sea level. Despite these conditions, the first 180 miles of the North Wales grid, from Llangollen across the Menai Straits to Anglesey, were laid within a year. Now a further 52 miles links Llanrwst to Pwllheli, and St. Asaph to Ruthin; and spreads still farther the simplifying benefits of High Speed Gas to new industry and the people who live there.

The setting may be romantic, but the North Wales grid is a highly advanced and sophisticated technological achievement. Built to operate over long distances and at high pressures, it was the first major gas grid in Britain to use radio telemetering to control supply (you see above the new Telemetery Control Room at Rhyl). It is all part of the new pattern of Britain's gas industry, designed to meet a growing domestic and industrial demand fast, efficiently and fully.

In today's high speed world . . . the gas industry thinks of tomorrow.

her own, and many Europeans are there [illegible]

[illegible] and allying character. For [illegible] to [illegible] of E[illegible] and [illegible] he w[illegible] about [illegible] merely [illegible] "e[illegible] in fac[illegible] "espe[illegible] the [illegible] of th[illegible] Gordo[illegible] when the [illegible] in chains, [illegible] without [illegible] what [illegible] the [illegible]. On [illegible] the release [illegible] make that [illegible] himself, he prints an eyewitness account, compiled from several sources, of Slatin's physical and mental state when, on escape from captivity, he finally reached a British mess at Aswan. Two pages suddenly convey in full measure the extraordinary strains to which a human being can be subjected, and can survive.

A book so faithful to fact, and to strange fact, cannot fail to stir us. Also, it bears new and impeccable witness to home truths already exposed by modern researchers into the Sudan archives. These reveal that the painting of the Mahdi's and the Khalifa's regimes in the blackest possible colours—as was done, for instance, in Slatin's own "Fire and Sword in the Sudan"—was part of an elaborate British propaganda device for popularising reconquest. The press lapped up the version; the novelists followed suit; and both, "staggard hatchet-bearers at the best of times, continued down to our own day their vituperation of the Mahdist cause." In fact, as Mr Hill indicates, though without corroborative detail, the regime was much less monstrous, sadistic and inefficient than contemporary psychological-warfare-mongers made it out to be.

Here, then, is recommended reading for anyone interested in African history, or empire in its heyday, or, nearer home, in the dilemmas that confront an expatriate. For in one sense Slatin's story is a sad one. Though a success both socially and in his work, he struck root in no one homeland, and this drawback mounts as he grows older.

> He was not a typical Viennese bourgeois, he had not become a Sudanese Arab, he would not now become a late Victorian English gentleman. He was not proud of anything. Therefore his loyalties were sadly taxed by the first world war. He spent it doing work for the Austrian Red Cross, but after it, would have liked to become a British citizen. But Britain was cool; even royal pressure was of no avail, and the privilege was refused. He therefore died in Austria where, it is agreeable to know, boy scout patrols still bear his name and where, in his native village-suburb of Vienna, there is "Slatingasse, a quiet, restful little street."

[illegible] and [illegible] to [illegible] of [illegible] and [illegible] he [illegible] about [illegible] merely [illegible] "e[illegible] in fac[illegible] "espe[illegible] the [illegible] of th[illegible] Gordo[illegible] when the [illegible] in chains, [illegible] without [illegible] what [illegible] the [illegible]. On [illegible] the release [illegible] make that [illegible] himself, he prints an eyewitness account, compiled from several sources, of Slatin's physical and mental state when, on escape from captivity, he finally reached a British mess at Aswan. Two pages suddenly convey in full measure the extraordinary strains to which a human being can be subjected, and can survive.

A book so faithful to fact, and to strange fact, cannot fail to stir us. Also, it bears new and impeccable witness to home truths already exposed by modern researchers into the Sudan archives. These reveal that the painting of the Mahdi's and the Khalifa's regimes in the blackest possible colours—as was done, for instance, in Slatin's own "Fire and Sword in the Sudan"—was part of an elaborate British propaganda device for popularising reconquest. The press lapped up the version; the novelists followed suit; and both, "staggard hatchet-bearers at the best of times, continued down to our own day their vituperation of the Mahdist cause." In fact, as Mr Hill indicates, though without corroborative detail, the regime was much less monstrous, sadistic and inefficient than contemporary psychological-warfare-mongers made it out to be.

Here, then, is recommended reading for anyone interested in African history, or empire in its heyday, or, nearer home, in the dilemmas that confront an expatriate. For in one sense Slatin's story is a sad one. Though a success both socially and in his work, he struck root in no one homeland, and this drawback mounts as he grows older.

> He was not a typical Viennese bourgeois, he had not become a Sudanese Arab, he would not now become a late Victorian English gentleman. He was not proud of anything. Therefore his loyalties were sadly taxed by the first world war. He spent it doing work for the Austrian Red Cross, but after it, would have liked to become a British citizen. But Britain was cool; even royal pressure was of no avail, and the privilege was refused. He therefore died in Austria where, it is agreeable to know, boy scout patrols still bear his name and where, in his native village-suburb of Vienna, there is "Slatingasse, a quiet, restful little street."

Curious Career

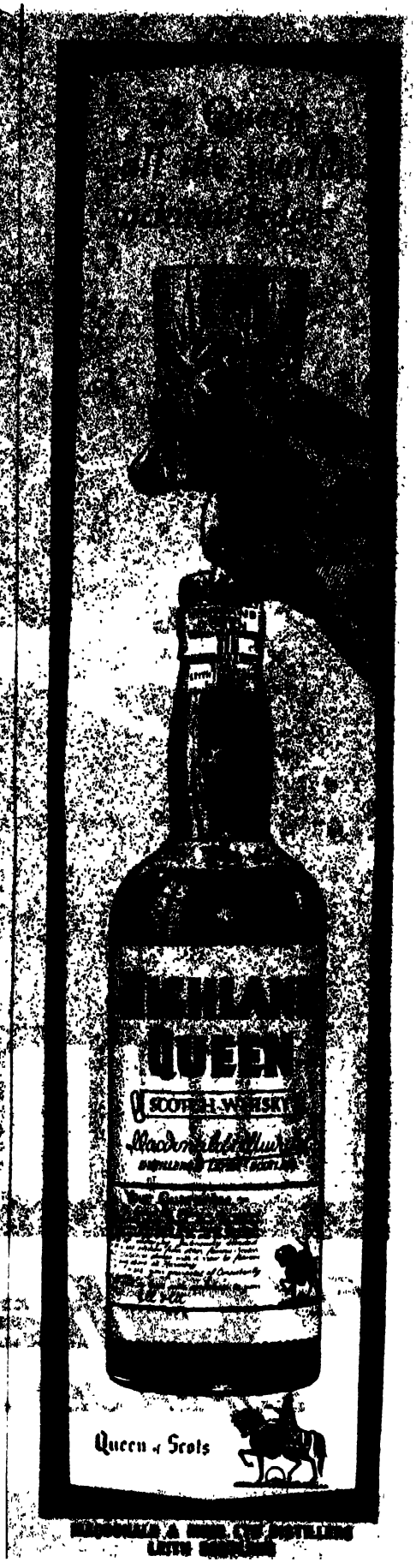
Slatin Pasha

By Richard Hill.

Oxford University Press. 170 pages. 25s.

This biography is at once an excellent piece of scholarship and a missed opportunity. There can be few careers more curious than that of its subject, Rudolf Anton, Baron von Slatin Pasha, KCVO, CB. As his titles imply, he was born Austrian, and served both Egypt and Britain; he worked for each in the Sudan, and, in between the two stretches, spent eleven years from the age of twenty-seven to thirty-nine as a prisoner in Mahdist hands. His fame stems from this ordeal; but, as this book points out, the zenith of his lifework was reached in the years between 1900 and 1914 as Inspector-General in the Anglo-Egyptian condominium of the Sudan.

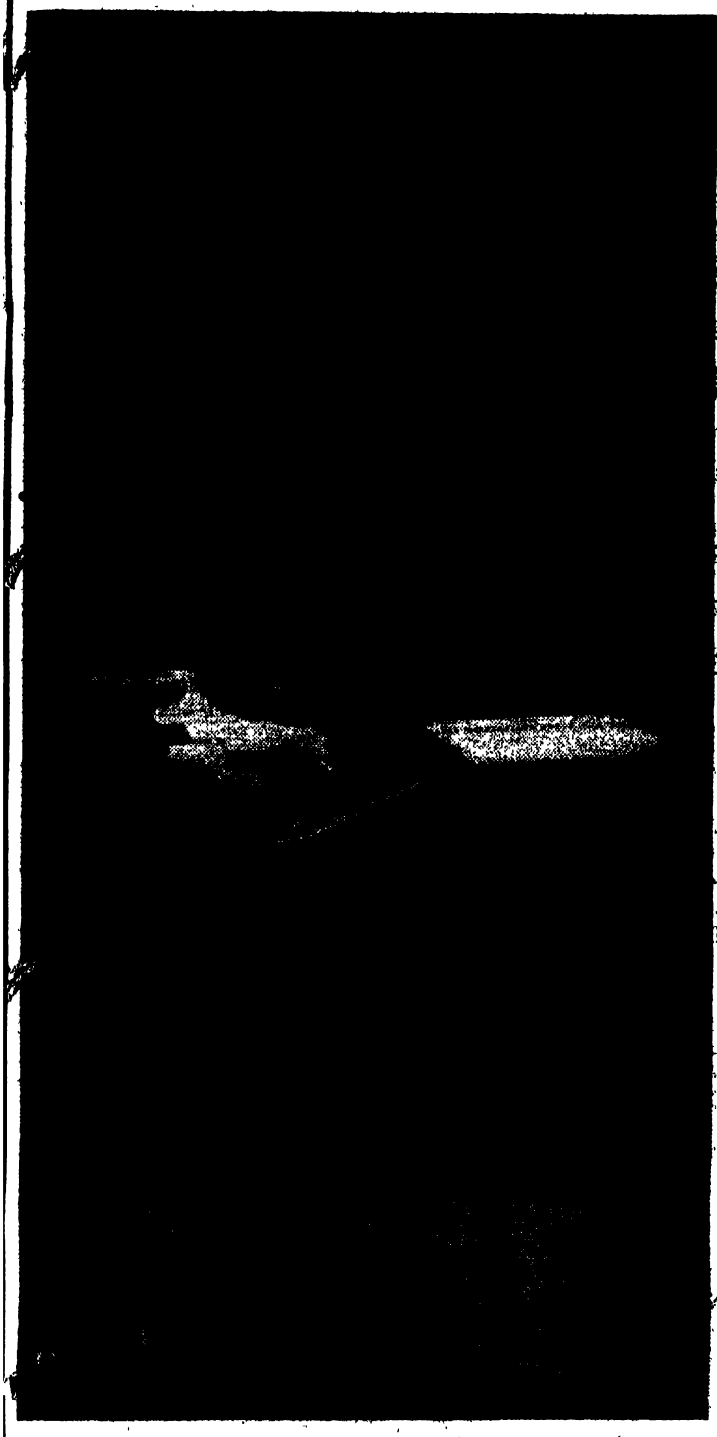
Mr Richard Hill is well equipped to record this unusual story because he works in the School of Oriental Studies at Durham University, where, largely through his agency, there is a splendid set of archives on the Sudan. These include not only the Slatin papers but also those of Sir Reginald Wingate, its first Governor-General, as well as [illegible] Mr Hill has also consulted source[illegible] in four languages in Vienna and Khartoum. Though he did not himself know Slatin, he knows Englishmen and numbers of Sudanese who did so, and has cross-checked not only his written sources, but hearsay as well. The result is a wholly trustworthy narrative, yet it has a failing. It could have have been a period piece of the first water, but has not been made so because it is brief and restrained almost to a fault, and so fails to round out

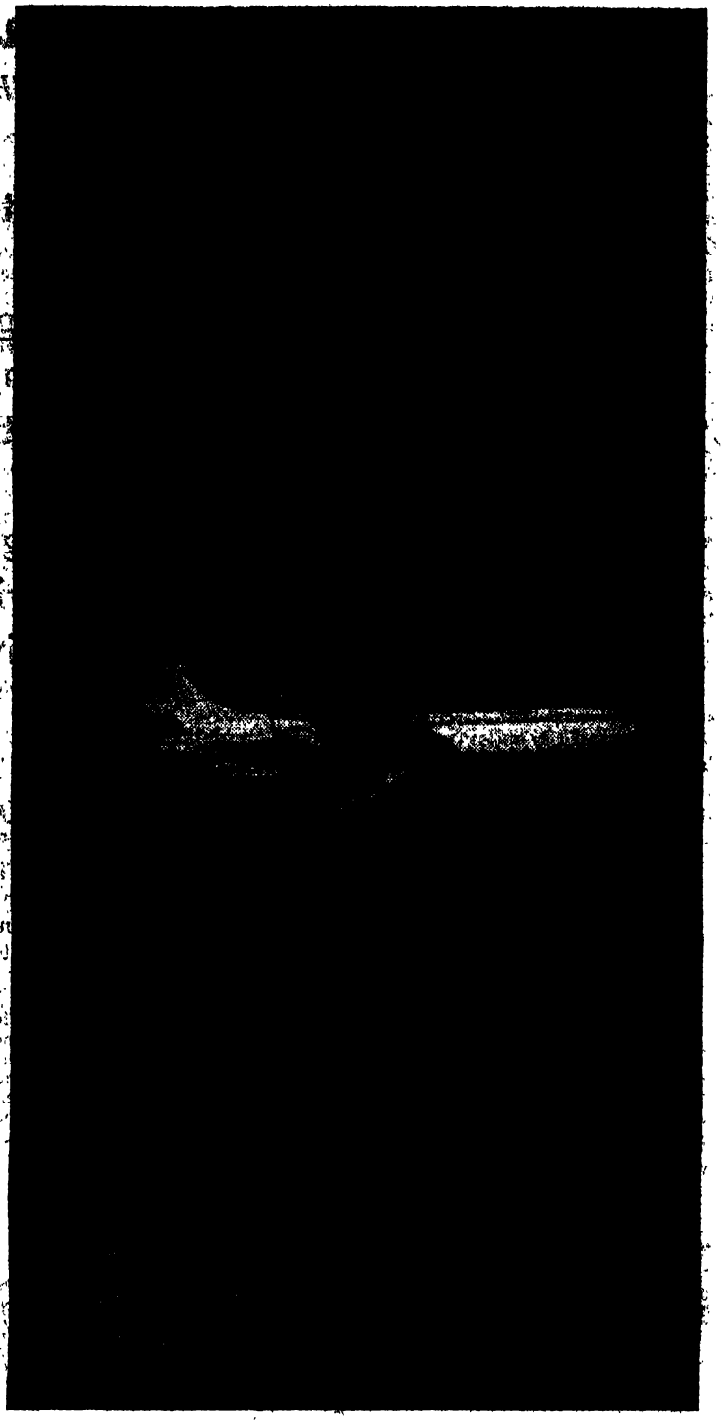


FLY Ghana Airways

SUPER JET SERVICE TO EUROPE AND GHANA

THE GREAT AIRLINE OF AFRICA





VC10

TWICE WEEKLY Ghana Airways operate **daylight** flights **direct** to Accra—and onward flights to all West Africa. In only 6¼ hours, in unique VC.10 comfort.

EVERY WEEK also there is a daylight flight to Zurich, to Rome, and then on to Accra. Also by VC.10.

A magnificent aircraft, and magnificent service to match: charming Ghanaian hostesses attend you, fine international cuisine is yours to enjoy.

Get full details of Ghana Airways services and timetables from your travel agent or direct from Ghana Airways.

London Office: GHANA AIRWAYS
8 New Bond Street, London W.1.
Tel: Hyde Park 1791 or Victoria 8121

Rome Office (Agent): Alitalia
Viale Maresciallo Pilsdski 92, Casella Postale 255.
Tel: 8777

Zurich Office (Agent): Alitalia,
37 Pelikanstrasse, Zurich. Tel: 273533

Head Office: Ghana Airways Corporation, Ghana House, P.O. Box 1636, Accra. Tel: Accra 64850 (10 lines)

We're a floating asset to the fleet

(A nautical tale from Shell-Mex and B.P.)

We supply the fuel or lubricants for a good part of Britain's fishing fleet. In an average year this means we supply enough fuel to power fortnightly trips to the moon and back.

This is imaginative truth.

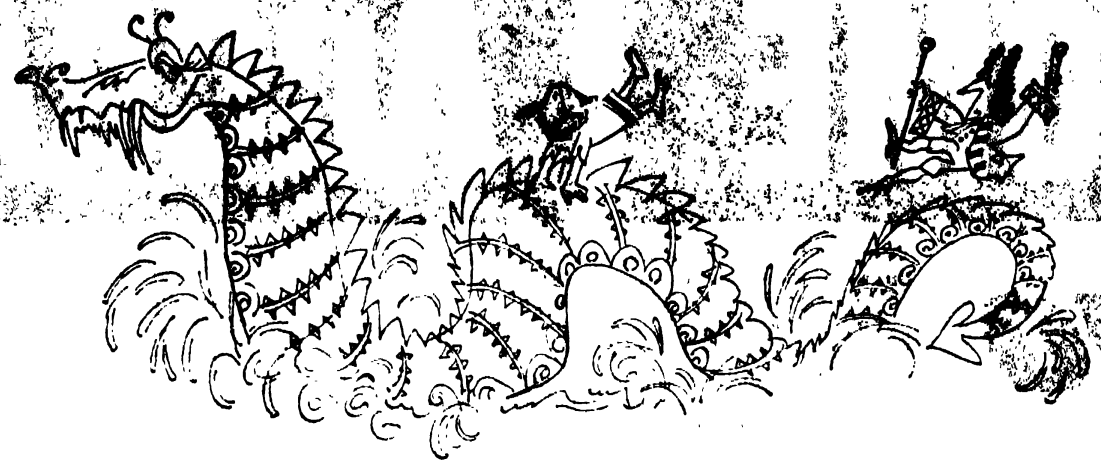
You are invited to try your hand at imaginative lying below.

Competition No. 4

One prize of ten guineas, and ten of four guineas, are offered for a new fishy story. The sea-serpent has always been a favourite subject for imaginative lying. Readers are invited to concoct a fable in the manner of Aesop or La Fontaine about this mythical marine monster. Make it as amusing, ingenious and far-fetched as you like. Limits: prose 250 words, verse 20 lines. Entries to Shell-Mex and B.P. Ltd, 18/20 St Andrew Street, London, E.C.4 (Comp.), by 28th February, 1965. Results will be published in this paper on 3rd April, 1965.

The competition will be judged by Allan M. Laing, the competitions man; a representative of Shell-Mex and B.P. Ltd; and someone who is no mean judge of literary composition.

The small print: The competition is open to all citizens in U.K. and Republic of Ireland over 14. The decision of the judges is final and legally binding. No correspondence can be entered into. Shell-Mex and B.P. Ltd exclusively reserve the right to publish, without further payment of any kind, any part or whole of any entry. All entries become the property of Shell-Mex and B.P. Ltd and cannot be returned. (We have to say this—but don't let it cramp your style.)



SHELL MEX AND B.P. LTD MARKET PETROLEUM PRODUCTS OF BOTH BP AND SHELL IN THE U.K.

BRITAIN

Gun Law

The British are acquiring the image of a trigger-happy nation

JUST how serious was London's recent outbreak of criminal gunmanship? In the first three weeks of December, 1964, there were known to the police 29 indictable offences in the Metropolitan district in which firearms were used; there were 18 more in the succeeding three weeks. The figure for the same district for the whole of 1964 was 172 such offences, equal to an average of only 10 every three weeks. The figure for the whole year is itself bad compared with those of recent years, 127 for 1961, 118 for 1962 and 103 for 1963 when such crimes appeared to be on the decrease (all figures are for the Metropolitan Police district only, since figures for other parts of England and Wales are not yet available).

This is not quite as simple as it sounds. The increase was accounted for mainly by offences in which shotguns were used; there were 14 such cases in 1961, 7 in 1962, 7 in 1963 and the relatively enormous number of 45 in 1964—an increase of over 500 per cent in the last year compared with an increase of all crimes with shooting of 70 per cent. Of the 47 crimes with shooting committed in the six weeks from the beginning of December, 1964, 15 involved shotguns.

Policeman hunts escaped wolf—gun by permission of his Chief Constable

This makes little sense of the suggestion that the increased use of firearms has been caused by the *de facto* removal of capital punishment for murder by shooting while the Murder (Abolition of the Death Penalty) Bill is going through Parliament. Hardly anyone chooses as his murder weapon a messy and inefficient shotgun. There has nevertheless been a sizeable increase in the use of all firearms over the past year and Sir Frank Soskice is right to propose legislation to reduce it. He will suggest a considerable increase in the maximum penalties for possession of a firearm without a certificate or during a period of disqualification. But he has decided not to extend the certificate procedure to shotguns, from which they are at the moment exempt.

The police are therefore spared the labour and embarrassment of checking up on huge numbers of squires and farmers—there are probably over half a million shotguns in England and Wales. But if the other measures do not succeed in reducing shotgun crimes, some future Home Secretary may have to attempt to certify the lot. Sir Frank proposes to deal with shotguns by making it an offence "to have any loaded firearm, other than an air-weapon, in a public place without lawful authority or reasonable excuse" and by giving the police the power "to stop, search and detain persons in public places on reasonable suspicion that they are in unlawful possession of a firearm."

Other countries have found that the use of guns depends less on the strength of penalties and the vigour with which they are imposed than on the availability of weapons and the lack of inhibitions about using them. The Home Secretary proposes to cut down the supply of guns by an amnesty immediately before the new penalties come into effect, and by a tighter control over the registration of firearms dealers. There are about 2,000 dealers registered and registration is not required for the sale of shotguns and airguns. This, surely, is an area in which legislation should err on the side of restriction rather than of permissiveness.

UNIVERSITIES

The UCCA Classes

THE Universities Central Council on Admissions is one of those institutions that every middle-class parent knows and slightly fears: it is almost startling to realise that the annual report published by the council last week (29-30 Tavistock Square, 6s.) is only its second. It is also the last that the council will publish with such incomplete coverage of the field of higher education. Next year the council will be sorting out applications for entry not only to the 27 universities that it deals with already, but also to Oxford and Cambridge, to four brand-new universities, and to ten Colleges of Advanced Technology that will by then be fully-chartered universities. Next year's UCCA report will give an unprecedented picture of the state of demand for higher education.

The first and most dramatic point this year concerns not universities but schools. The universities subscribing to UCCA offered 1,080 places in pure science and 420 places in technology, for which suitable applicants could not be found. This was so even though entrance requirements in these faculties were pushed down as low as was thought compatible with the need to keep wastage rates (caused by inadequate students trying to complete difficult courses) at a tolerable level. This is one of the least tractable problems in the whole field of education. There will not be enough young people choosing science in the schools until there are enough teachers to guide them in this choice: and there will not be enough such teachers until enough young people are making this choice. This is one of the fronts on which the bringing of universities and schools within a single ministry might yet make constructive action possible.

For the rest, the report indicates some of the staggering difficulties of fitting each pupil's choice to the place available for someone of his or her qualifications. The total number of applicants through the UCCA entrance machinery was 58,346: the number of options made by each pupil brought the total number of *applications* up to 297,200. The council, boiling all this down, eventually placed 32,360 people in first degree and diploma courses. Half of the successful applicants, in fact, went to the university of their first choice. The total number of undergraduates starting university life last year, including Oxford and Cambridge, overseas students and others not covered by the UCCA scheme, was 37,580, a 13 per cent increase over the previous year. Colleges of Advanced Technology meanwhile admitted 4,136 students to

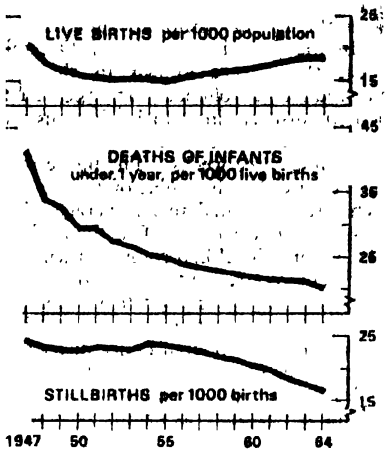
university-type courses.

Perhaps the most intriguing of all the UCCA tables—and perhaps the least significant, as well—was the "league table" showing the respective levels of attainment of entrants to different universities. It is not immediately clear why, for instance, Sheffield should have got the highest proportion of "good" entrants in arts subjects, or why Bangor should have had the "best" technologists. But if the publication of tables of this kind were, in the future to encourage universities to specialise more vigorously in a few things that they could really be good at, it would be most welcome.

Next year UCCA's report will for the first time give complete coverage of the demand, and the qualifications, for undergraduate study in Britain. A new field of study will then open up. This is the question of how the performance of would-be undergraduates in their qualifying examinations measures up to their performance during their university life. Experimental proof of the arguments about declining standards in the universities after their expansion—and experimental evidence of the value or otherwise of the present huge investment in university education—will then become available.

Infant Life and Death

More babies were born last year and more of those born survived. Even the numbers born dead, which till a few years ago remained obstinately high, are now falling steadily. But it is these stillbirths and the deaths of newborn babies that account for most of the loss of infant life. If the deaths of babies under a month old are omitted, the infant mortality rate is only about 7 per thousand live births.



Committees and Majorities

The Government's small majority is going to lead to a special sort of procedural difficulty

THE Government's majority of four in the House of Commons makes their handling of business in standing committees a delicate affair. Briefly, the procedure is as follows: After its first reading, which is purely formal, the general principles of a new bill are discussed by the whole House in the debate on the second reading. The bill is then considered, and voted upon clause by clause, "upstairs" in a standing committee, unless a vote is taken to keep its committee stage on the floor of the House. Standing committees, which sit for 2½ hours on two mornings each week, are nominated by the committee of selection, who, according to standing orders, "shall have regard to the qualifications of those members nominated and to the composition of the House." The number of MPs in each committee must be not less than 20 and not more than 50. To keep the numbers of committee members of each party in the same proportion as in the House, the present Government cannot have a majority of more than one in a standing committee but must have a majority. Therefore standing committees must have an odd number of members, the odd man being the government majority. For the same reasons the Liberals do not get a member on any committee which has less than 30 members.

Embarrassment to the Government could obviously arise. On a committee with a majority of only one a snap vote could easily go against them because one member was temporarily absent or ill. When the Bill comes back to the House in its report stage any clause overthrown by a snap vote in committee could be reinstated: but this would take time.

But what might happen if a really controversial matter—say the Steel Bill—were taken in standing committee? The committee of selection that appoints its members consists of backbenchers of both parties. It would receive a list of nominations from the Government (and another from the Leader of the Opposition). It is safe to assume that such a list would not include Mr Woodrow Wyatt or any other Labour backbencher who is known to have his own views on the nationalisation of the steel industry. But with a Government majority of only one, the illness of a single Labour MP might give rise to determined Tory mayhem. The standing committee might then wreck the bill—which it would have no business to do since the House would already have given its approval in principle at the second reading.

The Government could discharge the committee, using their majority on the floor of the House and wasting a parliamentary day in doing so. Or they might foresee this sort of trouble and vote at the time of the second reading to hold the committee stage on the floor of the House. There it is easier to keep one's party in order. But since a committee of the whole House sits in the afternoons, taking up time that would otherwise be devoted to other and perhaps desirable legislation, and demanding the presence at snap votes of Ministers who should be attending to the business of their departments, this procedure diminishes the productivity and the efficiency of government. This is why it is being rumoured that the Liberals, though voting against steel nationalisation on the second reading, might abstain in committee on the bill. If true, this is clearly right.

TOWN PLANNERS

Who's for the Job?

To the near-metaphysical question "what is a town planner?" the council of the Town Planning Institute would like to answer "anyone whose skill is necessary in planning towns—or even regions." This sensible view, however, involves constitutional and educational changes if the institute is to acknowledge it, and open its membership and thereby certain jobs to men with a more varied background. Some of its members are proving vociferous opponents of what, in fact, constitutes an admission that they are not a race apart. In December the council sent out to institute members proposals for varying its entrance examinations so that specialists could take papers relating their own subject to town planning. This would be an alternative to the present general exam touching on all fields. It also proposed that for a limited period specialists over the age of forty who had already had five years' experience in planning should be elected to membership without any exam. Members were not asked to vote directly, but received a short questionnaire, from the returns of which the council hoped to get the support it needed to push ahead with the changes.

To their surprise the opposition called a general meeting, on the day before the questionnaires were due back. It was crowded and noisy, stimulated by a number of students (not yet members) who seemed to share the indignation of some of their professors at the idea that some other kind of training might be as valid as so-called "pure planning." Not all the academics are on the defensive [illegible] their vested interests, and some [illegible] have more acceptable doubts, in [illegible] the feeling that the council has been [illegible] to jump them into things. But it is [illegible] significant that most of those in favour [illegible] the change are men with years of [illegible] experience of actually trying to get [illegible] done. It is unlikely that if the chan[illegible] eventually go through, the institute will be flooded with, for example, economists and sociologists. But it will show the right spirit if it wants to welcome them.

COLT VENTILATION WORKS FOR STEEL

Strip mill to foundry, removing the heat and fumes of the Iron and Steel Industry have been Colt's business for 30 years. Colt's unrivalled knowledge of the special problems and requirements of the Iron and Steel Industry has been gained from on the spot surveys carried out in all the principal steelworks and foundries in the country. Put Colt experience to work, ring **ELMbridge 0161** or write

COLT ventilating light shutters at Parkgate Iron & Steel Co Ltd Rotherham

COLT

for industrial ventilation and heating

COLT VENTILATION AND HEATING LTD
SURBITON SURREY ELMBRIDGE 0161

COLT CLIENTS PROVE IT

COLVILLES LTD
CONSETT IRON COMPANY LTD
DORMAN LONG & COMPANY LTD
ENGLISH STEEL CORPORATION
PARKGATE IRON & STEEL CO LTD
RICHARD THOMAS & BALDWINS LTD
SHELTON IRON & STEEL LTD
THE STEEL COMPANY OF WALES LTD
STEWARTS & LLOYDS LTD
JOHN SUMMERS LTD

This is the East...

Economic development in Asia is bringing higher living standards to these young people and to the vast population of that continent. Demand for an ever increasing range of merchandise is steadily rising. If you are interested in trade with these expanding markets, you are invited to avail yourself of the banking and information services of The Chartered Bank and its subsidiary, The Eastern Bank Limited. The combined organisation of the two banks comprises one hundred and thirty branches in twenty-seven territories extending from the Eastern Mediterranean to the Pacific Ocean.

THE CHARTERED BANK

(Incorporated by Royal Charter, 1858)

HEAD OFFICE: 38 BISHOPSGATE, LONDON, E.C.2

West End, London branch: 2 Regent Street, London, S.W.1 • Offices in the United Kingdom also at Manchester and Liverpool, in Germany at Hamburg and in the United States at New York and San Francisco

The Eastern Bank Limited HEAD OFFICE: 2 & 3 CROSBY SQUARE, LONDON, E.C.3

Associated Banks: The Irano British Bank (Incorporated in Iran) • Allahabad Bank Limited (Incorporated in India) The Commercial Bank S.A.L. (Incorporated in Libya) • The Chartered Bank of London (Incorporated in California)

BUSINESS

Mr Kaldor's Prescriptions

A new book by Mr Callaghan's special adviser on tax reform raises some unexpected questions — including the possibility of a real export incentive

IN the sheer weight of his analytical power—though not in his forecasts either about figures or about human reactions—Mr Nicholas Kaldor is possibly the ablest of Britain's economists today. Before one is lynched by the City of London for saying this, let it hastily be added that the present reviewer does not happen to share Mr Kaldor's social ideals. The publication this week of two volumes of Mr Kaldor's past "Essays on Economic Policy" (Duckworths, 50s. per volume) comes at an apposite time. For nobody who reads this collection of memos and lectures, spread over thirty years, can doubt that, whenever Mr Kaldor sees a problem, he has an irresistible urge to dash into manuscript with an exact, precisely detailed, original, if sometimes over-complicated, programme of suggestions for solving it. And now he is sitting in Somerset House, having written his memos of advice for Mr Callaghan's proposed tax-reforming budget.

This confinement to Somerset House limits the influence he will have on the present government's policy. The country is not going to be at all affected by Kaldor the would-be floater of exchange rates, the early (1950) proponent of a permanent incomes policy, the careful distinguisher between the right remedies for a cost-plus and demand-pull inflation (whom Mr Enoch Powell should read). The Kaldor that may be important for the next few months is Kaldor the tax specialist and reformer.

In the introduction to Vol. I he explains engagingly how he assumed this role of tax specialist, rather belatedly and unexpectedly, in the 1950s:

> This role took me to many faraway lands and exotic places. . . . Since I invariably urged the adoption of reforms which put more of the burden of taxation on the privileged minority of the well-to-do . . . it earned me (and the governments I advised) a lot of unpopularity.

It also did not lead to the implementation of any effective reforms. In India, Mexico and Turkey, his recommendations were turned down or whittled down (in Turkey amid an orgy of resignations). In Ceylon they were put on the statute book, but were not enforced after the then prime minister was murdered (though not, Mr Kaldor was relieved to know, "by enraged millionaires"). In Ghana and British Guiana his proposals were also adopted, but led immediately to a general strike. The main reason for these failures, writes Mr Kaldor

> undoubtedly lay in the fact that the power, behind the scenes, of the wealthy property-owning classes and business interests proved to be very much greater than the responsible political functionaries (whether Presidents, Prime Ministers, or Ministers of Finance) suspected.

And again:

> these events have shown that in underdeveloped countries the moneyed interest is capable of exerting its influence in strange and unexpected ways; if not through the Cabinet . . . then, in the last resort, through organised labour. It also operates . . . through the deliberate fomentation of racial antagonism.

These impressions are important. Events in Britain since Mr Callaghan announced the capital gains tax and corporation taxes in his autumn budget are likely to have strengthened Mr Kaldor's belief that in Britain, too, the "moneyed interest" can operate in strange and unexpected ways; and perhaps (the City should look itself straight in the eye when answering this question) not *entirely* without justification?

IT is therefore important to disentangle the views of this pertinacious reformer about Britain's present tax system. Mr Kaldor's general approach—the City has always underestimated him here—is liberal rather than wildly egalitarian. In Vol. I he states baldly that "an efficient system cannot be run" when income tax rates "go up, as they did until recently, to 95 per cent of the marginal portion of the [rich man's] income." In his blistering memo in 1951 to Mr Gaitskell against the latter's proposed compulsory dividend limitation, he hits out at the philosophy of freeze as

> the Socialist version of Baldwinism. There are other ways of making the Stock Exchange and the capitalists feel uncomfortable—ways which would make the economy less rigid and more competitive, instead of more rigid and effete.

Mr Kaldor had wanted an alternative scheme which would limit dividends, not absolutely, but to some percentage (say 33 per cent) of each firm's current earnings.

But his real objection to the present British tax system is that it is "absurdly inequitable," not just between rich and poor, but "according to chance differences" which have grown up as a result of historical accidents. Among the sources of inequity, which he will undoubtedly want to remedy soon, if not all in this April's budget, are:

> the difference in treatment of money coming from trust funds and non-trust funds, the treatment of capital gains, differences between Schedule D and Schedule E, and the fact that business expenses, apart from the difference on Schedule D and E, can be associated with some kinds of office and not with others.

Overlying all this, he emphasises that the man who earns

income is unfairly heavily taxed compared with the man who owns property, and that the salariat (such as the civil service) is unfairly heavily taxed compared with the professional "speculator" (an economic character whom Mr Kaldor does not revere).

How would he rectify these inequities? The model to which he harps back throughout these essays is the model for direct personal taxation that he proposed (unsuccessfully) for India. The basis of this scheme was that for direct taxation a "man should be assessed not just to one tax but to five different taxes, each levied at correspondingly moderate rates, and all on the basis of a single return" of his wealth and assets at the beginning and end of each financial year. The five taxes were: (1) ordinary income tax; (2) a tax on realised capital gains; (3) an annual wealth tax, of the type which already exists in fourteen countries, though not in England or America; (4) a tax on total personal expenditure; and (5) a general gifts tax payable by the recipients of gifts, to replace the existing system of death duties.

The first of these (ordinary income tax) exists in Britain, and the second (a capital gains tax) is now going to. The third, a wealth tax, has been ruled out for political reasons (or, as Mr Kaldor is no doubt saying, because of the hidden political power of the "moneyed interest"). The fourth suggestion, an expenditure tax, which Mr Kaldor has long believed should replace surtax, is probably going on to be ruled out on grounds of administrative complexity, although the logical case for it is strong (the effect of an expenditure tax would be that nobody would pay surtax on his income, but would pay an extra tax if his expenditure—whether from capital or income—went above the surtax level each year). But the fifth of Mr Kaldor's favourite reforms, the replacement of death duties by a tax on gifts *inter vivos* as well as on gifts by inheritance, does seem very possible. "It should be levied," says Kaldor, "not according to the size of the estate or the wealth of the donor, but by reference to the size of the gift and the wealth of the recipient." And the sort of annual statement of assets required to make this gift tax effective could then pave the way to the replacement of surtax by an expenditure tax later on, if the Labour government does last for several years.

One of the most interesting features of these books, however, is Mr Kaldor's attitude to a turnover value-added tax. He discusses in Vol. I the possibility of imposing this to replace all taxation of business profits, and comes within an ace of approving of it. The scheme (not dissimilar to that suggested by Professor Merrett in *The Economist* of December 5th last) would, he argues or agrees, cut down tax evasion, increase business efficiency, and (admittedly over a period, and provided money wages did not rise) have all the beneficial effects on exports of the equivalent of a devaluation of 6 to 8 per cent. But he then draws back in distaste because he considers the scheme would increase the inequality of incomes, favouring owners of enterprises at the expense of wage and salary earners. This, in his view, would have an impossibly adverse effect on the possibility of achieving an incomes policy. Most intriguingly, therefore, Mr Kaldor goes on in this book to examine ways in which the advantages of a value-added tax —in terms both of internal efficiency and of encouraging exports—could be attained "by some less radical change in the tax system" than the abolition of direct taxes on business profits.

For internal efficiency, his prescription is Wilsonian-orthodox. "There is always some combination of initial and investment allowances which should secure the same effects on prices and productivity as the complete withdrawal of taxes on profits." For the encouragement of exports, however, his suggestion is very novel indeed; and could conceivably become important.

Mr Kaldor presents the case for a "value-added tax that is imposed not in substitution for, but in addition to, existing taxes, and the proceeds of which are used for the payment of a general subsidy to enterprises on their wage and salary disbursements." The gross tax leviable on each firm would be a tax on its "sales *less* export sales *minus* purchases of goods and services from other enterprises." But the net amount paid out by each firm would be this sum "*less* a subsidy on its total wage and salary payments." For firms which sent a large proportion of their total sales to export, there would therefore be more subsidy than tax. It is, at first sight, difficult to see the advantages of this complicated scheme over the proposals that *The Economist* has often mooted for relieving firms of profits tax on that part of their sales which derives from exports. But Mr Kaldor would apparently argue, first, that his scheme would provide the additional revenue needed for this subsidy on exports; secondly, that the mere complication of the scheme would provide a good case for answering the (as he sees it) unjustified attempts that would "no doubt . . . be made to declare it as inconsistent with Britain's existing international obligations under the Gatt." He argues, in a passage that gradually rises to an almost lyrical note:

> The scheme would not have the advantages of the scheme considered earlier [i.e., ordinary TVA] in increasing productivity through accelerated scrapping and replacement, nor the disadvantages in terms of a higher relative share of profits and increased economic inequality. . . . But from the point of view of exports and the balance of payments it would be just as effective as devaluation; moreover since the rates of tax and subsidy could be changed at fairly frequent intervals (at least annually, according to balance of payments requirements, the scheme would confer much the same advantages as a system of flexible exchange rates. Furthermore, for a reserve currency country like Britain, there are important advantages in any scheme which gives the benefit of devaluation on current transactions without affecting the gold value of sterling balances.

Anybody who knows his Kaldor (and he wrote all this only in 1963) will be betting all Lombard Street to a china orange that proposals for some scheme of this sort will have come thumping in the last few months on to Mr Callaghan's desk. Anybody who knows the orthodoxy of the Treasury advisers will be ready very nearly to make the same bet that they will have succeeded in squashing them. That, perhaps, is one reason for the inspired comments which have recently been appearing in the financial press that any further new tax changes this year "must be extremely simple." But it is even more important that they should be relevant to the needs of the country, and—this should be shouted loudly in the Treasury's ear—any scheme of any sort that gave so large an extra incentive to exports would be directly relevant this year, while so much else that is being discussed in the field of budget changes is not.

Coal and Un-Germanic Oil

Germany has no coal crisis—yet—but it does have an election year. And Bonn has other fuels to worry about too

WHEN Lord Robens wanted to commit the British government to 200 million tons of coalmining a year, he said "Look at Germany! They're guaranteeing 140 million tons a year for German coal." When Ruhr coalowners and trade unions want to screw up coal protection in Germany one more twist—as with pithead stocks rising they may again this spring—they say "Look at England! No American coal, no Russian oil, and now a guarantee of 200 million tons a year."

The two arguments clip together into a neat circle; both slightly overload the arguments of uncomfortably-placed politicians who would like to have it both ways, but there is really no reason why coal lobbyists should help ministers doubletalk. In the Ministry of Economics in Bonn you get the anxious emphasis, "*Vorsicherung aber nicht Garantie*"—an assurance, not a guarantee. But were the ministers as anxious to emphasise this gloss in the Bundestag last autumn? No doubt Messrs Brown and Lee in London built some escape hatches into their forms of words two weeks ago, too. But miners everywhere get the simple message.

The German government, however, has an election seven uneasy months away, which is even more embarrassing than Britain's tightrope balance from one four months ago. Since that *Vorsicherung* in November it has put together a package deal of measures to help coal, further ones to follow and "understandings" that ought, given some luck, to have jollied coal along to September election time. So far it has not had the luck. Like a visitor travelling round North-West Europe this February with a fleece-lined overcoat, it has been caught unawares by the warm weather—and by an uncovenanted drop in freights on the North Atlantic that is helping American coal to undercut the Ruhr in its traditional export markets near home. Pithead stocks rose about a million tons in January, to 9 million tons (compare Britain's 18 million tons, on a consumption just over half as big again). Seasonally these will reach their peak somewhere about the end of July; but by April the pattern will be clear.

The chances are that by then, with 2-3 million tons extra on the ground, the coalowners may decide on a well-timed modest cut in output. The Ruhr lobby will be in full cry again, arguing that the package has not worked, and that the Bonn government should move further, from stroking oil companies' ears into twisting their arms. Every attempt will be made in Bonn to avoid such a *dirigiste* departure from the *Sozialmarkt* principles on which Chancellor Erhard will be fighting his campaign. It is anybody's guess whether Bonn will be able to do so. (Oh, for a sudden cold snap in Europe!)

FUEL CONSUMPTION*, WEST GERMANY AND BRITAIN

	Germany (F.R.) 1959	1960	1963	1964	Britain 1964
	million metric tons of coal equivalent				
Total.....	198·5	217·4	254·4	261·9	280·7
of which					
Coal.....	122·1	128·9	127·0	121·2	189·6
Lignite.....	30·7	31·8	35·1	35·2	nil
Oil*.....	37·4	47·3	82·8	96·0	85·8

* Oil includes non-energy uses, and is converted to coal equivalent at the rate of 1 ton of oil = 1·43 tons of coal.

THERE is no more of a coal crisis in Germany today than there is in Britain; nor is there much danger of one next winter. "Crisis" has subjective meanings: but if Bonn were pushed as far as import quotas, they would find it hard to demonstrate any "manifest crisis" to the satisfaction of the Coal-Steel Authority in Luxemburg, let alone justify oil import restrictions under the Treaty of Rome. Last year, after the frosty comfort for fuel suppliers of 1963, coal demand inside Germany slipped 6 million tons to 121 million tons. This year is warmer still, with coke economies in the blast furnaces perhaps again likely to outweigh growth in steel production: German consumption in 1965 may be about 118-119 million tons. Weather apart, this was back on a fairly identifiable downtrend since 1960; but hardly worse than 1959. (1959 was the last time the Germans put together any package deal like the present one. Then, it came apart.)

Last year was the last year that coal will ever supply about half the primary energy consumed in Germany. (Because total energy use is rising faster there, and not because coal consumption is falling much, the proportionate decline has been much more steep than in Britain.) But the lobbying arose out of legislative and electoral timetables, not from statistics. In order to qualify for "rationalisation subsidies" under an earlier law, each colliery undertaking had to notify the government, by the end of October, how much capacity it proposed to close. None could be expected to underbid its *misère* hand. The industry produced the gloomily large total of 40.6 million tons of annual capacity. Of this capacity, it said, it had closed 14.6 million tons already and was in process of closing another 3.6 million tons. Simply to improve efficiency through rationalisation, it needed to close 15 million tons more. Only the remaining 7 million tons were really in question: this was what it felt it would have to close because of the current decline in coal demand, which it expected to continue.

Since 1960 oil consumption (for all purposes) in the Federal Republic has grown from 33 million tons to 68 million—from 19 per cent of the primary fuel market to 37 per cent. Since 1962, when the first refineries began to come on stream in Bavaria, there has been a surge of sales in that area of traditionally high fuel costs; at times, some oil product prices there were as low as in Hamburg. Fuel oil prices in Germany have stayed as soft as ever, against the tendency to harden shown in some other European markets. But the new distress is that heating oil prices, not so long ago considered the one dependably firm set of oil product prices in Germany above all, suffered a collapse last year without much seasonal recovery.

This hit mainly the weaker oil companies (almost by definition, German ones). But at times, with its lower tax, heating oil became here and there as cheap to use as oil; so this affected coal somewhat, too. This surplus in total, though not in detail, is what the coal industry, two years ago, prophesied would happen in terms of oil growth. But total energy demand has beaten all forecasts, too, so the inroads into coal's own market have not—yet—been so severe as all that.

A Package for Christmas

Coal's cries of woe were enough, at any rate, to make the Federal Government act. In November the Chancellor called representatives of nine oil companies to meet him. He asked them if the fuel market situation was serious; if they wanted it to go on unchanged; and whether coal could be expected to stand it without relief. To these questions, Bonn says, these oilmen answered yes; no; no. Then what, asked Dr Erhard, could they suggest to avoid his having to put on governmental controls? And the answer that came out of the meeting was "self restraint."

The government had already been able to promise the coal industry some further assistance—provided it would go on rationalising.* It undertook to require prior notification of all new refineries, pipelines, and extensions; to make imports of fuel oil and heating oil subject to licensing (though to grant licences *ad lib* for the present); to complete its legislation obliging oil suppliers to hold minimum levels of stocks inside Germany; to offer electric power utilities financial inducements to make their new stations burn coal, not other fuels; and eventually, to initiate legislation regarding the laying of pipelines. Some of these measures it has taken by regulation; others are moving towards the legislative mill.

"Self-restraint" is another kettle of fish. The government had no wish to be seen to be arranging cartel practices; some of the oil companies, American-owned, even less wish to be seen to be involved in one; but they have reached agreement to limit expansion of fuel oil sales. What has come of this is an agreement that total sales of heavy fuel oil in 1965 shall not exceed those in 1963 by more than 8 per cent. For understandable reasons, this takes the form of a number of "vertical" undertakings, in which each company sends the government an "unsolicited" letter saying that it proposes not to sell more than x thousand tons of fuel oil than in 1963; these tonnages will add up to about 16.2 million tons, 108 per cent of the 14.9 million tons of fuel oil used last year.

This is practicable, or may be, because there are only about a score of suppliers serving about 300-400 sizeable customers for heavy fuel oil. Last time it was tried, in 1959, the arrangement gave some unrestrained and opportunist new importers the chance to carve themselves a share out of the market; and eventually Esso said it had had enough of this and refused to be bound by the agreement any longer. This time it looks as if existing importers (there is at present little import of heavy fuel oil into Germany) have in their turn promised the government to play: though perhaps only on the guarantee (let us say *Vorsicherung*) of some minor concessions regarding the obligations proposed for them regarding minimum stocks. The 8 per cent increase cannot be "across the board," because some companies (Italy's ENI, France's UGP, the Federal Government's own nationalised Scholven) have new refinery capacity coming on stream in 1965, and 108 per cent of nothing would not give these a lot of throughput; a few other plants, too, only began operating last year. In effect the result is that the larger established companies are holding themselves down to practically no increase on their fuel oil sales last year: the whole increase will go to the newcomers or extensions of capacity.

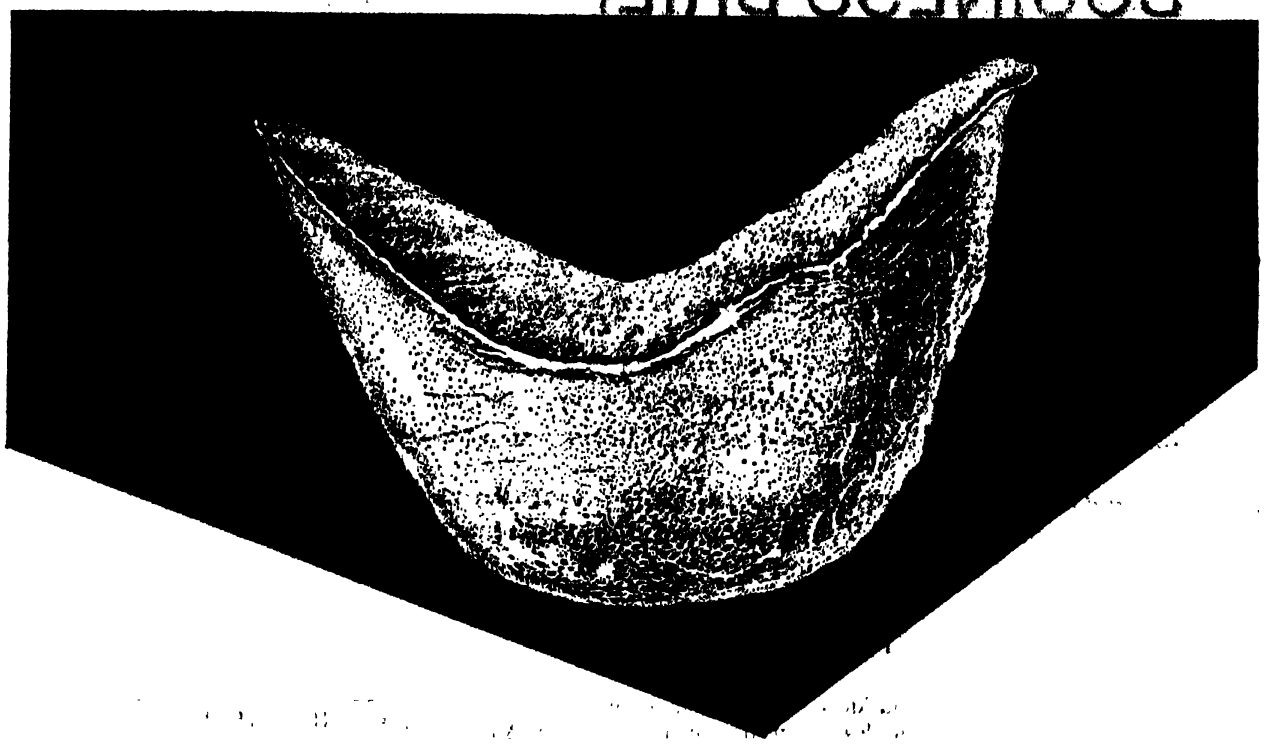
In November the companies also told the Chancellor they would arrange (or just consider?) something similar for light heating oils. Now they say this can't be done, partly because of the government's own actions. Germany imports 35-40 per cent of the heating oil it sells, to hundreds of thousands of customers and through some thousands of dealers. Once the government put on licensing in December, a large number of these dealers flocked to apply for licences, to cover the heating oil they might—if the weather got cold—like to import. The licences last nine months; they were granted automatically. As a result, oil marketers in Hamburg argue, licences have already been issued that would make possible a sizeable increase in heating oil supplies in 1965 whatever restraint might be applied by refiners in Germany.

After the Package, What?

So if the government should be lobbied into further restraint on coals competitors this summer, it may be hard put to shift this on to the shoulders of "volunteers." What possibilities are open? An increase in the fuel oil tax? Hardly: this would increase consumers' fuel costs just before an election, and consumers have reacted badly enough already to the increase in prices that the coal industry was able to clap on at the beginning of this year once it was fairly sure of the Government's Christmas package. Quotas on imports of products and on refineries' fuel oil disposals or crude oil supplies? This is what many oilmen in Germany fear (though those in German "zebra" companies owning mines as well as refineries might welcome it). Most of the administrative framework for such controls has now been put together, though it is not yet applied restrictively. The danger should not be exaggerated—unless the Social Democrats win in September. It would put Germany into significant difficulties with the European Economic Community, which forbids import restrictions against neighbours among the Six. And it would start Germany on a course of control over imported oil from which Dr Schmücker, presuming he is there after September, would shrink as much as M. Maurice Bokanowski in Paris already relishes it.

But coal politics are only part of the evolving problem of German energy just now. Another emerging element which could for a time become the more important is a changing attitude towards foreign-owned oil companies—viewed as a particular spearhead of that American investment abroad which is now bothering European governments even more than it does Mr Johnson. These attitudes towards oil—national and international—will be discussed in a second article next week.

*Already, coalowners are getting "rationalisation subsidies" for every mine closed: the Government pays the wages for one shift a week; social charges, usually in Germany borne by employers, have been transferred to the state for coal; and there are taxes of DM 25 a ton on fuel oil and DM 15 a ton on heating oil.



Solid silver "Shoes" were used as a form of currency throughout China until early this century. **Times and Customs change.** Today, trade and finance with the East require the full facilities of great international banking organisations. The Hongkong Bank Group offers such a service and can provide, immediately, the latest information and expert advice on all aspects of trade and finance in these areas.

THE HONGKONG BANK GROUP

THE HONGKONG AND SHANGHAI BANKING CORPORATION
HEAD OFFICE: HONG KONG
LONDON OFFICE: 9 GRACECHURCH STREET EC3

THE HONGKONG AND SHANGHAI BANKING CORPORATION OF CALIFORNIA
80 SUTTER STREET SAN FRANCISCO
212 WEST SEVENTH STREET LOS ANGELES

MERCANTILE BANK LIMITED
HEAD OFFICE: 15 GRACECHURCH STREET LONDON EC3
WEST END BRANCH: 123 PALL MALL LONDON SW1

THE BRITISH BANK OF THE MIDDLE EAST
HEAD OFFICE: 7 KING WILLIAM STREET LONDON EC4

BUSINESS BRIEF

Further evidence of the then unsuspected strength of Britain's economy at the turn of the year—a 1 point rise in the official industrial production index in December and an unofficial survey by the National Institute showing that engineering industries in January were working closer to full capacity than at any other time since these surveys began in 1958. But the January trade returns were disappointing.

With the help of the French, the Americans have already lost $450 million in gold since the beginning of the year. And now the Russians have offered to sell $200 million in gold to the embarrassed Japanese.

No one has yet done any serious thinking about the possible deflationary repercussions of the call for a return to the gold standard: but the world's bourses could signal the danger.

BEAR YEAR FOR THE BOURSES?

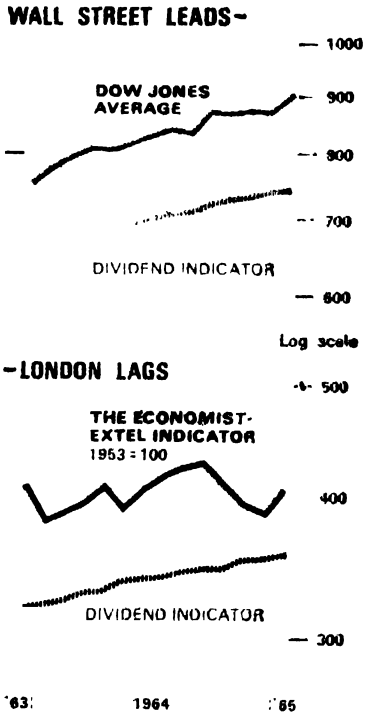
The past year has seen a considerable divergence between the leading stock markets of the world, and the most startling was between Wall Street and London. In 1964 both markets saw a rise in dividends (see chart), but while share prices rose in America, leaving dividend yields very little down over the year, in Britain share prices actually fell by 7 per cent net, a sign of investors' waning confidence: for which economic as well as political grounds can be found.

America

Are Americans still confident? After breaking through the 900 level on January 28th the Dow Jones index fell back sharply when the war in South Vietnam flared up, but there was no rush to sell, and share transactions dropped in number. After a long rise—and prices have risen 70 per cent since mid-1962—the incentive to take profits at the least sign of trouble is strong; in market jargon, this may be a technical reaction, which could nevertheless take the market another 20 points down. Much depends on whether President Johnson can maintain investors' confidence in the face of the criticisms of his Keynesian economics that can be heard in Wall Street. So far the domestic economy shows no sign of flagging. The biggest question is perhaps whether the Administration will be forced to take defensive measures by the continuation or even acceleration of the gold drain—as the major member of the gold pool America is also feeling the backwash of speculation on the London gold market. Continued stock market weakness, especially if accompanied by an increase in the number of transactions, could now be distinctly bearish for the economy itself.

Britain

The London market followed the course of dividends in the early part of 1964 but its peak was reached at the beginning of October in a spate of gambling on a Conservative victory at the election. The economic alarms of the autumn, together with confusion caused by the announcements of corporation and capital gains tax, sent it down sharply: 14 per cent between October 1st and December 18th on *The Economist-Extel* indicator. This has since recovered by nearly 10 per cent, so that the net fall is in fact much smaller than in earlier periods of 7 per cent Bank rate and the rest. Yields admittedly look high by comparison with those in America and Europe, although exact comparison is obscured by differing tax systems. Britain's economic growth, however, has been erratic and there is no sign yet of a break with the past. More important, the company sector is being squeezed, and trading profits, which were 17 per cent of domestic income in 1955, were only 15 per cent in 1963. In previous "stop" periods company profits and dividends, unlike wages, have dropped; and if the government is forced into further deflationary restrictions—and it is nipped between deflation and another sterling crisis—the market may tumble. Many investors, particularly the institutions, will prefer to have their money at interest rather than commit it to an un-



The dividend indicators are derived from the yields on the broadly based Standard and Poors and the F.T.-Actuaries 500 indices. The scale applies only to the share indices.

known risk. Today's dividends alone do not move share prices.

While the performances of the leading European bourses can largely be attributed to economic pressures, the violence of share price movements cannot be so easily explained.

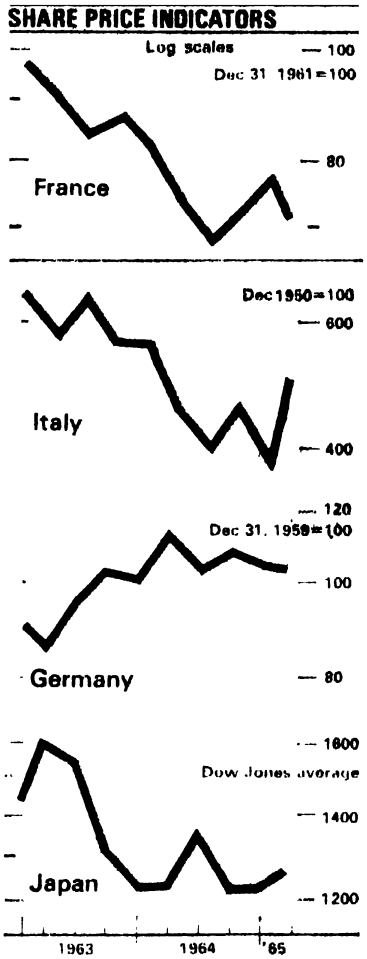
Italy

The share index, which stood at 848 in June 1961, had fallen by 60 per cent to 361 in January this year. The economy was certainly subject to a severe credit squeeze throughout 1964, but this fall was much greater than any seen by the British market in similar squeeze periods. Two factors were at work in Italy. First, industry has to rely more heavily on borrowings than in Britain and this high gearing makes shareholders' earnings rise and fall much faster than trading profits, since interest charges remain constant. Thus Montecatini's shareholders saw their earnings and dividends disappear altogether in 1963: whilst even in the worst of the British deflations ICI earned enough to cover its dividends. Secondly, investors found themselves short of cash as the credit squeeze tightened—there was also considerable borrowing against stock—and many were forced to liquidate.

The government has recently taken steps to stimulate the economy, including the easing of credit, and, although it will take some time for these measures to have an effect on company profits, the industrial scene should be much brighter at the end of the year. Political factors are constantly pressing on the Italian market and there is no hint of a rapprochement between business and the government; but share prices have probably hit the bottom.

Germany

German economic growth remains the wonder of the west; but the bourse has been surprisingly unresponsive. The main reason is the lack of American buyers, who in the past have been eager to invest in German securities. The German government's imposition of a withholding tax of 25 per cent on interest payable to foreigners, however, coupled with the tax imposed by the American authorities on their nationals' earnings from foreign securities of all kinds to



prevent an embarrassing outflow of funds, has kept American buyers away.

German share prices are well below the peak reached in 1960 and many investors must still have big losses. It is not surprising that they are wary about buying again. The economy, however, remains strong and companies are doing well, but until investors are prepared to commit more cash, the market will remain listless; and while money is in short supply and can earn high rates of interest—the 6 per cent Federal Loan yields 6.5 per cent—they may well prefer not to put their money at risk.

France

From a low of 67 in June 1964 the French index struggled up to 78 in November, but has fallen away and shows no sign of recovery. (The index is renewed each year at 100 and we have used December 31, 1961, as a base.) The French market has many of the features of the Italian, and industry is probably even more dependent on borrowed money. Government policy has been directed to ma price stability at the expense of growth and credit has been kept tight. The authorities have now realised that unless the restrictive policies are eased there is a serious danger of a recession in 1965, but the measures introduced so far to stimulate the economy are half hearted and unlikely to have much effect. The market is dominated by large investors who are much more aware of business conditions than the smaller investors in the United States and the British markets; and these French investors have little reason for confidence, and little cash to spare. The market could fall a long way yet, unless the government acts quickly and boldly to stimulate the economy.

Japan

The Japanese market is even more volatile than the Italian. In the six months from September 1962 it rose 30 per cent from 1200 to 1600 and nine months later it was back at 1200. But the total drop from the postwar peak (in 1961) has, at 35 per cent, been less severe than in most European countries. Yet this has now become the only major share market in the world with an official peg: two bodies are at the moment committing public money to keep the Dow Jones average above 1200. Last year the government had to take steps to prevent the economy from overheating and to restore the country's reserves. Its measures were successful and it is now reflating. As Japanese industry relies on loans for about 70 per cent of its capital it is very vulnerable to economic setbacks. The government feels it cannot afford to see investors' confidence falling—hence its support for the market at the 1200 line. Now that the economy is being freed from restrictions the outlook for companies is good and the market should be strong; but there could then be further official intervention in the opposite direction to prevent a dangerous speculative rise. Leading shares now offer attractive yields—the yield on Dow Jones is just over 5 per cent—and with economic growth this year expected to be 10 per cent in spite of last year's credit squeeze company dividends should rise very sharply, aided by high gearing. Some big uncertainties remain, including the ultimate effect of the restrictions on American bank credit. **But could this be the one buoyant bourse of 1965?**

FREE OFFER

"AN ENCYCLOPAEDIA ON THE THEORY, DESIGN AND USE OF PORTABLE FIRE EXTINGUISHERS"

Recently published, after 2 years of preparation, the 3rd Revised Edition of the Nu-Swift 128-page Catalogue has been described by one Chief Fire Officer in the above flattering terms.

Another CFO writes: "In my younger days I would have pounced upon a publication such as your new catalogue and made of it a treasured vade-mecum."

The cost per copy of the catalogue, which is generously illustrated in three colours, is 5/-. To Industrialists and responsible Executives, however, it is available free, on application to the Nu-Swift Fire Protection Consultant:

Mr. Alan Guy, A.M.I.Fire E., F.I.C.D., M.I.I.S.,
Nu-Swift International Ltd., Elland, Yorkshire.

nu-swift international ltd.

THE WORLD'S FASTEST AND MOST RELIABLE FIRE FIGHTING EQUIPMENT

LONDON SHOWROOMS:
NU-SWIFT FIRE PROTECTION CENTRE,
25 PICCADILLY, LONDON, W.1.
Telephone: REGent 5724 (3 lines).
Telegrams: Nuswift London W1.

FACTORY & HEAD OFFICE:
ELLAND, YORKSHIRE.
Telephone: Elland 2852 (10 lines).
Telegrams: Nuswift Elland.
Telex: 51.384 (24-hour Service).

We sell good clothes only

Our cloth is equal to any in London: our style is irreproachable; our trimmings fastidious, right down to the buttons.

All this is self-evident. What is hidden is the care and time and skill that make clothes from Moss Bros live long, and age with grace. They may cost a little extra. But it's more like investment than expenditure.

Full Morning Suit £49.7.0. Top Hat £5.5.0. To hire, with hat £3.5.0.

For the ladies: we have a complete service for brides and bridesmaids. Also outfits and kilts for pages.

Moss Bros

COVENT GARDEN, W.C.2

THE COMPLETE MAN'S STORE

Open Thursdays till 7 p.m.

Nearest station Leicester Square · Branches throughout the country

BUSINESS INTERNATIONAL

GOLD

Hoarders of the World, Unite

GENERAL DE GAULLE and Jacques Rueff between them have collected some strange bedfellows in support of their antediluvian ideas about the world monetary system. Golden support has been voiced on the one hand by the revolutionary communists of China and Cuba and on the other by some of the most reactionary (and the most elderly) of the west's capitalists. A comment from Dr Hjalmar Schacht can be expected any day now, and then the reincarnation of the 1930s will be complete. In France itself the vast majority of economic opinion is contemptuous of the new orthodoxy, and M. Pierre Uri had no difficulty in exposing its absurdities in *Le Monde* this week; it was also significant that when M. Giscard d'Estaing, the French finance minister, spelled out the new French position at the Sorbonne, it was his reference to Triffin that the students cheered and Rueff that they booed.

But the fact that enlightened and instructed opinion is on the side of virtue is of somewhat limited comfort. For, while no other non-communist country has yet officially supported France's stand, the fact is that every central bank in the world must now be taking a second, worried look at its gold holding policy. It is here that all kinds of pressures are being brought to bear, whether from orthodox business opinion, which vaguely shares the General's trust in gold, or from politicians wanting to exert their own political influence on America, or from sheer central banking prudence. These pressures are perhaps most marked in Japan, which holds a particularly large ratio of its total reserves in dollars; as Russia has quickly realised.

In these circumstances, it may be urgent for the United States to give immediate private but unequivocal assurances to all dollar holding central banks, small as well as large. This may be the limit of positive action for the time being. Nothing would be gained, and very much might be risked, by going into a serious financial negotiation as the French are asking. For because, most unfortunately, the American authorities have never adopted and put forward their own expansionist plan for monetary reform, the diplomatic compromise that would inevitably come out of a negotiation would almost certainly lean unthinkably far in the French, contractionist, direction. Even the airing of the French position has, inevitably, had restrictionist side-effects, and India's economic crisis may provide a crucial test of world co-operation in the new conditions. India has long been living hand to mouth on its foreign exchange, its residual needs being met by the international Aid India club. Will the United States now feel bound to limit its contribution? And will France step into the breach?

Clash in the IMF?

THE next few months will therefore see what may be a crucial battle of financial nerves at the highest level. France's announced "resignation" from the gold exchange standard last week was essentially a gesture, confirming that France will run down its dollars to the $650 million of its North American debts plus perhaps $300 million of working balances, and will settle its own payments directly in gold. On closer enquiry, it appears that it will not go so far as insisting that other countries must meet their own debts to France in gold rather than dollars. This would indeed be highly impracticable, as well as providing further lucrative opportunity for gold enrichment on the high seas—for General de Gaulle now likes to keep the physical location of France's gold in Paris rather than in New York or London.

The bigger practical question left by M. Giscard d'Estaing's speech is the significance of his reiteration that credit from the International Monetary Fund was not, when the IMF was negotiated in 1944, intended to finance large and sustained exports of capital. Does this foreshadow French opposition to a drawing on the IMF by the United States, which—as Dr Hallstein of the EEC has been observing rather fearfully—has a huge trade surplus, and a deficit only by reason of still huger capital outflow? It was the same French reluctance to see IMF resources used to finance a capital outflow that in 1961 at first proved an obstacle to the negotiation of the supplementary credits under what has since become the Paris Club. The compromise then reached was that these credits would be mobilised only to forestall or cope with an "impairment of the international monetary system." Since just such an impairment is now official French policy, France's attitude to an American call on the Paris club might now be restrictive. But if France did, at the crunch, refuse to put up its own money, it would then be open to the other IMF members to invoke the scarce currency clause against it—which would mean authorising trade and payments discrimination specifically against France.

RENAULT, PEUGEOT AND CANADA

Enticements from Quebec

Paris

THE provincial government of Quebec is evidently keen to attract European car manufacturers to the province. The new Canada-United States agreement to establish progressively a North American common market for cars is an incentive to outside manufacturers to open assembly plants in Canada, and Quebec's desire to be the host province is apparent from the recent agreement between Renault, Peugeot and La Société Générale de Financement, the Quebec government's economic development organisation. Components for the assembly of the vehicles (Renault R8s and

Russian Gold: Why Not

The curious point about the Russian offer to sell $200 million in gold directly to the Bank of Japan against dollars is that it was refused. On the face of it the Japanese government, under considerable pressure from the Socialists to build up the ratio of gold to the country's total reserves, should have jumped at this opportunity. Instead, Mr Tanaka, Japan's finance minister, stated that Japan has no intention "at present" of converting "so much" of its dollar holdings anywhere. The snag, presumably, was that acceptance would have been extremely embarrassing to the Americans. Not only would it have implied that dollars were not freely convertible directly in New York. In the end the bulk of the dollars might, in any case, have wound up being cashed in for American gold, as the funds passed through Russian hands into those of central bankers in western Europe. In addition, a direct Russian sale to Japan would not have benefited the central bankers' gold pool, since Japan is not a member. And the gold pool could now use any help it could get. The hardening of the French line on gold has both thrown into question just how effective continental participation in the pool now is; and has cost its active members dear. Demand for gold on the London market this week was again very substantial.

Peugeot 404s) will be imported completely duty free until 1970. It will be possible to renew the agreement at that date.

Renault and Peugeot have, therefore, obtained as much as American manufacturers and more than Volvo, which preceded them in setting up an assembly plant at Dartmouth in Nova Scotia. The Swedish manufacturer obtained only five-year customs exemption for complete bodies. For body parts, the exemption lasts one year. For engines the exemption will progressively be reduced—80 per cent the first year, 60 per cent the second, etc., disappearing at the end of the fifth.

SGF, which is building the joint assembly plant for Renault and Peugeot at Saint-Bruno, near Montreal, with its own capital ($3-$3½ million) will be able to import, duty free, one-third of its production in finished cars. This production will quickly reach 8,000 vehicles per year—about 5,600 Renaults and 2,400 Peugeots. It could be increased later to 12,000 vehicles, whereupon the duty-free import quota would reach 4,000 vehicles. French cars so manufactured in Canada, or imported on duty-free quota, can be re-exported duty-free to the United States, benefiting from the common market, and to some Commonwealth countries, such as the British West Indies.

Up to now few French cars have been sold in Canada: 9,000 in 1961 (the record), 5,300 in 1962, 3,900 in 1963 and 6,000 last year, of which 4,000 were Renaults and 1,000 Peugeots. It is not very much set against a total of 100,000 European cars imported by Canada in 1964. Renault and Peugeot reckon that for their sales to grow the price of Canadian-assembled vehicles sold through the Renault and Peugeot networks should not be above that of directly imported vehicles. For this price, the French cars will also have to be adapted to Canada's extremely hard climate and will need improvements in paint-work, battery, body protection and heating.

KEY INDICATORS

WORLD COMMODITY PRICES

Cocoa prices have fallen by nearly 10 per cent to 145s. a cwt. since the producers' alliance ceased active measures to hold supplies off the market. This looks like a round to the manufacturers. Far Eastern tensions continue to affect tin (up £40 to £1,258 a ton by Wednesday) and lead (up £7 to £144 a ton), and have also helped sugar out of its February doldrums to £23 10s. a ton. But copper dropped £5 to £453 a ton on the prospects of early US stockpile releases, leaving our metals indicator unchanged.

The all-items indicator rose by 0.2 this week (to February 17th).

	Index 1958 = 100		Percentage change from	
	Feb. 10	Feb. 17	Previous month	Twelve months ago
ALL ITEMS	106·6	106·8	+ 2·2	− 4·7
Food	102·1	102·5	− 1·6	−14·8
Fibres	100·5	100·5	+ 0·6	− 9·9
Metals	214·1	214·1	+24·9	+63·1

The Economist Commodity Price Indicator includes nineteen commodities weighted according to their relative shares of world trade in 1958.

** Changes relate to this week's figures, but these, except for the metal group, are provisional because quotations for tea and wool are not yet available beyond last week.*

GERMAN BUSINESS

Dr Flick Bequeaths an Empire

Frankfurt

EIGHTY-TWO-YEAR-OLD Dr Friedrich Flick, one of the last of Germany's old-style tycoons, is putting his affairs in order. He has now decided to expand the management of the principal company in his combine—Friedrich Flick AG—and to take in three prominent businessmen as managing partners of this firm. One is Dr Otto A. Friedrich, at the moment still managing director of Phoenix Gummiwerke AG, who emerged as the government's adviser on raw materials during the Korean crisis. The others are Dr Wolfgang Pohle, member of the board of directors of Mannesmann AG until the end of 1959 and a close collaborator of Flick's ever since; and 38-year-old Eberhard von Brauchteil, who previously worked in Lufthansa, and has also been active for Dr Flick since 1960.

These steps are intended to safeguard the firm's strength when it slips out from under the watchful eye of its founder. Before the second world war, the Flick concern was already one of the most powerful enterprises in Germany, a coal and steel empire which was broken up after the war under the allied de-cartelisation ruling. Dr Flick showed a far-sightedness at the time that was not to be recognised until years later; he turned almost completely away from the basic materials industry and went into manufacturing. With the proceeds from the sale of his iron and steel interests, he acquired considerable stakes in firms which were later to flourish so well, like Daimler-Benz, where he has considerable influence today, and which in turn, together with Volkswagen, controls Auto-Union. Among other firms belonging to his sphere of interest are the Feldmühle paper concern; Dynamit Nobel AG; the heavy engine and locomotive firm Krauss-Maffei; and a series of large metal-using undertakings. It will be the job of the newcomers to hold all this together and build the empire up to new heights.

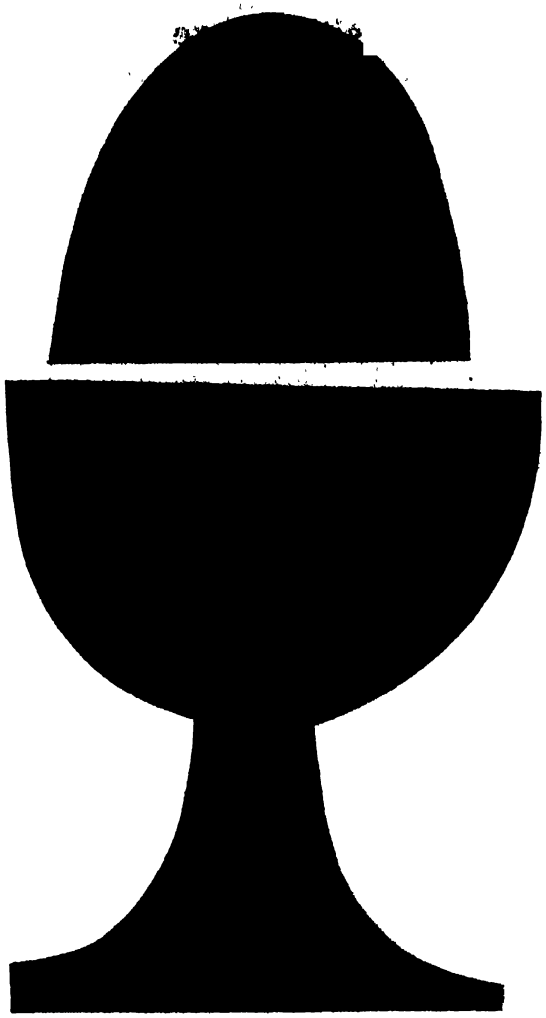
ADELA

Per ardua ad . . .?

ADELA is now growing and prospering, contrary to all the prophets, and has collected $31 million from over 100 leading banks and industries around the world. Its latest achievement has been to raise $3 million in paid-up capital from a half-dozen Spanish banks and businesses—not, one would have thought, the most obvious source to tap for capital to aid the developing world. Adela (the Atlantic Community Development Group for Latin America) now hopes to become the catalyst for private investment in South America. It is a unique institution, using, as one London banker put it this week, the sophisticated financial tool of the investment trust in a highly unsuitable setting, where capital has a constant tendency to disappear without trace in the quicksands of inflation. It remains to be seen what it will achieve.

The idea was launched by Senator (now Vice President) Humphrey and Senator Javits at a meeting of Nato parliamentarians in 1963. The reception it got from European banking was as welcoming as a cold shower. The leading London banks with interests in Latin America were approached and made polite but negative noises. The organisers announced a founding conference to be held in Brussels in the autumn. London's advice was that it would never get off the ground. The European reaction was cool because it was felt Adela had the wrong associations: what was the point in joining an American-led club to invest in Latin America, when so many Latin Americans were hostile to the United States—and very favourable to European interest, as long as it was purely European. Dr Abs of the Deutsche Bank was among the sceptics. Yet by summer 1964 the idea was definitely getting off the ground. When it was formally established in Luxemburg in September as Adela Investment Company, the Deutsche Bank was in with $300,000 (30 shares at $10,000). From Britain, only Shell was in, as a member of Royal Dutch Shell, which subscribed 50 shares. But the list was very respectable: Fiat, Ford, Nestlé, IBM, Dow Chemical Company, Gulf Oil, Standard Oil of New Jersey among industrial firms, and a galaxy of leading banks from North America, Europe and Japan. London decided that even if it didn't like this club, it could not afford not to join. Ten banks came in, headed by Sir George Bolton's Bank of London and South America. But each paid the smallest membership fee (10 shares) that respectability permitted. The French, oddly enough, stayed out. Recruiting is still in progress: United States Steel is among the latest conquests.

Along the way, Adela has lost its original political inspiration and has acquired Mr Ernst Keller, a Swiss with a dozen years' experience of industrial financing in Peru, as its managing director. Adela will try to promote worthwhile schemes, and will not look for a majority holding in the ventures it takes up. It hopes that the prestige of its membership will both encourage other capital to come in, and encourage host governments to treat its schemes with consideration.



4 minutes—£4000

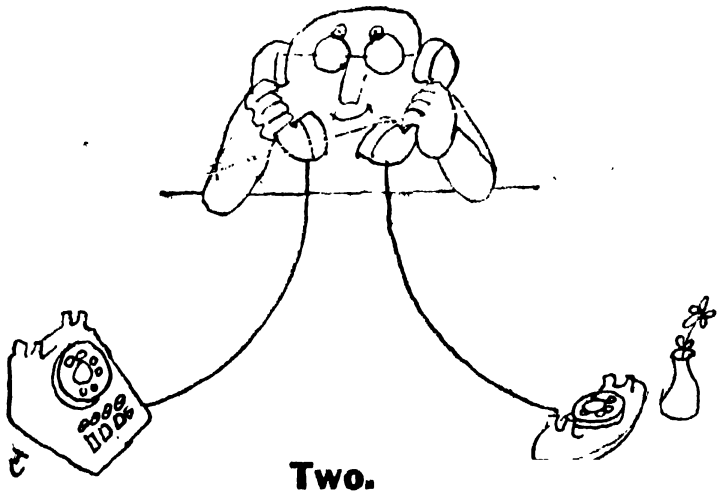
In the time it takes to boil your breakfast egg, British life offices pay out £4000 to policyholders. A thousand pounds every minute—more than ten million pounds a week.

These benefits are made possible by the mutual association of policyholders, who join together to protect their families and invest their savings. Today practically everyone has a stake in life assurance.

ISSUED BY THE LIFE OFFICES' ASSOCIATION, LONDON, AND ASSOCIATED SCOTTISH LIFE OFFICES, EDINBURGH.

LIFE ASSURANCE PAYS OUT £10m A WEEK IN BENEFITS

How many buying positions are TIME International readers in?



Two.

As executives in business, TIME's international readers are in a position to influence the purchasing decisions of their companies. As family men with far-above-average incomes, they are in a position to buy quality products and services for their households. In both positions, these TIME readers wield influence and buying power vastly out of proportion to their numbers. To them, TIME Magazine's weekly reports of world business and world affairs are a necessity. To you, TIME is equally necessary in any selective marketing plan in *any* world market. *Talk to the right people in the right place . . . in TIME.*

TIME

TIME Atlantic. TIME Canada. TIME Latin America. TIME Asia. TIME South Pacific. And their regionals.

JAPAN AND GATT

Holier Than Thou

Tokyo

HARDLY a day goes by in Japan without some story appearing in the Japanese press condemning other countries for discriminating against Japan in their trade practices. This week the *Asahi Shimbun*, Japan's largest daily, wrote: "Japan will make a major effort at the General Agreement on Tariffs and Trade conference next month to eliminate remaining trade discriminations against its products."

The Gatt meeting opening in Geneva on March 2nd is expected to deal at length with specific means to expand trade between the industrial nations and underdeveloped areas. Making exceptionally good use of Western logic, the Japanese foreign office has prepared a strong case for presentation to the underdeveloped nations. "If the underdeveloped countries want preferential treatment in selling their exports to Japan," according to the foreign office argument, "they should remove restrictions against Japanese imports." But Japanese businessmen agree that the industrially advanced nations, including Japan, should greatly step up imports from underdeveloped countries.

It is expected that the often suggested organisation of an Asian Development Bank will be mentioned more than a few times during a conference that the foreign office and the economic ministries have scheduled for this week and next in Tokyo in preparation for the Geneva meeting. The officials concerned are convinced that since they will be offering help to the underdeveloped at the Gatt conference, this is an excellent opportunity to demand that the 27 nations which still apply Article 35 of Gatt (the escape clause for denying equitable treatment to other countries) stop discriminating against Japanese imports. They intend to lose no time in pressing their case. But most of the 27 nations, although underdeveloped, are outside the predictable scope of any Asian Development Bank that might come into being.

BUILDING IN ITALY

Things Get Serious

Milan

IF the recession that has lasted through the winter in Italy is not to turn into a real slump, it is high time that demand begins to perk up. New measures to stimulate investment have been promised by the government. But just now the building industry is seen as the key to recovery. In a country whose manufacturing sector is still relatively light-weight, building has an enormous influence throughout the economy. In the past few years, private building in Italy had reached a frantic pace, partly because more and more people felt able to afford a new apartment, but also because real estate was an attractive store of value in inflationary times. Then the young centre-left coalition government announced ill-defined plans to control development rigorously and appropriate building land. Suddenly speculative building became unattractive. When the Government tightened credit drastically last spring to redress the balance of payments, the flow of new building projects suddenly began to dry up. For a time work in hand kept the industry going, but now recession is here.

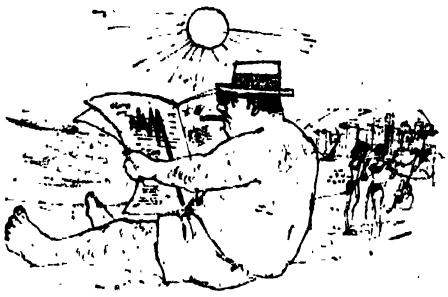
At the end of 1964, building workers employed totalled 700,000, or 300,000 fewer than June, 1963, when the industry reached its peak of prosperity. Last month roughly 100,000 more men were laid off, and by June the industry is expected to be employing no more than 500,000. Next December, the figure looks like being 400,000—unless something is done.

There are many reasons for the crisis. In the public works sector £200 million already allotted for building were frozen by the soaring costs of labour and materials, which caused contractors to shy away from new contracts. The cost of building labour rose 73 per cent between the end of 1960 and the end of 1963. The cost of certain materials rose two- or three-fold. And after the financing of a public project has been approved, the long and tortuous bureaucratic procedure causes delays of months and sometimes years. It takes almost as long for the contractor to get payment from the state.

To un-freeze the £200 million, the government recently allotted an extra £11 million to cover increased costs. It has also set aside £370 million for new and expanded hospitals over the next ten years, of which £75 million will be spent in 1965-66. The government has taken similar measures to speed up construction of direly needed pop-

ARGENTINA

Currency Weak, Economy Strong



Buenos Aires

TO many among the hundreds of thousands of holiday-making Argentines thronging the South Atlantic beach resorts with money as well as their skin to burn, the worst news these days is probably the croupiers' strike and its sequel, a lock-out decreed by the government. A visitor from the other hemisphere may find it all hard to reconcile with reports of the financial and economic crisis that is said to be threatening the very foundations of Argentine institutional stability.

And if, in bewilderment, he turns to the various available economic pointers, his perplexity is likely to be deepened rather than dispelled. The country is harvesting one of the largest wheat crops in its history; its beef-cattle herds are being steadily restored to their former strength; its manufacturing industries are pulling out of the 1963-64 recession—motor vehicle production is at a record level, steel-making has exceeded one million tons per annum for the first time; and in 1964, for the second year in succession, foreign trade showed a substantial export surplus. But in Buenos Aires a widespread recession of confidence has developed in the past month or two. This is reflected in the persistent weakness of the Stock Exchange and the steady flight of capital from the country through the black market at rates up to 50 per cent above the official quotation of the peso.

There is general agreement that, at the controlled rate of exchange—151 pesos to the dollar—the peso is over-valued, to the detriment of the export trade. The extent of this over-valuation is largely a matter of guess-work, but most competent authorities put it at not much more than 10 per cent. But even a small devaluation would boost sales of the country's staple export commodities considerably. On the other hand, if the exchange rate is not modified, it may be doubted whether the official Grain Board will be able to sell abroad more than half the present wheat surplus, which the trade considers may well exceed six million tons, and storage capacity is insufficient for such unaccustomed abundance.

Another problem of peculiar intractability is that of the heavy external debt payments to be met in the current year, estimated at approximately the equivalent of three or four times the Central Bank's present reserves. The awkwardness lies in the government's previously declared intention not to seek a re-financing arrangement. In this it was making a virtue of necessity. Its action just over a year ago in annulling the contracts of the foreign oil companies (mainly American) was bound to create difficulties in any subsequent negotiations with overseas creditors—hence last year's payment of foreign debt maturities totalling several hundred million dollars, and hence too the series of restrictive exchange controls, introduced during the past few months. But neither these controls, nor a still more severe contraction in imports, will cover Argentina's needs if the 1965 debt maturities are to be met in full as promised.

ular housing projects by adding £26 million to the £55 million already set aside for this purpose.

In private building, investment reached a peak of £1,100 million in 1963, or more than one-quarter of total investment in Italy that year. Since then it has declined rapidly. One reason is the delay in getting projects approved. Also, private building had earlier overshot the mark. Signs announcing apartments and houses for sale at attractive instalment terms are sprinkled all over Italy's major cities. The first impression is one of saturation of demand. But the average number of individuals per room in Italy is still one of the highest in Europe.

Public works minister Mancini's urban development plan, incorporated in Italy's new five-year economic plan, aims at rationalising and streamlining the building industry and curbing speculation. But Signor Mancini's bill, like Signor Sullo's expropriation bill a couple of years back, has raised the cry on one side that it aims to destroy the sacred rights of private property, and on the other that it does not have enough muscle.

SHIPBUILDING

Britain's Currency Quirk

Stockholm

SWEDEN'S shipbuilding industry, which had been very successful in facing up to growing Japanese competition, is now being hit by a switch of orders to Britain, prompted by an export incentive that the British Government can hardly have intended. Earlier, Swedish shipyards actually increased their share of the important Norwegian orders from 36 per cent by the end of 1962 to 43 per cent by the end of 1963. But Japan has been advancing rapidly and from almost nothing accounted for very nearly a quarter of all outstanding Norwegian contracts by the end of 1963. Last year, competition tended to get even more fierce; Sweden lost a lot of ground and its position as the biggest supplier to Norwegian shipowners was seriously challenged. Last week Norwegian shipowners, some of whom have traditionally bought their ships from Sweden, placed orders worth over 200 million Norwegian kronor (£10 million) in Britain, and another similar order is expected in the near future.

The main reason for this, interestingly, is said to be anticipation of a devaluation of the pound. Most Norwegian shipowners have contract incomes accruing in sterling and in case of a devaluation it would, of course, be a great advantage to have the long-term debts in the same currency as the receipts. So far, Norwegian shipowners have relied heavily on the United States credit market for financing their ships, and shipbuilding loans in American banks total almost £125 million. Repayment and interest servicing on these loans would create very serious difficulties for Norway in case of a unilateral British currency adjustment. In any case, the extension of the American interest equalisation tax to cover bank loans of more than one year's life has dealt a hard blow to Norwegian shipowners relying on such funds.

According to a statement by Mr Sven Häggqvist, managing director of the leading Swedish shipyard, Eriksberg, Norwegian shipowners are today prepared to pay a certain premium in order to get a contract in sterling. One more reason for the Norwegians to turn to the British shipyards (and the one said to have been influential in last week's order) should in Mr Häggqvists view be the special interest level of 5½ per cent on long-term export credits; this exerts considerable attraction, not least because the cost of bank credits in America will now go up. But even if things should take a turn for the worse for the Swedish shipyards, they see no imminent threat to their employment, since present orders cover some three years' output.

DUTCH BANKS

In on the Dollar Loans

Amsterdam

VERY quietly, and without telling anybody publicly anything about it, the Netherlands Bank has decided to make it possible for Amsterdam's merchant bankers to cash in on the good business in dollars that there is to be done by floating international issues. This is a case of an unofficial withdrawal of unofficial regulations, so the specific changes in the situation as set out here are equally unofficial.

What happened before the withdrawal of the regulations—that is, until a month ago—was that the Netherlands Bank almost invariably laid down two conditions to be fulfilled before giving permission to Dutch bankers to participate in foreign issues listed in Amsterdam. The first was that no more than a quarter of the total value of the issue could be in the hands of any Dutch bank or group of banks; the second was that any security to be listed on the Amsterdam stock exchange had to be listed on some outside stock exchange first. So even when deals were done by Dutchmen for Dutchmen the regulations led the bankers to list the new securities in, say, London and Luxemburg a few weeks in advance of applying for a listing in Amsterdam.

Neither of these regulations is any longer in force. This means that issues can now be offered in Amsterdam. Dutch merchant bankers claim that the incidental costs of issues, quite apart from interest rates, are minute in Amsterdam as compared with London—the comparative costs of advertising, legal fees, and the like have been given as examples. More important, the Amsterdam bankers know quite well how to get round the two per cent stamp duty payable on any securities physically present in Holland: what they propose is to offer the issues in Amsterdam, but to deliver the securities in Luxemburg.

The expectation in Amsterdam is that there will now be a slow build-up of competition against London banks in the international dollar issue market. There is no question of guilder issues; the Netherlands Bank will not hear of it at the moment. But, with London and New York both expensive places in which to operate, the private telephone calls that went out from the Netherlands Bank to merchant banking houses in Amsterdam a month ago may turn out to have done Holland's invisible earnings account more good than even the Dutch themselves presently realise.

BRAZIL

End of an Airline

Rio de Janeiro

THE Brazilian government closed one of the country's six airlines last week while crews and stewardesses paraded the streets of Rio de Janeiro, and coaxed the public into signing petitions protesting against the shut-down. Panair do Brazil was in debt to the government, to insurance companies, and to its European airline partners who had lent it spare parts and who finally refused requests made in the last few days for loans to keep the airline going. It has reportedly been declared bankrupt, and its offices occupied by troops sent in by the government. The airline has come in for much local criticism of the way it ran its services, both how it flew them and how it sold its tickets. South Americans have been the happy benificiaries of price-cutting on air tickets; some airlines have found themselves obliged to leave the International Air Transport Association in order to be free to match offers made by their non-IATA competitors. But there are plainly limits to what is considered reasonable even in Brazil.

Panair's routes to Europe and the Middle East will now be taken over by the other international Brazilian airline, Varig, which was originally owned by the German Lufthansa, handles about half of all Brazil's air

MOTOR BUSINESS

The current issue of Motor Business examines the effects of the Resale Prices Act in an article entitled:

The Future of the British Motor Trade

Other articles in this issue examine:

The Canadian Motor Industry and Vehicle Market

The United Kingdom Market for Imported European Cars

Further details from:

THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St. James's Place London SW1
Telephone Hyde Park 6711 ext 27
60 East 42nd Street New York 17
NY Telephone Murray Hill 7-0850

Together ... Linking the future

Even now the space satellite, as a means of rapid communication over immense distances, is part of our everyday life, and its development is demanding all the technical skills of modern science. Copper and its alloys — proved metals for the modern age — will play their part in the scientific projects of the future with a full contribution from the Delta Group of Companies, Europe's leading manufacturers of non-ferrous metals.

THE DELTA METAL COMPANY LIMITED

EAST GREENWICH · LONDON · S.E.10 and DARTMOUTH STREET · BIRMINGHAM 7

EXTRUDED RODS AND SECTIONS : COPPER TUBES : WIRE

ROLLED PLATE, SHEET AND STRIP : CABLES

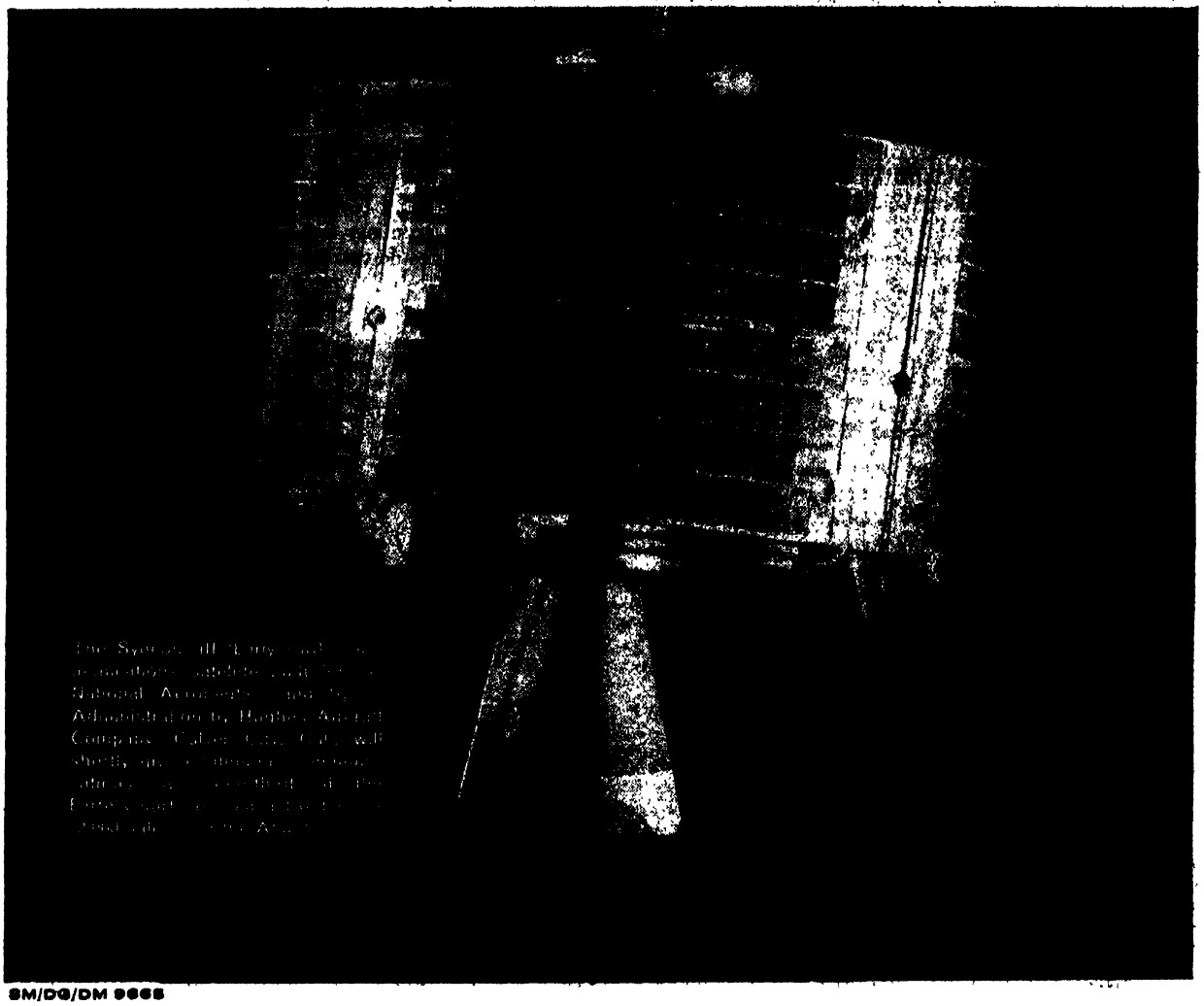
HOT STAMPINGS, PRESSINGS AND FORGINGS

PRESSURE, GRAVITY AND SAND CASTINGS

GAS, ELECTRICAL AND SANITARY FITTINGS

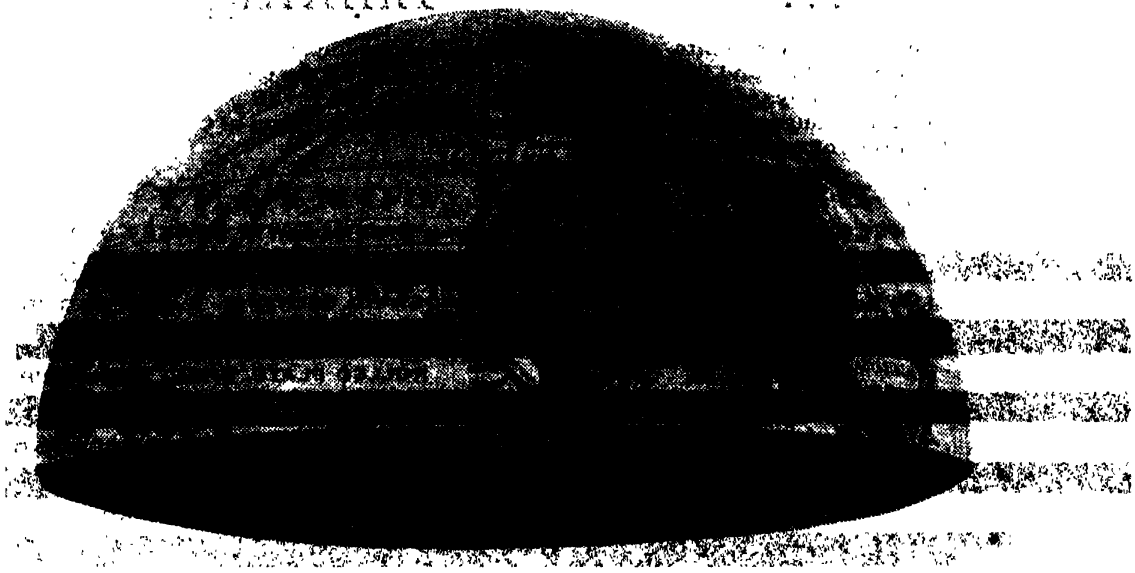
ENGINEERS' AND PLUMBERS' BRASSFOUNDRY : TURNED PARTS

NON-FERROUS FIXINGS FOR THE BUILDING AND MASONRY INDUSTRIES



SM/DG/DM 9665

who in the world is M.E.L?



a static question with a dynamic answer

In the world of science and technology M.E.L. is a comprehensive technical organisation providing a scientific, electronic and engineering service to Industry, Commerce and Government.

With truly global activities and resources M.E.L. is a company in which the benefits of 40 years' experience in the engineering and science-based industries, are blended with the latest electronic techniques, and supplemented by the unique research facilities of the Philips world federation of industries.

M.E.L. has been developed to harness these outstanding resources to serve you in the fields of Telecommunications and Defence Systems; Avionics; Electronic Control; Electron Microscopy; Non-Destructive Testing; Scientific and Industrial Instrumentation; Automation Systems; Health Physics; Nucleonics; Cryogenics; Ultrasonics; Filtration; Welding . . .

If you are concerned with helping Britain's expanding economy, by bringing the benefits of science and technology to your organisation, who should you ask?

Who in the world but M.E.L.?

M E L

The M.E.L. Equipment Company Limited

traffic, and has recently been undergoing some fairly drastic re-organising. But like many other South American airlines, Varig's (and Panair do Brazil's) fleet is an extraordinary mixture of the new and the antique, and no airline can operate efficiently with this kind of handicap. Varig's own routes plus those of Panair do Brazil provide it at last with a reasonable basis for operations. Its loads last year were much better than those of Panair. But cynical Brazilians are refraining from throwing their hats in the air.

VEGETABLE OILS

Off Year in Olives

BEHIND the 1d. a pound increase in margarine prices announced last week lies the sort of rise in soft oil prices usually associated only with an international flare-up such as Suez or Korea—or the great salad oil scandal. But the Vietnam tension augmented a rise that began independently, under a combination of market forces. A cyclical off-year in olives (with Spanish olive oil production only about 120,000 metric tons, compared with 687,000 the previous year) set the scene but the rise really began with groundnuts. Drought-affected crops in South Africa and Argentina coincided with India's ban on groundnut oil exports introduced in May) soon after unexpectedly large Burmese purchases of nuts and oil from Nigeria. The oil price rose from around £90 per ton in February to over £120 by mid-year.

At first, United States edible oils (soya bean and cotton seed) were expected to balance out the situation; but adverse American weather kept the soya crop steady despite an 8 per cent acreage increase, and a low level of crushing earlier in the year had cut down oil stocks. Meanwhile, assisted sales under PL 480 were increasing rapidly (they are expected to exceed 1,000 million lbs in 1964-65, a rise of one-third on the previous year). When speculative buying and doubts about United States supply estimates were added, edibles prices shot up, with a Russian purchase of 90,000 tons of soya beans adding one more bull influence. A forecast drop in American production of lard one of the main substitute materials for the cheaper margarines, helped the rise along.

By the new year, however, the unsettling effect of Far Eastern tension on prospects for coconut oil was the chief influence on the market, obscuring the fact that current prices appear to discount this factor at least adequately—especially in view of the improved supplies expected later in 1965. India, with a reported 6 million ton groundnut crop arriving at the same time as PL 480 supplies (held back by procedural delays) may well reappear as an oil exporter. Improved crops are also expected in Argentina and the United States, so raw materials prices for margarine should soon begin to edge downwards.

The Vertical Stakes

Eleven years ago, Rolls-Royce demonstrated that an aircraft could be lifted vertically off the ground on engine power alone, without the complication—and the serious mechanical limitations—of a helicopter. The world ooh'd and ah'd and said a new age in aviation had arrived. Eleven years and several aircraft later, it is still not here, although Britain, France, Germany, the United States and Holland have all at one time or another signed agreements with each other to promote the development of vertical take-off. Most of these were re-affirmed last year and more recently last week.

CAUTION on the part of the separate air forces in Nato is irritating but understandable. They are not sure of the best vertical take-off technique, and they are even less sure about the military value of hopping around like a cricket. As aviation develops, runways large and small are proliferating in unexpected places; the growth of bush flying is producing tolerable landing strips in isolated areas where there are not even passable roads. Air support for "brush fire" operations seems no longer as difficult as it used to. And weight for weight, vertical take-off does reduce the range of an aircraft more or less severely, since it requires 60 per cent more engine power to get off the ground without a runway than it does with one.

Various ways of getting vertically off the ground have been developed in the United States and Canada that involve swivelling the engine or the entire wing through 90 degrees from vertical to horizontal. It is a marvel of modern engineering that these have actually got into the air. But the big money, from the United States and France and Germany, has been invested in the two competing British jet systems. The one developed by Bristol-Siddeley has obvious military advantages over the one developed by Rolls-Royce. But no one, here, in America or anywhere else, is prepared to back Bristol-Siddeley exclusively and say that Rolls-Royce's work should stop.

The British government has spent £50 millions over 14 years on vertical take-off; it is coy about revealing how much more has been contributed by foreign governments. The United States provided all the money originally for Bristol-Siddeley and under an agreement reached a year ago, France and Germany were contributing between them four-fifths of the development cost of one Rolls-Royce engine with a power-weight ratio of 16 to 1, which is a quite extraordinary performance to get from a jet, Britain was contributing at that time only the remaining fifth.

The crucial distinction between the two systems is that Bristol-Siddeley uses one engine to get vertically off the ground and then to fly forward; its thrust is bent through ducts so that this pushes in whatever direction the aircraft wants to travel. Simple, and clumsy; a huge engine has to be lugged around, 60 per cent bigger than the aircraft needs for ordinary flying, and should it go wrong, particularly near the ground, it is good-bye, aircraft. But it has the full backing of the British Royal Air Force.

Rolls-Royce has attacked the weight problem by designing light-weight, short-life engines made largely of glass fibre, to provide merely the few minutes of vertical lift for the aircraft to get moving fast enough for its wings to take over. The engines are extraordinarily ingenious; because they work in banks of ten, twelve or more, they are obviously safer; being lighter, they give the aircraft more range. France has preferred these to the Bristol-Siddeley engines; Germany, sitting as usual on the fence, has dickered with some curious machines that incorporate both. The British RAF rejected Rolls-Royce because it is buying military aircraft where efficiency takes precedence over safety, and the Air Staff does not believe that the multiplicity of controls, fuel lines, on-off switches and the rest for each little Rolls-Royce engine can be got to work all at once in the field.

Even if the RAF turns its back on Rolls-Royce for a combination of these reasons, other countries are reluctant to follow and the latest agreement with the United States covers Rolls-Royce work. The future would be brighter for the company and its designers if the aircraft into which these Rolls-Royce engines were incorporated were a little more successful. The French prototype which crashed fatally a year ago, has been rebuilt and resumed its hovering trials again this week. But the French aircraft may not necessarily go into production, and if the talented French aircraft industry cannot make a success of it, there does not seem much chance that the tiny German one will. This is why new American support for the Rolls-Royce type of vertical take-off is crucial to its continuance.

BUSINESS □ BRITAIN

THE ECONOMY

Whatever Happened Last Year . .

As M. Pierre-Paul Schweitzer is fond of remarking, nobody has yet come up with a coherent and wholly plausible explanation of just what did happen to the British economy during the first half of last year, and how it developed into what happened in the second half. Perhaps nobody ever will. For it is not yet easy even to make up one's mind what the facts are, before trying to explain them. As Mr Maudling can now argue, there is no need for Mr Brown to hedge on annual rates of growth, and abandon 4 per cent. Last year, counting in the further one-point rise in the December production index, Labour inherited an economy continuing to expand at 4 per cent (admittedly, with a whacking deficit too). The immediate (and official) proviso one would normally make to this comparison of year to year averages is that nearly all the growth was achieved by the early months of 1964. But was it ?

Mr Maudling himself has a suspicion that the Central Statistical Office's newly-refined seasonal indicators just baffled themselves with science last year, deflating current figures too little in the early months and too much in the summer. If so, production may not have been moving up so sharply early in the year ; it may not have levelled into so much of a plateau for six months ; and the sharp upturn in the late autumn may not have been all that sharp, either. On that alternative interpretation—it is one that the Federation of British Industries, too, has been urging for some months—production may have continued a much steadier, less kinky curve during the year. In terms of demand and what the Treasury was trying to do to manage it, it is certainly not easy to explain why the kinks—more particularly the second one, upward—should have happened at all.

There is no reason to disbelieve the few basic economic statistics that are "hard"; but they do not explain too much either. If British unit costs had moved less unfavourably relative to those of Europe in 1962-63 than previously—as statistics still suggest they had—why the disappointing lags in the results upon exports in 1964, even allowing for the impact of greater trade discrimination in Europe? And the unemployment figures, firm and up to date as they may be, are only half an indicator. Employment statistics are organised so as never to be right more than once a year, and then only nine months after (next month, we shall know roughly what actual employment in Britain was last June). Chancellors and Ministers of Economic Affairs have to pursue their divergent courses on the principle that he who runs may read, and not take too much notice, anyway.

A Different Kind of Surcharge

In theory the final decision whether or not to schedule the first reduction in Britain's import surcharge for next week's Efta meetings waited on the outturn of the January trade figures. In practice the government was already committed. A cut of a minimum of 2-2½ points is now certain, despite the fact that the visible trade deficit last month very nearly doubled to £39 million on a seasonally adjusted basis. What definitely is not on now is an early reduction in Bank rate—or, for that matter, in the pressure at home or abroad for a tough budget come April.

For the release of the trade figures last Friday showed just how precariously based the earlier brief rally in sterling's fortunes had been ; following the news the pound lost $\frac{5}{32}$ cents against the dollar to close at $\$2.79\frac{11}{32}$ and, considering that the New York market was closed for Lincoln's birthday, selling was substantial. By Thursday the spot rate had crept back up to $\$2.79\frac{1}{16}$, and the tone was firmer. But forward contracts falling due were being renewed. At best, it was a neutral week for the reserves ; certainly the authorities were not taking in funds.

What was so very disappointing about the January trade returns was the fact that exports lost completely the ground gained in December, falling back £28 million, seasonally adjusted, to £268 million. The largest absolute fall was in sales to the overseas sterling area, but exports to western Europe and north America were also sharply down. Apparently a good part of the earlier rise must have simply reflected stepped up efforts to get goods through the docks. Admittedly, in the three months November-January together, exports were still above the depressed August-October level ; the rub is that they are still not rising nearly fast enough.

Nor are imports coming down spectacularly. There was a further small drop in January, bringing the total decline since November to £22 million. But £17 million of that reduction was in imports of surcharge-free food and basic materials. There has, as yet, been very little evidence that the import surcharge has hit deliveries of manufactures. The impact may still come if, as the Board of Trade has suggested, the

Continued on page 816

KEY INDICATORS

THE BRITISH ECONOMY

		Month	Index 1958 100	Percentage change from : Previous month	Three months ago	Twelve months ago
OUTPUT	Industrial production *	December	132	+1	+4	+5½
Upward trend continues.	employment *	December	104·9	+0·6	+0·7	+1·5
	productivity *	December	126	Nil	+3	+4
EXPORTS	Export trade *†	January	127	−3	+6	+10
Disappointing.	Retail trade	December	120	−1	Nil	+½
	Unemployment	February	74·8	−3·1	−7·6	−24·1
	Wage rates (weekly)	January	126·1	+0·6	+1·5	+4·1
UNEMPLOYMENT	Retail prices	January	118·0	+0·3	+1·5	+4·6
Still falling.	Export prices	December	108	Nil	Nil	+2

** Seasonally adjusted. Indicators of export and retail trade reflect movements in volume terms, i.e., in value at constant prices. Unemployment indicator refers to numbers wholly unemployed, excluding school-leavers. Total unemployment level in February running at an annual rate of 1.4 per cent. † Provisional.*

24 cars in space of 3

Keypark automatic car park needs minimum ground area and no attendant

Here is a complete answer to the problem of parking in cities and wherever space is at a premium—the Keypark Automatic Car Park.

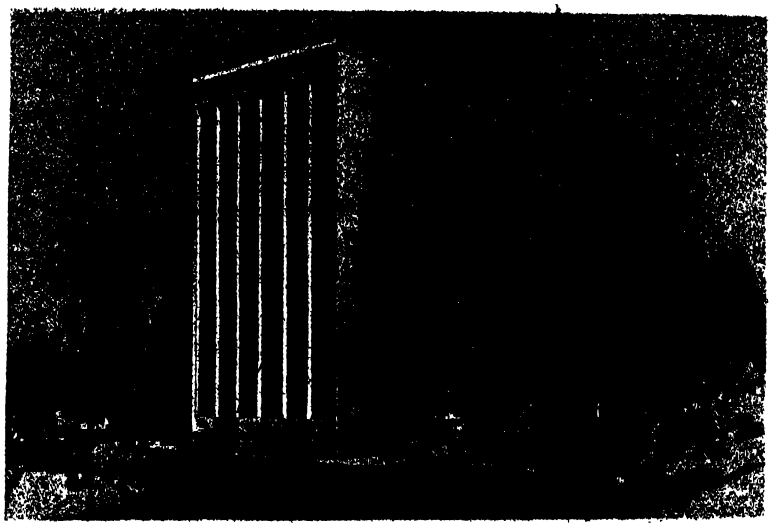
With Keypark, the cars are parked one above the other in a new and ingenious way. It parks 24 cars in the space normally taken by three. It is also completely automatic and needs no attendant. You simply drive your car on to the pallet, go to the control console and insert a coin in the slot. From then on the parking operation proceeds by itself. You take away a key which ensures that no one else can take out your car. When you return you simply insert the key and your car is returned automatically.

Flexible layout

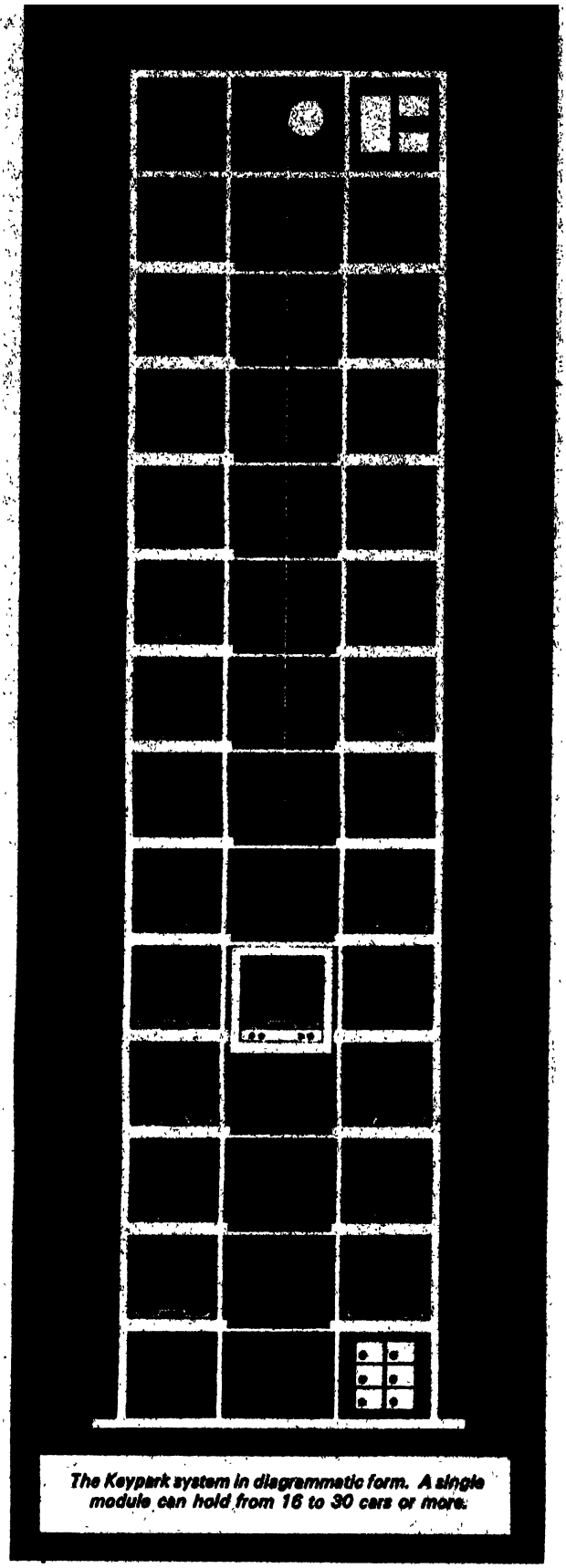
Keypark has prefabricated parts and modular construction. These give it remarkable flexibility in layout. Modules can be built in single units or in groups. Keypark units can be free-standing or built into blocks of flats, offices, hotels, etc.

Send for the illustrated brochure describing this important development to the address below.

Chamberlain Parking Systems have been appointed as U.K. licensees. Applications for licences are invited from companies elsewhere wishing to manufacture and sell Keypark in their own countries.

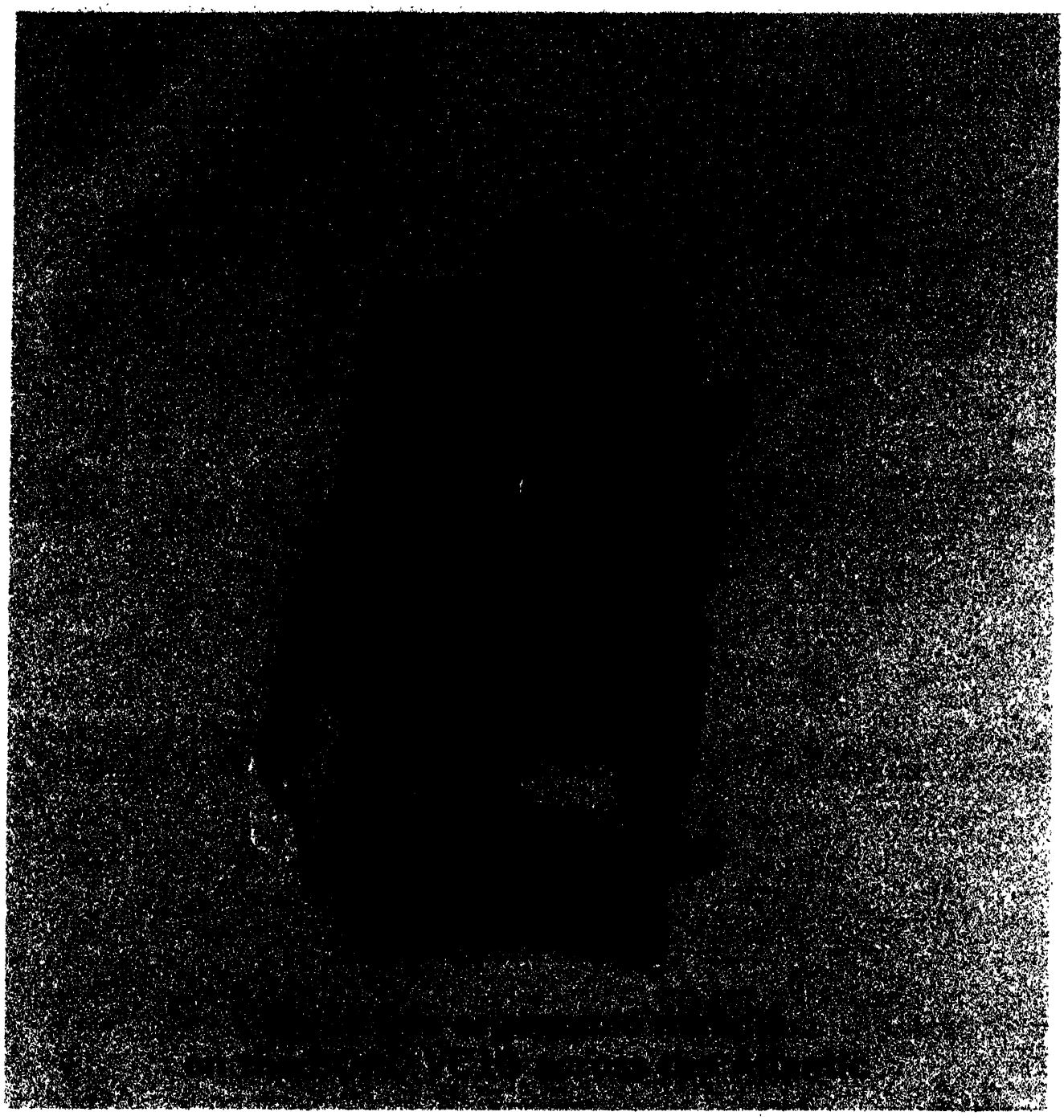


Keypark units may be free-standing or built into other buildings.



The Keypark system in diagrammatic form. A single module can hold from 16 to 30 cars or more.

Keypark Limited City Wall House, Chiswell Street, London, E.C.1. Telephone: MONarch 0157.



It's a seat. And it's the economy seat in the BOAC VC10. *But such a seat!* It took eighteen months to design. Its first, last and most important requirement was sheer, luxurious comfort. And because these superb seats are so cunningly designed, you get more room to stretch your legs. You can enjoy the comfort of this superb Rolls-Royce powered BOAC Super VC10 across the Atlantic from April 1st.

TRIUMPHANTLY SWIFT, SILENT,

VC10

Railways; the Major Operation

Only a third of the capacity of long-distance routes on British Railways is in use today, and capacity is increasing. In 20 years it would be vastly under-used even if trunk rail traffic more than doubled

DR BEECHING's latest and almost final* surgical prescription for British Railways is not specifically a programme of closures—though it is designed to guide the board's most important operation on redundant routes. The 4,500 miles of Britain's trunk routes that have not been selected for development (shown in the map alongside as thin black lines) will not necessarily be closed; some almost certainly will not. But all future investment in the trunk railway system this week's report† suggests should be concentrated on the 3,000 miles of trunk routes shown in red on the map. And so as far as possible should the traffic. (This is rather the same kind of classification as the National Coal Board uses: it is directed towards what one should do to the best part of the system, not towards the rate at which one can get rid of the worst part.

Trunk railway routes display even more prominently than the tangle of local lines the legacy of a fury of competitive mid-nineteenth-century capitalism from which the British economy on balance benefited hugely. But it was a bout of creative destruction that never turned in far enough upon itself. There are still five trunk routes between Manchester and Liverpool, a gridiron crossing the Pennines, three ways to Scotland, three again from the West Midlands to South Wales, two or three along most of the main routes in the Midlands-London industrial belt.

One line often serves several purposes, so just how far it duplicates another is a matter of opinion. But as the Board sees it, there are

700 miles of "quadruplicated" routes;
700 miles of triplicated routes;
3,700 miles of duplicated routes, and only
2,400 miles of single routes with no alternative in the trunk system.

At present, the average loading of the 6,100 miles of two-track routes amounts to about 40 trains a day each way; today these routes could carry 70-100, and given rationalised operation, such as the running of trains at the same speed or in similar "speed bands," they will eventually be able to carry 140-200 trains a day. On four-track routes, once modernised, capacity could safely go up to 350 trains a day in each direction. Duplication means high costs. The railways board thinks that to make rail transport widely competitive, route costs ought to be less than one-third of a penny per ton-mile; the table shows how route costs (excluding interest) in practice vary for different kinds of route at various levels of traffic. The selective development of trunk routes, British Railways hopes, should roughly halve present route costs, which average .26d. per ton-mile for four-track and .57d. for two-track lines.

TODAY, only about a third of the total through route capacity is being used. And the maturing of modernisation projects and rationalised operating methods generally increase route capacity; if the system goes on carrying only today's levels of traffic, under-utilisation, and hence costs, and hence the railway's competitive chances of ever improving the traffic . . . get worse. Maintaining, improving and renewing through routes at present costs around £85 million a year.

How many routes are worth developing depends on how much transport the railways can hope in future to sell. The Railways Board's forecasts, derived from refinement of the enormous market survey-cum-projection that it began for Dr Beeching's original study, are fairly optimistic about trunk traffic. The board believes indeed that rail trunk traffic could grow from about 12,000 million passenger/ton-miles a year today to 24,500 million passenger/ton-miles a year by 1984, more than doubling, while road trunk traffic may grow only 60 per cent. (Total road traffic will grow the faster, but the bulk of its increase, the railways believe, will be on distances under 100 miles.) And the railways believe also that growth in long-distance traffic, over a period while much short-distance rail movement is being abandoned, will be enough to provide an "appreciable increase in overall demand for rail transport over the next 20 years."

HOW ROUTE COSTS RISE WITH UNDER-UTILISATION

Traffic Density passenger/ton miles per annum	Average Route costs per passenger/ton mile on 4 track route (1,400 miles in use today)	2 track route (6,100 miles today)
Million	Pence	Pence
45	·07	...
30	·09	...
20	·13	...
15	·15	...
10	·22	...
8½	·26	...
7½	...	·21
5	...	·30
2½	...	·57

* He has still to put forward proposals for commuter services around the main cities.
† "The Development of the Major Trunk Routes." British Railways. 15s

It is worth noting that the underlying economic postulate of this guideline for planning is a 4 per cent rate of economic growth, the top of the range of growth rates that the Hall committee on Britain's long-term transport needs considered in 1963. The railways' ideas about investment for development are thus being geared to four per cent; electricity's enormous investment programmes already are. A few major programmes in private industry, soon, may be too. This is one positive effect of the consultation about each other's forward plans, with a Ned target inserted into the argument, in which such basic industries, public or private, have to engage. Here is one quite important sector where four per cent planning for investment is beginning to be built into the British economy.

Continued from page 812

normal lag between the placing of an order and the arrival of the goods on British docks really is as long as 3-4 months. However, by the same token the real bite of the surcharge to date has been on home demand, at an annual rate of £200 million—a point that both Lord Cromer and Britain's orthodox critics on the economic policy committee of the OECD may have forgotten in their calculations of how deflationary the government's measures to date have been. And, now that the process of reducing the surcharge is already under way, there is a clear danger that importers will continue to ignore it so that it will remain primarily a deflationary measure rather than an external corrective.

DISCOUNT MARKET

Bad News is Good News

WITH the publication of the trade figures last Friday mid-day the atmosphere in the London money market changed abruptly and unexpectedly. The mirage of an early cut in Bank rate receded; and some quick reshuffling took place. The earlier price rises in the short-dated bond market were a sure sign that preparations for a Bank rate cut were in progress, with buying believed to be coming from the clearing banks as well the discount houses. But those two weeks were not a happy period for the discount houses. The normal seasonal drop in the Treasury bill issue has coincided with an abnormal pressure of competing demand for bills, which always occurs when Bank rate is expected to fall, and the price of bills and bonds to rise accordingly. Meanwhile the Bank of England whipped the houses into line by making them borrow at Bank rate. Thus chastened, the houses lowered their bid last Friday and were rewarded with a quota of only 15 per cent. This was in fact more than the houses had been expecting. The trade figures came just in time to save them from the worst ravages of the official dear, but not tight, money policy.

Meanwhile in another part of Lombard Street the local authority market too responded mildly to the change in outlook, with rates for three month deposits hardening to 7¼ per cent. This is still a full ⅞ per cent above the Treasury bill rate, a higher differential than in the first nine months of last year. There is a school of thought in the City that attributes this widening gap to a growing liquidity and "security" consciousness since the Knowles Foster collapse after the sterling crisis. Not that anybody expects a local authority to default. But unlike a Treasury bill, a local authority depositary receipt or a merchant bank depositary receipt cannot be sold off in the market and cannot be pledged as security at the Bank of England. Once again, so the theory goes, bankers are asking themselves how much this is worth in terms of rate per cent.

INDEPENDENT AIRLINES

What Else Could He Do?

THE future of privately-owned airlines in Britain has embarrassed successive administrations ever since the end of the war. Even when it was creating the nationalised air corporations, the Attlee government could not bring itself to put them out of business; yet in a world of closely regulated air transport, where do they fit? The last government ordered the Air Transport Licensing Board to arbitrate on this purely in terms of transport, and the Board concluded that there was a case for competition between two British airlines, i.e., one of the corporations and an independent, on routes where the traffic was rising fast enough to allow room for the newcomer without taking business from the sitting tenant. It was on this kind of calculation that the ATLB allowed British Eagle to fly, but only once daily, on some key domestic routes to Belfast.

The airlines, including the corporations, have been waiting since the election to learn whether the Labour government would allow this arrangement to continue. The Minister of Aviation said on Wednesday that he would not. Mr Jenkins told the House of Commons that he would honour existing licences, but would not approve any extension of competition from the independents, either by allowing them on to more of the corporation's routes, or by allowing them to step up frequencies on the parallel routes they already had.

This is possibly less unkind than the independents had, in their hearts, expected. It has not prevented the two biggest, British United and British Eagle, from saying that this is a serious blow to their plans for expansion, and British Eagle is withdrawing huffily from the trunk routes on which it has been competing with British European Airways. But, in fairness to Mr Jenkins, it is not at all certain that the Licensing Board would, on its economic criteria, have sanctioned that expansion, either. It had not allowed British Eagle to compete as much with BEA as that airline would have liked, or as much as it needed to do to make a profit. It is the Board, not Mr Jenkins, that restricts British Eagle's flights to one a day.

PERSONAL WEALTH

Who Owns What

IN its latest annual report the Inland Revenue once again has a shot at estimating the British people's wealth. On the basic assumption that the distribution among individuals dying in any year is representative of the whole population, statistics of this kind go back to 1960 with a consistency that gives some backing to its usefulness. In both 1960 and 1963 the wealthiest 1 per cent of adults over 25 years of age owned a third of total wealth and the wealthiest 10 per cent owned nearly three-quarters. But between these two years the total, after deducting debts, had risen from £51 billion to nearly £64 billion.

Forty per cent of all wealth is owned by women (merry widows?): this is distributed with significantly greater inequality than is that owned by men. The wealthiest 5 per cent of men owned half the male wealth whereas the same proportion of women owned two-thirds of their's. Relatively large numbers of women possess little or no wealth because it is in their husband's name; at the same time, the very well-to-do husbands are likely to dispose of some of their property before they die, including making over properties to their wives. The fewer numbers in the higher ranges of wealth give rise to large sampling errors but it seems likely that some 12,000 people (7,000 men and 5,000 women) are worth over £200,000. At the other end of the scale half the people dying in 1963 left measured assets of under £100.

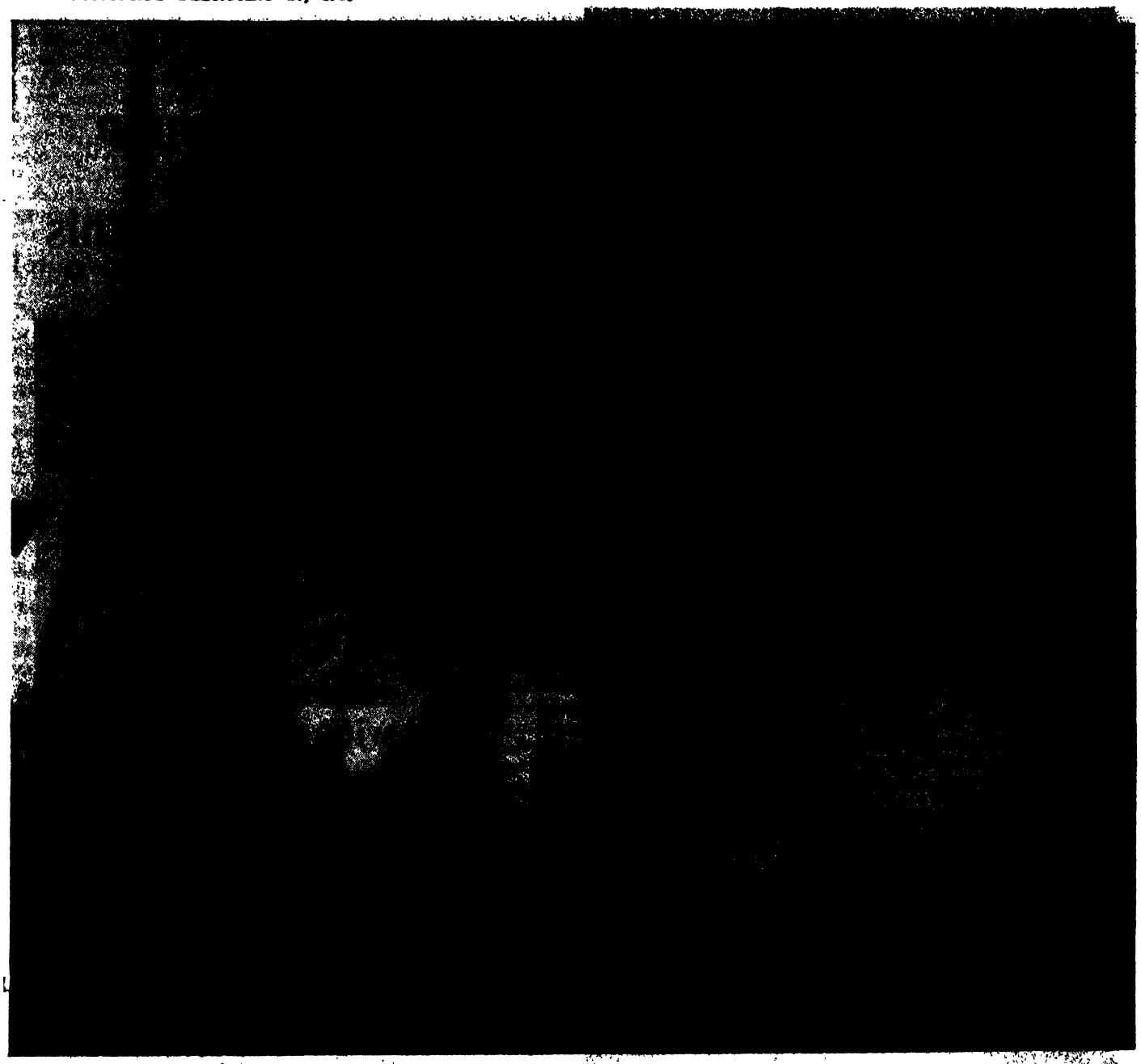
Percentages of male/female population	Percentage of total wealth of sex	
	Male	Female
1	31	38
5	50	66
10		79

LORRY SALES

Specialists at Last

THE Ford Motor Company's reorganisation of its distributing arrangements for lorries is a belated recognition that commercial vehicles are not sold like cars. Of Ford's principal competitors, Leyland has never had this trouble, but the British Motor Corporation and Vauxhall, have both in the course of time winnowed their main distributors in a way that has left some specialising in cars, others in commercial vehicles, and only the largest handling both. Ford has now belatedly followed suit.

This reorganisation prepares the ground for the introduction, in about six weeks time, of a new range of trucks. At the moment, Ford produces a basic range of models of different tonnage, with customers' quirks (and owners of commercial vehicles are infinitely quirkier than car owners) catered for by a separate specialised vehicle division making "one-off" machines. Ford is now going to treat all its lorry customers to tailor-made vehicles. It will build to order from a standard range of components, with no basic models at all. Again, this is a late conversion: BMC already has a reputation for meeting customers' requirements very flexibly, and Leyland, of course, makes on a one-off basis as a matter of course. If Ford is to persuade customers to take these new vehicles, it will have to accept large numbers of second-hand ones in part exchange: so it is introducing a scheme whereby these, whatever their make, will be guaranteed by its dealers, a clear indication of aggressive intent. Nor is the aggression confined to the domestic market. Ford of

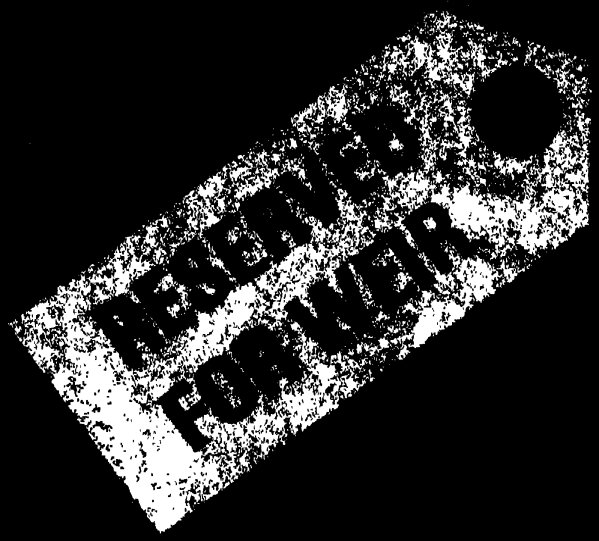


A MAN WITH 100 YEARS EXPERIENCE

This Charles Churchill man combines today's machine tool technology with a century of company know-how. He's no ordinary man, he's a top engineer, a machine tool specialist with world-wide experience. He really knows tools and machining techniques. If you have a production problem he can supply the answer—he's backed by the entire resources of the Charles Churchill Group. The Group covers every aspect of machine tools—design, manufacture, installation, service—supplies machines to Industry throughout the world. Replacements, new projects or complete production lines, Charles Churchill provide the machines for the job—machines that increase production, save time, reduce costs. When it's a question of machine tools . . . call in the man from Charles Churchill

CHARLES CHURCHILL & COMPANY LIMITED

COVENTRY ROAD, SOUTH YARDLEY, BIRMINGHAM 25



This cloud is unusual. It's [illegible] to a stormy gathering [illegible] Kilellan North Loch is [illegible] lots of other [illegible] there it will [illegible] the [illegible] of gallons of water from which [illegible] A. Weir [illegible] paper and boards. The water from the loch is particularly suitable for paper-making and is one of the reasons for the distinctive and sought-after qualities of Weir [illegible]

[illegible] SUBMITTED [illegible]

[illegible] ALL OVER SCOTLAND [illegible]

How else could you equip your office as completely as this for capital, so little?

. . . and with *no capital outlay!*

Leasing from Black Arrow is not merely the only way to equip offices with no capital outlay whatsoever, it is also the *cheapest* way—*cheaper even than outright purchase!*

Existing credit facilities remain undisturbed, and payments are deductible for tax purposes. Its as easy as this . . . get in touch with Black Arrow and

1. *Immediately*, you gain the free advice of experts in office planning and efficiency.
2. You select furniture and equipment—*everything* from carpets to dictaphones—from the ranges of leading manufacturers.
3. *In no time at all*, everything will be decided. All you have to do is sit back and wait to move into your new offices . . . completely equipped and furnished, *ready for immediate use!*

LEASE FROM *BLACK ARROW*
One of the Granada Group

—for more efficient offices at less cost.

Please send me further information, including details of Black Arrow's free design and planning services.

Name

Address

Black Arrow Leasing Limited
Axbell House, Warwick Street, London, W.1. Tel: REGent 1482

Offices also at LIVERPOOL (Head office) Bootle 2237 · GLASGOW Douglas 8871 · MANCHESTER Deansgate 263475/8 · BIRMINGHAM Midland 7216

Britain is at the hub of non-American Ford truck sales: both it and Bedford, with their high-volume and low cost manufacture, have an eye on the European market, which both are now seriously invading. And in Europe, only Fiat and Mercedes-Benz look strong enough to stand up to the Anglo-Saxon attack.

CORNISH TIN

Money-Lined Clouds

CORNWALL is looking increasingly like a serious tin-producing area as more mining companies announce their intention of opening up old and starting new—or just looking for potential—mines. Tin prices shot up by 90 per cent in the fourteen months to October last year and thereafter slid from the peak of £1,715 to the present relatively stable level of about £1,250. (It is only fourteen months since the Tin Council fixed a "ceiling" price for the metal of £1,000; the ceiling is now £1,200.) At these levels, marginal producers are being tempted to expand production. Cornwall can add a decisive advantage: it is not in Malaya. The present situation in Vietnam and the continuing tension between Malaysia and Indonesia make any investment out there look unattractively risky, and it does not look much better in the tin mining areas in Africa either.

A number of mining companies are involved in Cornwall, led by Mr B. W. Newkirk whose Bibis Yukon company has been drilling near Camborne. Having located useful tin values, a new source of cash is being tapped for the necessary further developments, going as far afield as the Patino family (Bolivian tin). The Camborne project is to be run by them in future (in fact by Cornish Tin Smelting, a subsidiary of Consolidated Tin Smelters, itself indirectly controlled by Patino Mining). The

Tin Mining

next stage is a more detailed look underground in the promising areas before making a final decision whether to open up a mine. Other mining companies are having a look around: Union Corporation is looking at tin-bearing sands off St Ives and with Siamese Tin is prospecting also near Camborne; Siamese Tin already has a controlling interest in South Crofty, and other large companies are also prospecting, among them rumoured to be Consolidated Goldfields. At a more modest level, another of Mr Newkirk's companies, Western Helium (soon to be renamed Western Tin Mines), has taken 49 per cent of Tolgarrick Tin, one of the two sizeable tin-streaming businesses in Cornwall.

LIVESTOCK

Limits to the Factory Farm

THE most influential evidence yet given or likely to be given to the Ministry of Agriculture's committee on factory farming came from the British Veterinary Association a few days ago. This type of farming depends on speeding up an animal's normal rate of growth by increasing its food and reducing its exercise. Pigs, calves, chickens and bullocks can all be brought to market significantly sooner, but the question is whether this is cruel. It involves close confinement (to reduce exercise) and an abnormal diet (to accelerate growth). Pending better scientific data on animal psychology, the vets maintain that their only yardstick for cruelty is physical health.

Certain practices they can define as cruel without hesitation; confining veal calves in the dark, for one, keeping stock shut away from each other ("if stock are kept completely by themselves they are easily frightened. If they can see and hear others of their kind they thrive better"); crowding battery hens two and three to a cage "where they can hardly move . . . is most strongly deplored." And making a point that has been less widely reported than these others, the vets are worried about the freedom with which farmers can feed antibiotics to their stock (this puts on weight), and feed merchants can add all kinds of other drugs to feedingstuffs without having to give any indication of what they have done.

These special cases apart, factory farming is in theory likely in the vets' view to be cruel only when the animals have too little space, bad ventilation, wrong type of flooring, or are left in filth. How many factory farmers provide less than the prescribed minima? Some obviously must, for the vets to have obtained evidence that this causes distress or disease. And if these minima become enforced by the Ministry of Agriculture, as obviously they should, they could affect the economics of factory farming. What effect will it have, for example, on the profits of those poultry farmers now housing three hens to a cage if in future they have to reduce this to one? Or if pig producers following the controversial sweating system of fattening were to be obliged to provide better drainage, and better control of temperature and humidity in their sheds than they do now?

And while saving slum regards for dog animals, it is as well to spare a thought for the people who eat them. Animal feeding stuffs have become a big outlet for the drug industry, in antibiotics, tranquillisers, hormones, arsenic-containing compounds—the list of additives is a long one. The vets skate round some of the wider implications; but they do say this most emphatically: that these drugs are a possible danger to the health of the animals concerned, other stock, the attendants or the consumer." Cruelty or no cruelty, the implications of this single sentence need looking into, and fast.

PRICES

Levelling Off?

BUILDING societies started to talk about quota restrictions for buyers in the middle of last summer, and these were applied with increasing severity during the rest of the year as the inflow of funds eased off. Does this explain why the rise in prices of some sorts of houses had begun to level off by the end of 1964? Estate agents report that the resilience of demand for new houses was the most notable feature of the property market during the year, with most of them being sold before a brick was on the site; and the Co-operative Building Society's price index for new houses rose by about 10 per cent in 12 months. It was prices of old houses that received the check; in the second half of last year these rose, on the Co-operative's figures, by little more than 2 per cent.

Much depended on where they were. On top of the ever-present difference between house prices in the north and the south of the country (the average price of the houses mortgaged by the Co-operative in London were double those in the North), changes in commuter fashions produced localised housing booms in villages that were once outside the commuter catchment area. As a result, in Buckinghamshire very ordinary modern houses are now priced at £4,500, a gain of £1,000 or more than 28 per cent, well above the average, in 12 months.

SHORTER NOTE

In our issue of February 6th, in an article on men's magazines, we stated that *King* magazine was a private venture of Mr Raymond Nash, and that Mr Nash as proprietor of the Raymond Revuebar and other ventures was involved in litigation with *Playboy* magazine. The owner of *King* and of the Raymond Revuebar Club is in fact Mr Paul Raymond, and we apologise for any inconvenience that our confusion of names may have caused to Mr Nash or to Mr Raymond. We are also asked to state by Mr Raymond that neither he personally nor *King* magazine is involved in litigation of any type whatsoever with *Playboy*; nor, of course, is Mr Nash.

BUSINESS INVESTMENT

COMPANY PROFITS

Margins, Margins, Margins

A GROUP of preliminary figures announced this week all carry the same theme: British companies (or some of them) have realised that it is growth in profits on sales, not the sales themselves, which matters. All have been helped by working nearer capacity than the year before. This boost will not be repeated to the same degree in the coming year; but many British companies have achieved a lasting improvement in efficiency.

Monsanto, however, is not the lowest-cost producer for any of its chemical products. It has benefited from capacity working but is so highly geared that it will be hit as badly by the next down-turn in chemicals as it has been by past ones.

Hoover, a company in an even more cyclical field is better placed. Last year's rise in profits was unimpressive partly at least because of a reorganisation of service methods: until recently Hoover maintained a large staff of service engineers as well as having retailers to sell its products. This wasteful duplication has now been eliminated (a Bloom effect?) and 1,000 engineers sacked. But the process (which has ended very happily with many of the engineers becoming Hoover dealers) has cost £375,000 which made the third quarter's figures look very bad. For the future Hoover looks well-placed with one of the best automatic washing machines, something over £200,000 to come in tax rebates on its exports—and a streamlined marketing organisation.

The most spectacular results from a major company for the year come from **Pressed Steel**, whose future prospects have also been helped by a major piece of rationalisation. The winding-up of the domestic refrigeration division which had caused £8 million (yes eight million pounds) in losses over five years is now almost complete: the commercial refrigeration market is buoyant. Pressed Steel is now beginning to see some result (and some government money) on its Beagle light aircraft—and vitally, there is little sign of any downturn in car production. The statement giving these facts is not a preliminary profit announcement, but a very sensible attempt by the company to give some sort of figures as early as possible to avoid a stock-market build-up of anticipatory steam. For once, the steam came after the results, in the form of a 5s rise in the share price.

Steetley is a company so closely tied to the steel industry that its profits for the year were bound to be good; some analysts have been worried that changes to oxygen steel-making would hurt its sales of magnesite refractories. But Steetley was diversifying well before the analysts started to worry; all these new processes involve such high temperatures that the cost of refractory reinforcement is increased; and the high-usage of furnaces in the last year has worn their linings to an unprecedented extent.

Prestige, with its household appliances bitterly defended against possible retail price cutters, ought to be doubly vulnerable: to the end of RPM and to any slump in domestic appliance sales. But it may not be. The company's products have a good enough name positively to benefit from price-cutting and thus to increase their share of the market in any price war. American control has not—in this case—prevented reasonable generosity to the shareholders, who are also to get a one-for-two scrip issue.

In any consideration of company revolutions, **Imperial Chemical Industries** must be in the forefront. Not that there was anything unexpected in Thursday's results: they were in line with earlier prophecies—in itself impressive enough. Nor is the revolution over: ICI's modernisation of its manufacturing facilities should be yielding results for some years yet.

Thursday's better showing in the stock market was also helped by some fine results from **English Electric**, which topped its dividend forecast by two points.

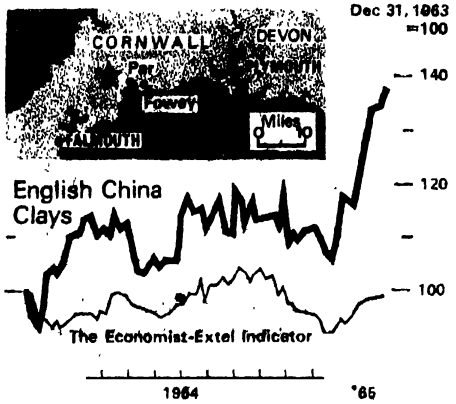
ENGLISH CHINA CLAYS

The Wrong Kind of Expansion?

As chairman of John Brown, Lord Aberconway does not give his shareholders a profits or sales split: as chairman of English China Clays he tells all. And a very splendid all it is. Taking advantage of one of this country's few internationally competitive mineral assets, the group sells 73% of its production of china clay abroad, mostly to the paper industry, but also for legitimate ceramic purposes: and unlike most other exporting industries it does not suffer from delays at the docks, with ports for coasters at Par and with Fowey a few miles from the pits taking ships up to 21,000 tons.

Profits for 1963-64 rose sharply not only because of natural growth—the previous winter had been Cornwall's worst for a very long time and upset production (and consequently profit margins) very badly. So trading profits leapt 27% to £7.5 million, and the net by much the same to virtually £3 million. Allowing for last year's one-for-two scrip issue the dividend is effectively raised from 7½% to 9%, and the cover is slightly improved at 2½ times.

The company is a very heavy user of fuel oil for its drying plant and consequently qualifies for the maximum 3¼% profits tax rebate on its exports. On last year's figures this ought to add at least £425,000 to profits on china clay alone. The breakdown of sales and profits from each division, given for the first time this year, also reveals the extent and temporary unprofitability of ECC's diversification away from its basic products. The clays division accounts for only three-fifths—£18 million out of a total of £31 million of sales but five-sevenths of profits. On the other side the building division with one-sixth of total sales gave under one-fiftieth of profits. This has been the price of rapid expansion by buying suitable land for home building and by developing its own system of industrialised building. If, as they probably will this year, these activities start to yield the 12-15% return on sales ECC gets from its other non-china clay activities, profits from this side alone could rise by £500,000 or more. Nor is the market for china clay abroad so desperately competitive



	Trading profit Previous £mn	Trading profit Latest £mn	Per centage increase in profit	Dividend for year Previous %	Dividend for year Latest %	Price	Dividend yield
Prestige	1·9	2·4	26·3	25	30	50/3	3·0
Steetley	2·7	3·0	11·1	15	19	23/–	4·1
Monsanto	4·0	4·4	15·2	12½	13¾	14/7½	4·7
Hoover	7·5	8·0	6·7	55	60	47/9	6·3
Pressed Steel	1·4	7·4	525·0	20	35	24/3	7·2
ICI	85·0	108·0	26·3	10	12½	47/9	5·2
English Electric	16·1	19·5	21·1	10	12	49/9	5·0

ALITALIA

Let yourself go!

Get carried away to the Americas or Far-East, Or Africa, Middle East, Holy Land. Or other destinations. Alitalia Winged Arrow Holidays are all-inclusive holidays. You book exclusively through your TRAVEL AGENT. Then you go exclusively—with Alitalia. Stay awhile—in style, with all arrangements laid on. Look at these tempting samples for instance.
10 days in the U.S.A.—£155.5.0d. 17 days in Japan—£674.0.0d. Tours to Africa—15 days in Egypt from £137.6.0d. or 17 days in East Africa for £314.0.0d. 10 days in the Holy Land for £128.2.0d. Get sent! Post off the coupon below for the Winged Arrow Holidays brochure.

A map of the world is also a picture of Alitalia's operating area. Alitalia calls at eighty-two cities in forty-seven countries. That's internationalism. Alitalia is the airline of today. Born only 18 years ago, now the sixth largest in the world, with an international network created for one reason. To serve you.

Your travel agent knows Alitalia. So if you're flying, go and see him. Or call at the Alitalia offices in London, Birmingham, Manchester, Glasgow or Dublin.

AIRLINES

THOUSANDS OF EXPERTS AT YOUR SERVICE

To: Alitalia Airlines,
251, Regent Street, London W.1.

Please send me your brochure "Winged Arrow Holidays"

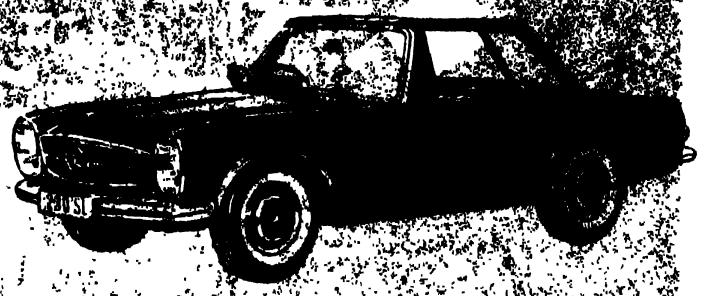
Name

Address

IMPORTANT

IF YOU NORMALLY [illegible]

CALLED YOUR NEW MERCEDES TAX & DUTY FREE IN LONDON



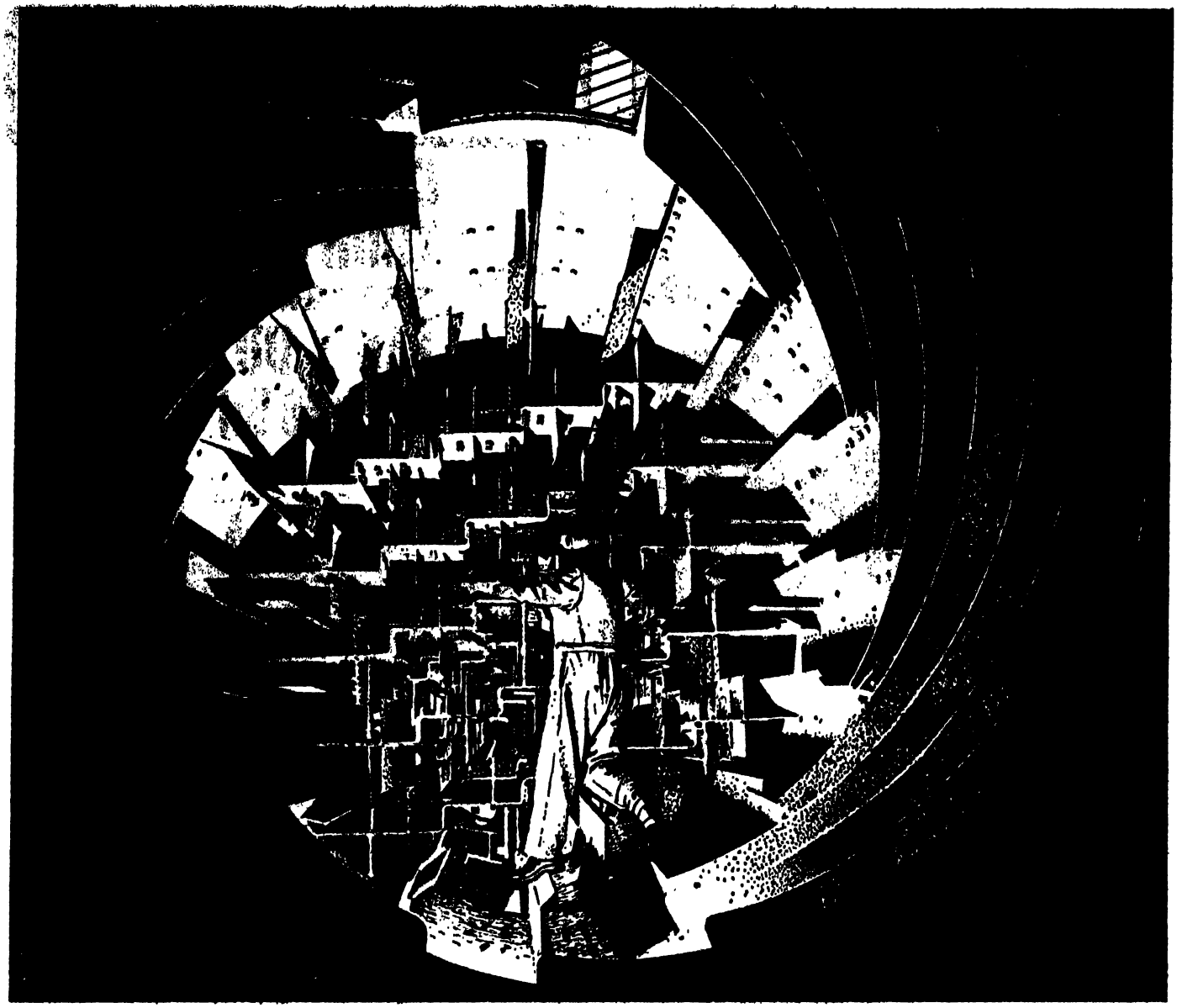
Make a date now to see and test drive a Mercedes-Benz when you're in London. All Mercedes models, whatever the price, have the same built-in precision engineering, the same astonishing road holding, smoothness. And all share in the Mercedes reputation for perfect motoring.
Either right or left hand drive can be supplied and you pay no tax provided your stay does not exceed one year. Most models are in stock, but if not, delivery is 4 to 6 weeks from the time of giving a firm order.
Full details of the scheme and the Mercedes range are available from the Export Manager at Mercedes' London address.

Some typical London prices:—

Prices	Ex-Factory	Delivered London
190 Saloon	£954 19 1	£1,012 15 1
220 Saloon	£1 095 9 11	£1,153.5 11
220 SE Saloon	£1,391 18. 0	£1,449.14 0
220 SE Convertible	£2,297 6 0	£2,355.2 0
230 SL Coupe/Convertible	£1,994 19. 0	£2,013.15 0

Automatic transmission (all models) costs £126 extra, power steering around £47 extra, and tropical kit 'A' (including M-tex upholstery) £18 extra. Right or left hand drive.

MERCEDES-BENZ (Great Britain) Ltd.,
Avenfield House, 127 Park Lane, London, W.1.
Tel: MAYfair 5578.



MASSIVE
EXPERIENCE

A web of metal to span a river, or a giant casting for an underwater cutter; a complete blast furnace installation or the steel lining for an underground tunnel . . . from every part of Britain and the world come challenging projects like these that call on Head Wrightson's massive experience — and also enhance it. Head Wrightson is a group of specialist companies, each serving customers in its own field of contracting or manufacturing, each an essential element in an engineering organisation of unusual diversity. With the imaginative results of large-scale research and development to benefit every one of its activities, Head Wrightson is ready for tomorrow's problems.

IN UNUSUAL PROJECTS

engineering for world industry

Head Wrightson

that ECC will find further export expansion either impossible or unprofitable: so far no orders have been lost through the 15% surcharge, but there is, as usual, pressure from the Scandinavians to reduce prices by the amount of the tax rebate. The market has clearly recognised that this is one "building" share which is participating in the boom without being as subject to pressure on margins as some other companies in this sector, and the shares at 24s. 4½d., give only 3.0% on dividend. But the 7¾% yield on earnings is slightly more than the average for building shares.

One major mystery remains: ECC's hunger for cash. It has net cash of over £1 million, a cash flow of £3.5 million, and apparent capital commitments of only £1.25 million. Yet—at this time of high interest rates—it is to raise a £3 million debenture. While this will help the present inadequate gearing shareholders will wonder whether all the money is to be used on further expansion of the building side before it has proved its profitability. Until this mystery is cleared up the shares at their present peak look slightly vulnerable.

ALBRIGHT AND WILSON

Chemical Imperialism

LAST week, with little attendant fuss, Allbright and Wilson bid £9½ million for Associated Chemical Companies. The bid, made up of ⅓ of an Albright and Wilson share plus 6d. cash for each ACC, prices these shares at 17s. 9d. compared with 13s. 6d. when the bid was made. The offer, which ACC's directors have approved, will add a fifth to Albright's issued share capital and will moderately improve the earnings yield. The 6d. cash is presumably thrown in to pacify ACC shareholders who might object to moving from a 5¼% dividend yield to 4½%. But they have little else to object to: ACC's record over recent years has not been exciting; profits have still to return to the 1960 peak and equity earnings have fallen by nearly 40% in the last three years.

This takeover marks a quite startling departure in Albright and Wilson's own pattern of growth. In the past, Albright followed a policy of concentration on important, speciality markets. It is a monopoly producer of phosphorus chemicals (mainly those used in detergents); it is the largest European producer of silicones; it has found its way (via Boake Roberts) into a dominant position in perfumery and flavouring chemicals. But the double-edged virtue of this pattern of operation is the limitation of the markets, since they do not offer growth prospects to tempt others to challenge Albright's dominance. ACC too has its specialities, chrome, sulphur chemicals and fertilisers, which accounts for a quarter of the company's profits although they are hardly a speciality. These specialised fields could provide some justification for Albright's takeover; but this is unlikely to have been decisive.

What is more likely is that Albright, facing the need to live in the modern chemical world, is quite simply expanding. There is plenty of room for rationalisation of the companies' operations, but it may be seeking sheer size. Chemicals must nowadays compete in any market with the most efficient units of production almost anywhere in the world. Individual investment steps are becoming larger, and so beyond the resources of a small company. Large laboratories for effective research and development can be run only out of large turnovers . . . and so on. These are the arguments that Harry McGowan used when forging the parts of Imperial Chemical Industries together in the twenties, and if they do lie behind Albright's bid, ACC is unlikely to be only expansionist bid that Albright will make. This leads one to speculation about where it will look next. An obvious, if much bigger, candidate would be Laporte Industries. Its shares now stand at a depressed 17s. 10½d. yielding 6.4%, against a break-up value, with assets in at cost, of over 19s. (Laporte's large investment in titanium dioxide, the white pigment used in paints, which is in over-supply at the moment, would be a short-term bearish factor in the sum.) At the present price, Laporte would cost Albright £28.6 million—on a dearish 7.7% earnings yield—although the company's cash resources would knock it down to a net £25 million. This would be nearer an Imperial scale of expansion and Albright can hardly stand still after absorbing ACC.

WALL PAPER MANUFACTURERS

Round Two

COURTAULDS and Reed Paper must have been somewhat aggrieved that their generous offer for WPM should have been deflected. WPM's shareholders should be even more so. For a bid that puts a 25% premium on the market valuation deserves more than a tactical block. If the company's directors have real grounds for believing that it undervalues the company or that they can do better for the shareholders than Reeds and Courtaulds, they should publish them. Otherwise they arouse suspicions that they are more concerned for their own jobs

The Paper Chase

February 10. Shares of Wall Paper Manufacturers gained 1s. 1½d. to 21s. 3d Courtaulds and Reed make joint offer of approximately 25s. in shares and cash. Discussions with WPM had resulted in "broad agreement on commercial grounds."

February 11. The package deal announced. For every 100 WPM shares 43 Courtaulds (at 21s. 3d. worth £46) 17 Reed (at 56s. worth £48) and £31 cash equivalent to 24s. 7½d. for each WPM share. Forecast of pre-tax profits of £34 million from Courtaulds and £13 million from Reed.

February 12. The WPM directors regard the proposal as "fully unacceptable" having noted the profits forecast of those companies (Courtaulds and Reed) and related them to the profit and dividend potentialities of WPM and having considered other relevant circumstances.

The bidders announce that the WPM statement "has come as a surprise" and that they feel sure that "further reflection on the part of WPM will reaffirm the merits of the proposed merger."

February 15. Mr Douglas Jay, President of the Board of Trade said that "he was considering the joint takeover bid . . . but at present the government has no statutory power to intervene or arrange for it to be examined by any statutory body."

February 16. WPM directors announce that in consultation with their advisers (Morgan Grenfell) they are preparing a statement to shareholders dealing with future profits, dividends for 1965 and 1966, the value of assets and management plans. But this statement will not be published until the bidders have sent a formal offer or have withdrawn.

February 17. The bidders reply that when WPM has given its reasons for rejecting the bid, they will decide whether or not to proceed with their offer.

February 18. WPM shares close at 24s.

KEY INDICATORS

MOVEMENTS ON THE WORLD BOURSES

LONDON
Share prices helped by good company results.

NEW YORK
Vietnam jitters.

GERMANY
Buyers remain on sidelines.

	INDICES		Percentage change from		
	Feb. 10 †	Feb. 17 †	A week ago	A month ago	Twelve months ago
London	403·3	405·1	+0·4	+4·6	+5·1
New York	892·9	882·9	−1·1	−1·4	+10·9
France	93·5	91·7	−1·9	−7·1	−11·3
Germany	102·6	100·5	−2·0	−2·7	−4·6
Holland	364·2	364·9	+0·2	+0·6	+6·1
Canada	167·8	165·5	−1·4	+0·1	+22·4
Australia	350·0	345·0	−1·4	−4·1	−8·0
Japan	1,248·6	1,239·1	+0·8	−2·6	−3·2

* For Bases and Stock Prices and Yields, see pages 844 and 845.
† London, February 11th and 18th.

than, what should be their primary responsibility, the shareholders' best interests. There is no important distinction as far as the terms of the bid are concerned between the informal and the formal offer; the only distinction is that a bid becomes a battle. Clearly the WPM directors are banking on the Courtaulds chairman's public unwillingness to fight: "Marriage, Not Rape" is Mr Kearton's motto. Perhaps too they are hoping for the sort of public support Courtaulds had in its battle with ICI. They should remember that there are less favourable omens to be found in the entrails of that bid.

In this, though, the bidders too are being unrealistic. If they really do not want a fight—on the excellent grounds that residual resentments in the management could make the bought-over company difficult to run—they had better withdraw now. But they have no intention of doing so. Instead, they are hoping that the larger and more articulate shareholders will be asking some very pointed questions of the WPM directors. And WPM's shareholders are larger and more articulate than most: over half of the equity is held by institutions who will demand something more substantial than promises from the directors.

PROFITS FROM SHIPPING

Blue Funnel to Blue Chip?

THE Ocean Steam Ship Company which owns the Blue Funnel and Glen Line fleets of cargo ships, is asking for a quotation on the stock exchange after 60 years as a private concern. In that time the market value of the shares on the basis of private dealings has apparently increased from some £425,000 to around £30 million. It has 54 Blue Funnel and 13 Glen Line ships. In the past the management has achieved its dominant position in the Far Eastern Conference by being far sighted enough to build consistently faster ships with better cargo handling equipment than most of their British competitors (including P&O) and many of their foreign ones. But profits in the next decade will depend as much on the company's management of money as on its operational know-how. Ocean Steam has on order 8 new fast cargo ships the first of which is due to come into service next year, but it is not yet known whether they are to be financed internally or with money raised on the market. This question should be answered in the full issue prospectus due next month, but another question which cannot be answered so easily is whether the Hull insurance policy of Ocean Steam is wise. This company has traditionally carried a very large percentage of its own hull insurance, preferring to build stronger and more expensive ships than almost anyone else, run those ships more carefully (all charts for Blue Funnel ships have courses inked in by the office staff) and then take the subsequent highly increased risk of damage to the fleet. This might be sound policy if it does not tie up resources that could be put to better use. And the wisdom of building heavy, expensive ships, likely to last some 25 years at a time when the period for writing off a ship is decreasing to 15, or even 10 years or less—is one that future shareholders in Blue Funnel might have to ponder. But there is a good chance that Ocean Steam shares will join P&O and Anglo-Norness as the blue chips. The £1 shares are now said to be valued at around 50s., at which the yield on the 10½% dividend paid in 1963 would be only about 4.2% (not allowing for a 5% Capital distribution). On the latest figures the dividend looks to be covered twice even in the unlikely event of a full tax charge.

Tax Pressure on P & O?

SIR DONALD ANDERSON was wise to play down Peninsular & Orient's increase in profits this year from £4.2 million to £7.3 million. Net profits rose only from £5.8 million to £6.2 million as P&O exhausted its tax-loss credits. And from an investment point of view the return on the £211 million capital employed is still only 3.46% before tax. This compares with a general British industrial average return of 13.5% before tax. With figures of this kind it is not surprising that P&O is deeply concerned about the impact of the new corporation tax on its investment allowances; in the past these allowances and tax relief on part losses have often effectively provided the dividend for this and other shipping companies. Sir Donald even went as far as to say that unless the present investment allowance concessions are maintained, the slow throttling of the British shipping industry is bound to begin. If past performance is anything to go by, there is a good chance that the shipping industry will get some kind of favourable treatment. This would be a pity if it prevented the industry from thinking seriously about the return to be expected from any new investment.

P&O badly needs some new fast ships to face the competition in its Far Eastern cargo liner trades, and will probably be ordering four vessels shortly. And what kind of return is it hoping to get on them? Meanwhile the £1 shares at 30s. 9d. yield 6.5% on the forecast 10% dividend.

HARVEYS OF BRISTOL

Off-Licence Sale

WHY has Harveys of Bristol sold its off-licence subsidiary, Bristol Vintners, to Allied Breweries? The terms of the sale are £1.25 million cash (depending on asset value) and the date of payment is March 27th. These facts suggest that one reason for the sale is the need for cash. Last year's balance-sheet showed net overdrafts and short-term loans up from £301,510 to £851,214 and stocks are growing fast—at around £1 million a year for the past two years. The accounting year ends on March 31st and this sale four days earlier will allow a high cash figure to be shown in the balance-sheet. But a public company does not sell a thriving subsidiary just to repay overdrafts; it is easy to fund the debt or make a rights issue at the first good opportunity. Harveys has probably found the management of a chain of off-licences difficult and prefers to concentrate on its original business of shipping the wine and spirits. One of the conditions of the sale is that Allied will provide an outlet for Harveys' Bristol Cream sherry, Cockburn's port and Stewart's Scotch. Harveys still retains retail interests: these will probably concentrate on the traditional higher-class trade which is well established and tends to grow as new wine drinkers move from the cheap mass-produced wine to the more expensive types.

BEATLEMANIA IN THE CITY

How Sound?

THE music written by John Lennon and Paul McCartney, 50% of the Beatles, is probably not a hit with those who write City columns. This may explain the pompous attitude shown in certain quarters towards this week's offer for sale of Northern Songs, which has as its sole asset the copyright of 56 songs already written by John and Paul plus the contract for at least six more songs a year for the next eight years. The Stock Exchange has been criticised for granting a quotation to a company whose profit record goes back only to April, 1963. Normally the Stock Exchange asks for a ten-year profit record; existing company law requires a prospectus to show a five-year profits record or less if the company has been incorporated more recently—as this one has.

It seems clear in this case that the Stock Exchange was influenced by the size of the company measured in terms of profits. These come from royalties on records and tape recordings, fees from Performing Rights Societies, profits or commissions on sales of sheet music and other rights, and split into half years they read £17,294, £33,464,

"Hey, Dad! Bring me anything from Tokyo?"

"Dad" is flight captain on one of Lufthansa's Boeing Jets. He has just landed back in Frankfurt after 14 days' flying the Lufthansa Polar Route. Not flying all the time, of course! He never flies the entire distance in one stretch — flying time alternates with prescribed resting periods.

First Frankfurt — Anchorage; then a 3-day break. On to Tokyo — four days there. Anchorage again for another 3-day rest break, and home to Frankfurt.

Now he'll enjoy a few relaxing days with his family. And then? Maybe New York. Or Johannesburg. And in a month or two, he'll make the big jump over the Pole again.

Though Frankfurt is really his home, like all Lufthansa flight captains, he is at home everywhere. Years of experience have made flying these routes nearly second nature. All well known, old acquaintances. They have taken off and landed at the world's airports again and again.

Is it any wonder so many experienced passengers always fly Lufthansa?

Lufthansa — at home all over the world

Lufthansa

BANK MEETINGS

Come into the Parlour . . .

A year ago a correspondent took a look at the meetings of the steel companies and was not too impressed. This year he has stepped warily into the bank parlours, seen some of the same faces across the board table, and found the bank annual meetings much jollier affairs, reviving memories of past school speech days.

One [illegible] has been the good attendance at the meetings. But what was noticeable was the number of staff and ex-staff attending the meetings as shareholders. And only in the Barclays meeting (head in the afternoon) were women shareholders present in fairly large numbers. This may explain why this meeting was the most amiable of the four. [illegible] said.

[illegible] new piece of information to give shareholders—that Barclays had applied for permission to open a bank in California, a joint promotion with Barclays DCO which will be the sister shareholder. There were just two questions, and one asked similar questions at the Westminster meeting. Mr Thomson was not very forthcoming on the subject of corporation tax and its impact on bank retentions; but on interim statements he said that a statement of trend was under "active consideration," although he suggested that "a year is a short time in a bank." The other questioner wondered why Mr Thomson's statement was separated from the report and why the two documents came together in a sealed envelope costing 9d. postage against the cost of only 5d. in an unsealed envelope. Mr Thomson replied that some shareholders might like to slip his statement into their pockets to read on a train journey; and that there was the feeling that second class mail would only "come along at any old time." The Post Office is not popular with bank chairmen at the moment: several of them in their statements expressed their vigorous opposition to the introduction of a postal giro system here.

Questions about bank robberies came up at several of the meetings, and Mr Thomson's reply no doubt whetted the appetite of the crime fiction addicts among shareholders that "the robbers would welcome the banks' being more forthcoming in their plans to frustrate them." In all the meetings the non-business side of the meeting followed the same pattern—with a speech of thanks to the staff from a director, seconded from the floor and replied to by a general manager. And then a vote of thanks to the chairman. The sharp rise in staff and particularly in the proportion of women employed and the computer were favourite topics in these speeches. Barclays, with women outnumbering men both as employees and as shareholders, appropriately had a woman shareholder to propose the vote of thanks to Mr Thomson—none other than Miss Harding—"madam manager" of the Hanover Square branch.

It was unfortunate that the Midland and Lloyds meetings clashed (surely a case for prior consultation when the dates are arranged). Your correspondent chose the Midland, with Sir Archibald Forbes taking the chair for the first time. One comment heard at the end of the meeting was "not much fun." But all there, including a noticeable number of pensioners, seemed to think it worthwhile. In answer to a question Sir Archibald said that the auditors were aware of the size of the bank's unpublished reserves. Indeed they could not possibly audit the accounts if they were not. Unlike the other banks the Midland did have individual resolutions for the re-election of the directors who, he said, were all well known to shareholders. If they were not, nothing was done to identify them.

At the Lloyds meeting, it seems, one shareholder asked various questions which were rightly deemed "irrelevant"—not an unknown failing perhaps in some statements from bank chairmen.

The Westminster meeting lasted longer than the others, some 50 minutes, and the chairman, Mr Duncan Stirling, apologised at the end for keeping shareholders so long. Mr Stirling clarified the strictures in his statement on hot money, which had not gone down well with municipal treasurers. But a large part of the meeting was devoted to a stinging attack on non-disclosure in the bank's accounts by a shareholder whose voice had evidently been heard at past meetings. His speech included some sharp criticisms of current practice from the earlier writings of Mr Douglas Jay; it remains to be seen whether these are now implemented at the Board of Trade. One pertinent point made by this shareholder, with a relevance far beyond the bank meetings, is that statements published by companies after meetings are almost always confined to the chairman's statement (usually already published with the report) and no mention is made of any questions (and replies) and comments made by shareholders. This point was taken up and in the statement published by the Westminster next morning the comments of the shareholder were mentioned briefly. All credit to the bank. The shareholder's voice is not quite stilled.

£238,534 and a forecast £311,466. Such has been the rise to fame and fortune of these four long-haired young men singing primarily the songs composed by two of the team. No [illegible] Northern Songs has insured the [illegible] and Paul for £500,000 [illegible] have a 15% stake in the [illegible] issue worth [illegible] 000.

[illegible] pre-tax [illegible] are forecast [illegible] dividend of [illegible] with [illegible] with [illegible] And at the [illegible] shares offer a pro[illegible] and an earnings yield [illegible]

Such [illegible] underline the fact that this issue is a spe[illegible] the company's future success rests [illegible] entirely on the Beatles' kind of music continuing to attract the notoriously fickle pop music public both here and, still more important, overseas: out of 1,920 records so far released of Lennon-McCarthy compositions only 200 were issued in this country and Ireland. Much has also been made of the forecast in the prospectus (much franker than some that come to hand) that profits in 1965-66 will fall to £400,000 on the basis of existing compositions. But this takes no account of future compositions, which almost certainly will include those from the Beatles' second film, on which work is soon beginning. This is not mentioned in the prospectus, which almost seems to go out of its way to play down the prospects.

With the welter of publicity that surrounds anything to do with the Beatles, whether it be marriage, driving tests or writing poetry, the oversubscription, announced by the brokers to the issue, Solomon & Co., was a foregone conclusion. There are a good many less attractive shares about than Northern Songs at around the issue price. This is one share that is likely to bring in no little demand from overseas and particularly from the United States speculators whose fancies might well be caught by this issue in the same way as high flyers like Syntex, Polaroid and Xerox in the past. But fears of a speculative orgy may prove to have been groundless.

UNIT TRUSTS

Export Attractions

BRITAIN'S export performance is nothing to write home about, but the unit trust movement is obviously hopeful. Following close on London Wall Group's offer of 2 million units in its Export Priority Units (subscriptions totalled 2.4 million) Hodge Unit Trust Managers are now offering 1 million units at 5s. in their Export Industries Trust. Lists close on March 2nd. The initial yield is high—and at first sight a little mysterious. The average yield of the 50 shares listed as the basis of the port-

folio is 5% and to achieve the 6½% quoted in the prospectus the managers will have to weight the portfolio heavily with high yielders. There is nothing wrong with this policy and the Trust deed allows up to 5% of the portfolio to be invested in any one company, as the small print on the prospectus reveals. But if the idea is to concentrate on high-yielding shares, and not to spread the portfolio evenly, surely the prospectus should have shown this in big and bold type. The investment list includes some very good "export" shares, like Leyland Motors and Aveling Barford, and the offer will probably be fully subscribed.

AUSTIN REED

Made to Measure Dividends

It is nice that some companies should trouble themselves about the tax position of their shareholders. Rael Brook is one of these companies. Last year shareholders were offered the choice of an ordinary revenue dividend or a capital distribution equal in value to the net dividend. Now Austin Reed is to do the same. The point is that the surtax paying shareholder, if he is awake, will opt for the distribution which is not then liable to surtax in his hands; other shareholders will take the revenue dividend. This ingenious piece of tax avoidance is one that ought to merit some attention from the Chancellor, who in the past has shown great concern over leakages of tax, real and apparent. The necessary piece of legislation would be simple: wherever a company offers its shareholders the choice of a revenue or capital dividend, the capital dividend should be grossed up and assessed to surtax as though it were a revenue dividend.

APPOINTMENTS for further announcements see pages 835, 836, 837, 838 and 839

SURREY EDUCATION COMMITTEE

GUILDFORD COUNTY TECHNICAL COLLEGE, STOKE PARK, GUILDFORD

DEPARTMENT OF COMMERCE AND GENERAL EDUCATION

Required for September 1, 1965:

LECTURER IN BUSINESS STUDIES (with special reference to MARKETING). Candidates should be qualified to teach Marketing to Final year students of the Higher National Diploma in Business Studies and to develop the teaching of Marketing and allied subjects in the Department. Practical experience of marketing techniques would be a recommendation. The person appointed will be required to assist with the teaching of other Business Studies subjects at Ordinary or Higher level.

Applicants should be graduates or possess appropriate Final professional qualifications.

Salary: Burnham Technical Scale, Lecturer, £1,670 to £1,895 per annum.

Further particulars and application forms obtainable from Principal on receipt of s.a.e. Completed forms to be returned within fourteen days of the date of advertisement

UNIVERSITY OF OXFORD

BRASENOSE COLLEGE AND NEW COLLEGE

OFFICIAL FELLOWSHIP IN ECONOMICS AT BRASENOSE COLLEGE AND LECTURESHIP AT NEW COLLEGE

The Colleges propose, if a suitable candidate presents himself, to elect a Fellow in Economics at Brasenose College who will also be a Lecturer at New College. He should be prepared to take up his duties on October 1, 1965.

Applications should reach the Principal, Brasenose College (from whom further particulars may be obtained), if possible by February 20, 1965, and in any case not later than February 27th, accompanied by a statement of the candidate's career and qualifications and the names of three referees.

UNIVERSITY COLLEGE OF WALES

ABERYSTWYTH

Applications are invited for three new posts at LECTURER or ASSISTANT LECTURER level in the newly instituted FACULTY of ECONOMICS and SOCIAL STUDIES. These posts are consequent upon the development of an integrated degree scheme in the social sciences, and the successful applicants will be expected to take up their duties on October 1, 1965.

Salaries will be according to qualifications and experience within the following scales:

Lecturer £1,400 x £85 — £2,505
Assistant Lecturer £1,050 x £75 — £1,200

I. LECTURER or ASSISTANT LECTURER IN ACCOUNTANCY

The person appointed will be responsible for initiating teaching and research in Accountancy for a degree scheme involving Economics, Accountancy and Law which has been approved by the Joint Standing Committee of the Universities and the Accountancy Profession.

II. LECTURER or ASSISTANT LECTURER IN ECONOMICS OR MATHEMATICAL ECONOMICS

III. LECTURER or ASSISTANT LECTURER IN SOCIOLOGY

The person appointed will be responsible for initiating teaching and research in Sociology. Degree schemes involving teaching to honours level have already been approved.

Further particulars and forms of application are obtainable from the Registrar, to whom application forms, together with the names of two referees, should be returned not later than March 1, 1965. Applications for a post at Assistant Lecturer level will be considered from applicants graduating in the current session.

THE MANCHESTER BUSINESS SCHOOL

The Council of the Manchester Business School proposes shortly to make staff appointments.

Teaching and research activities will start next October. It is expected that by 1972 the Business School will admit 200 "post-graduate" and 200 "post-experience" students a year, and employ 10 Professors and 45 Lecturers and Research Fellows. Appointments may be on a full-time or part-time basis. Full-time members of staff will be given opportunities to engage in consulting work in industry.

In 1965-66 it is hoped to appoint five Professors and seven Senior Lecturers or Lecturers in the fields of:

Managerial Economics
Managerial Accounting
Business Finance
Marketing
Business Organisation
Operational Research
Statistics
Human Relations
Industrial Sociology

Interested persons with appropriate qualifications are invited to address proposals to Professor B. R. Williams, Acting Dean of the Business School, The University, Manchester 13, as soon as possible and not later than March 14, 1965.

UNIVERSITY OF OXFORD

COMMITTEE FOR COMMONWEALTH STUDIES

Applications are invited for the post of Research Officer at the Institute of Commonwealth Studies. The appointment will normally be for three years with the possibility of an extension for a further two years. The holder will be required to undertake approved research in the Institute under the direction of the Committee and a limited amount of teaching within the field of the economics of developing territories, preferably with reference to Africa. The salary will be within the range of £1,400 x £85 to £1,995, with membership of F.S.S.U. It is hoped to fill the appointment with effect from October 1, 1965. Applications, giving the names of two referees, should reach the Secretary, Institute of Commonwealth Studies, Queen Elizabeth House, 21 St. Giles, Oxford not later than April 1, 1965.

UNIVERSITY OF SOUTHAMPTON

A research studentship (£475 per annum plus fees) will be available in the Faculty of Social Sciences from October, 1965. The person appointed will be expected to undertake research leading to a higher degree in one of the main subjects of the Faculty. The tenure of the studentship will initially be for a period of two years with a possibility of extension for a third year. Applications (three copies), including the names of referees and a brief statement of the proposed field of research, should be forwarded to the Deputy Secretary, The University, Southampton, not later than March 13, 1965.

THE UNIVERSITY OF MANCHESTER

Applications are invited for a post of LECTURER IN COMMUNITY DEVELOPMENT in the Department of Adult Education for an initial period of three years from October 1, 1965, from graduates with practical experience of community development in developing countries overseas. Preference will be given to a person with additional experience in related fields. The person appointed will be required to assist in the teaching of community development courses at post-graduate level, principally for overseas students. Salary £1,400 to £2,505; initial salary according to qualifications and previous experience. Membership of the F.S.S.U. Applications should be sent not later than April 2, 1965, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained, on quoting reference 25/65/E.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for appointments to Lectureships or Assistant Lectureships in modern economic history from October 1, 1965. The successful candidates will be required to teach mainly 19th century economic history, but will be free to pursue their research in any field or period they choose. Other things being equal, preference will be given to candidates whose interests lie in European or Latin American history. The salary scale for Lecturers is £1,400 x £85 — £2,165; thereafter, subject to review, x £85 — £2,505 a year, plus £60 a year London Allowance; and for Assistant Lecturers £1,050 x £75 — £1,275 a year, plus £60 a year London Allowance, with superannuation benefits in both cases. In assessing the starting salary, consideration will be given to age and experience.

Applications, with the names of three referees, should be received not later than March 11, 1965, by the Assistant Secretary, London School of Economics and Political Science, Houghton Street, London, W.C.2, from whom application forms and further particulars may be obtained.

UNIVERSITY COLLEGE OF SOUTH WALES AND MONMOUTHSHIRE

FACULTY OF ECONOMIC AND SOCIAL STUDIES

Applications are invited for the post of Assistant Lecturer or Lecturer in ECONOMIC HISTORY in the Department of Economics as from October 1, 1965.

The present salary scale is:

Assistant Lecturer: £1,050 x £75 to £1,275 p.a.
Lecturer: £1,400 x £85 to £2,505 p.a.

together with F.S.S.U. allowances. The starting salary will be at a point in the scale determined by qualifications and experience.

Applications (six copies), containing the names of three referees, should be received not later than March 2nd by the Registrar, University College, Cathays Park, Cardiff, from whom further particulars may be obtained.

WATFORD COLLEGE OF TECHNOLOGY

HEMPSTEAD ROAD, WATFORD, HERTS

Lecturer in Applied Economics for H.N.D. Business Studies and Professional courses required from May 1, 1965. Applicants should be graduates preferably with teaching and industrial experience.

Application forms and further particulars obtainable from the College Registrar.

THE CHINESE UNIVERSITY OF HONG KONG

Applications are invited for the following appointments each tenable at one of the Foundation Colleges of the University, namely Chung Chi College, New Asia College or the United College.

PROFESSORSHIP/READERSHIP IN BUSINESS ADMINISTRATION
READERSHIP IN PUBLIC ADMINISTRATION

Ability to lecture in Chinese expected of candidates of Chinese descent, but fluent knowledge of Chinese is not essential for other candidates. Appointments initially on contract terms for two years, to be assumed on September 1, 1965. Salary: Professor (male) £3,787 p.a. (female) £3,075 p.a., Reader (male) £3,300 p.a. (female) £2,475 p.a. Superannuation Scheme. Rent allowance in lieu of quarters. Return air passages for appointee on overseas terms, his wife and children, and home leave. Four copies of application, together with one set of the publications of each applicant and the names of three referees, should be sent to The Registrar, The Chinese University of Hong Kong, Hang Seng Bank Building, 577 Nathan Road, Kowloon, Hong Kong, not later than March 28, 1965.

UNIVERSITY COLLEGE OF SOUTH WALES AND MONMOUTHSHIRE

FACULTY OF ECONOMIC AND SOCIAL STUDIES

Applications are invited for the following posts in the Department of Economics, as from October 1, 1965: Senior Lecturer or Lecturer in ECONOMICS, specialising in monetary and macro-theory, and Lecturer in Economics, specialising in micro-theory.

SALARY SCALES:

Lecturer: £1,400 x £85 to £2,505 p.a.
Senior Lecturer: £2,450 x £100 to £3,050 p.a.

together with F.S.S.U. allowances. The starting salary will be at a point in the scale determined by qualifications and experience.

Applications (six copies), containing the names of three referees, should be received not later than March 2nd by the Registrar, University College, Cathays Park, Cardiff, from whom further particulars may be obtain

UNIVERSITY OF THE WEST INDIES

Applications are invited for (a) Lectureship or (b) Assistant Lectureship in Agricultural Economics, St Augustine, Trinidad. Familiarity with work in Farm Management advantageous; knowledge of tropical agriculture and of West Indian agriculture desirable, but not essential. Duties, to be assumed by September, 1965 if possible, include teaching and research. Salary scales: (a) £1,450-£2,290 p.a. (b) £1,200-£1,350 p.a. Child allowance. F.S.S.U. Housing at 10 per cent. of salary if available, or allowance in lieu. Family passages. Triennial study leave. Detailed applications (six copies), naming three referees, by March 28, 1965, by persons living in the Americas and Caribbean area to Secretary, University of the West Indies, St. Augustine, Trinidad, and by all other persons to Secretary, Inter-University Council for Higher Education Overseas, 33 Bedford Place, London, W.C.1. Further particulars may be obtained similarly.

UNIVERSITY OF ADELAIDE AT BEDFORD PARK

SCHOOL OF PHYSICAL SCIENCES

SENIOR LECTURER/LECTURER IN MATHEMATICS (TWO POSITIONS)

Applications are invited from candidates in the fields of pure mathematics, applied mathematics or statistics for two positions of Senior Lecturer or Lecturer in Mathematics in the School of Physical Sciences in the University of Adelaide at Bedford Park.

The salary ranges at present are:

Senior Lecturers: £A3,250 — £A3,800
Lecturers: £A2,400 — £A3,170

Superannuation is on the F.S.S.U. pattern.

Successful applicants will be expected to conduct independent research programmes and to supervise postgraduate research students; they will also assist in the development of integrated undergraduate courses in mathematics.

The University is developing a second campus at Bedford Park, seven miles south of the centre of Adelaide, where teaching will begin in March, 1966. The academic work at Bedford Park will be organized in Schools of Language and Literature, Social Sciences, Physical Sciences and Biological Sciences, and will be under the control of the Bedford Park academic staff. Construction of new buildings to house the four academic Schools, the Library and the Union has begun.

The successful applicants will be required to take up duty late in 1965 or during 1966 but the date will be arranged with them after appointment.

A statement giving information about the development of Bedford Park and setting out conditions of appointment may be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications, in duplicate, should be lodged with the Secretary, University of Adelaide at Bedford Park, 109 North Terrace, Adelaide, South Australia, not later than *April 15, 1965.*

COMPANY MEETINGS

ENGLISH CHINA CLAYS

OUTSTANDING EXPORT RECORD

LORD ABERCONWAY'S STATEMENT

The forty-sixth Annual General Meeting of English China Clays Ltd. will be held at the Hyde Park Hotel, Knightsbridge, London, SW1, on March 18, 1965, at 12.30 p.m.

The following are extracts from the Statement of **The Right Honourable Lord Aberconway,** Chairman of the Company, circulated with the report and accounts for the year ended September 30, 1964:

Our happiness at the successful year which the Company has enjoyed is tempered by the sad loss we suffered in the death, in August of Sir John Keay, our first President. He had retired from the chairmanship and from all executive work a year previously, but he remained a Director; and although his health during the year had not enabled him to take much part in our affairs, we had all looked forward to his renewed contributions to our deliberations from his great fund of experience and wisdom. As a person, richly endowed with exceptional qualities of intellect and character, he will be widely missed.

We suffered a further sad loss during the year by the death of Mr A. E. Grieve, for many years a Director of English Clays Lovering Pochin & Co. Ltd., and later also of English China Clays Ltd. He was a delightful and most helpful colleague, whose experience and judgment will be greatly missed.

PROFIT

The consolidated profit before tax for the year to September 30, 1964, was £5,646,056. This exceeds by £1,356,137 the record profit of the previous year, which did not have to bear the cost of the Profit Participation Scheme, introduced for the first time this year, to which I refer later.

The enhanced rate of capital expenditure in recent years on plant to increase output, to introduce improved technical processes, to meet particular and exacting requirements of customers, and to make our operations generally more efficient, is bearing more fruit every year.

PROPOSED DEBENTURE ISSUE

Accordingly, we have thought it proper, in order to keep our business healthy in the interests of our shareholders, our employees and our customers, to seek further cash resources. To that end we have decided to make an "open-ended" issue of debentures to raise some £3,000,000, secured by a floating charge upon the assets of our operating subsidiaries in this country. In addition to enabling us more easily to carry out our existing and future capital expenditure programmes, these added resources will enable us to finance the extra volume of turnover which we expect, will give us the means of taking advantage of any suitable opportunity for expansion that may offer and will give us overall strength for the future.

EXTRAORDINARY GENERAL MEETING

A notice convening an Extraordinary General Meeting, to follow the Annual General Meeting, accompanies the Statement of Accounts and Directors' Report. The Meeting is called to consider resolutions to increase the Authorised Share Capital and to amend Article 85 of the Articles of Association which governs Directors' fees.

EMPLOYEES' PARTICIPATION IN PROFITS

The achievements of the past, the stable foundation that the business enjoys at present, and our confidence in its future, have encouraged us to institute a scheme whereby every one of the 7,000 or so employees of the Group in this country who has three years' continuous service will participate in each year's profits above a certain basic level. It has also been decided to make a small gift of shares in the Company to each employee on the occasion of his accomplishing ten, twenty, thirty and forty years' continuous service within the Group. We have arranged to start this scheme forthwith in respect of the year to September 30, 1964.

FUTURE PROSPECTS

Whilst it may not be possible always to maintain the very rapid rate of expansion evidenced by the results of recent years, the prospects for the future, in each of the Group's main operating divisions, are bright. For each division the current financial year has opened well and the immediate outlook is good.

EXPORTS

China clay remains the mainstay of the Group's business, and in the year under review a record figure of no less than 73 per cent of the output of china clay was exported: I do not need to emphasise to you the significance of this contribution to the country's balance of trade figures. The rate of export bonus on china clay has been decreed to be 3¼ per cent. We shall apply our bonus to increasing still further the tonnage of clay we export.

Only a company dominant in its field, and of a size to be effectively combatant in international affairs can achieve such an outstanding export record. Those who on doctrinaire grounds oppose large dominant undertakings, however well founded in efficiency, as in our case, should bear in mind the requirements for maximum success in exporting. It is very muddled thinking to describe a large company as a monopoly just because it is dominant in the home market when that company, like ours, sells overseas more than 70 per cent of its main product and that product is not protected in the home market by any tariff.

DIVIDEND

Your Directors recommend to the shareholders a final dividend for the year of 6 per cent, free of tax, making, with the interim dividend of 3 per cent, free of tax, a total for the year of 9 per cent, free of tax. The actual dividend for the previous year was 11 per cent, free of tax, but allowing for the effect of the scrip issue since then of one new share for every two held, it was equivalent to 7½ per cent, free of tax, on the present capital. While there are many imponderables associated with the new system of company taxation based upon the proposed Corporation Tax, your Directors hope that within the framework of the new tax system the Group's profits will suffice to enable them to continue to provide for shareholders a reasonable return upon their capital employed, whilst retaining sufficient earnings to keep the business in good heart.

REVIEW OF CHINA CLAY SALES AND PRODUCTION

The greater expansion was again overseas, where growth in industries using china clay has for some years been more rapid than in this country. The biggest increase in the use of china clay at home and abroad has been in the paper industry, and there has also been a notable improvement in sales of ceramic clays developed for special purposes. The quality of

our products and of our service remains a decisive factor in our success in retaining and expanding our world markets.

In these circumstances, it was highly disappointing and frustrating to find that the new Government in an effort to ease its balance of trade problems resorted so early in its life to measures which could not but upset the goodwill towards Britain felt by many of her overseas customers.

Production of china clay during the year was maintained at consistently high levels, subject to the usual seasonal fluctuations. Further strides have been made in mechanising our operations, and a number of ingenious control systems, designed and installed by our own people, have contributed significantly to the efficiency of our processes and to the stabilisation of our costs.

BALL CLAY

There was a further improvement in the sales of ball clay, especially overseas. Considerable development work has been undertaken during the year in our mines, and this should promote greater economy of operation.

SERVICE DEPARTMENTS OF THE CHINA CLAY DIVISION

From the foregoing it will be evident that the production departments have met every call upon them for increased output during the year, while the sales staffs, at home and overseas, have had a most successful year.

The Research and Development Laboratories have continued their work on a broad front, with particular emphasis on the best use of our clays in paper coating processes. The Engineering Department and the Production Services Department have made excellent advances in applying modern techniques to our production systems. Western Excavating Co. Ltd. has removed about 4,000,000 cubic yards of overburden. The Transport Division, both in carrying clay to our ports and in delivering it by road further afield, has efficiently met all calls upon it.

Port of Par Limited, the subsidiary operating Par Harbour, through which much of the Company's shipments by water pass, had a very active year. We think we are right in claiming that there is no port in this country which handles a larger tonnage of shipments per yard of quay length than Par. To improve the service we can offer our customers by sea we have acquired two small shipbroking businesses, W. D. Tamlyn & Co. Ltd. at Plymouth, and Harris & Co. (Shipping) Ltd. at Par: both of these, in their previous independent capacity, handled part of our business.

MINERAL AND CONCRETE PRODUCTS

This Department had a successful year, with increased sales of almost every product. Demand for, and sales of, building blocks were substantially higher and new plant is being installed to augment production capacity.

There has been a marked increase in the demand for Reformite, which is now known and specified all over the country, and plans are in hand to increase the capacity to produce it. The demand for Molochite for the steel industry, as a heat-resisting furnace lining, was less than was expected; by way of compensation, however, demand increased from other industries, notably ceramics and precision casting, and overall sales were higher. Further improvements were made in the quality of our defluorinated stone, and we hope for increased sales of this material in substitution for china stone.

QUARRIES AND BUILDING DIVISIONS

The Quarries Division, trading as E.C.C. Quarries Ltd., is one of the country's major producers of roadstone, concrete aggregate, and a wide range of concrete products.

The Division has greatly benefited, as compared with the previous year, from the fine weather which has also enabled the building and civil engineering industries to remain busy. All the quarries and concrete works, by and large, have established new production records; despite keen competition and narrow price margins, profits have been satisfactory. Lime Distributors Ltd., the subsidiary supplying and spreading agricultural lime and fertilisers, has had a much improved trading year despite intense competition.

The Jersey Granite & Concrete Co. Ltd. with quarries and concrete works in Jersey and Guernsey, has continued its successful course. The quarries and works are well equipped, and perform a valuable local service in the supply of granite aggregates, ready-mixed concrete, asphalt surfaces and concrete building materials.

Selleck Nicholls Williams Ltd., comprising the Building Division, has had a progressive year and produced satisfactory trading results bearing in mind the national shortages of certain basic building materials. The activities of the Division fall broadly into two parts, which are administered respectively by the Direct Building Department and the Sub-Contracting Department. Through the former, the Division contracts to supply and erect schools, factories or houses to its own designs or to the designs of its clients. Through its Sub-Contracting Department, however, the Division contracts to supply buildings anywhere in the country on the basis of a complete package deal. The major part of this work is carried out for Local Authorities and the Division's designs and layouts are a significant factor in successful tendering.

In addition the Division purchases land and erects houses thereon for private sale. For this purpose it has acquired extensive tracts of building land, particularly in the West Country. Several such developments are in hand.

The future demand for building will place a great strain on the traditional resources of design, materials and labour, and Selleck Nicholls Williams Ltd. is developing alternative methods of construction, more highly standardised and more highly pre-produced, in which Local Authorities are showing considerable interest.

CONCLUSION

My colleagues and I believe that our business is well poised to ride successfully on the crest of any national or international wave of activity; and is at the same time equally well prepared, should occasion befall, to ride out any storms without shipping undue water. For this happy state of affairs we are greatly indebted, as shareholders will assuredly recognise, to our enthusiastic and progressive managements, our able and diligent staffs, and our hardworking and skilful workpeople, throughout the Group.

GOULSTON DISCOUNT COMPANY LIMITED

NINE YEARS OF GROWTH

Year of Growth	Issued Capital £	Net Profit before Taxation £	Net Dividends Paid £	Total Group Assets £	Unearned Charges Carried Forward £
1956	100,000	12,846	4,850	519,802	66,498
1957	110,000	35,355	5,079	861,027	133,795
1958	140,000	53,436	6,499	832,819	89,995
1959	500,000	92,417	23,426	2,814,730	445,216
1960	870,000	131,656	47,010	3,423,886	324,988
1961	870,000	120,794	52,675	4,212,732	433,539
1962	870,000	207,648	64,006	5,785,110	718,162
1963	1,018,000	372,137	94,374	8,648,414	923,575
1964	1,314,000	557,320	152,390	15,776,810	1,591,927

Directors: Sir Leonard Dyer, Bart (Chairman).
L. L. Davidson, FCA (Managing Director).
S. Davidson.
S. L. Fowler, FIB.
J. L. Williams, FCA.

Copies of the Full Report and Accounts may be obtained from: The Secretary, 51 Grosvenor Street, London, W1.

LLOYDS BANK

ANNUAL GENERAL MEETING

The Annual General Meeting of Lloyds Bank Limited was held on February 12th at the Head Office, 71, Lombard Street, London, EC3.

Mr Harald Peake, the Chairman, presided.

With the concurrence of the members present the Report and Accounts and the Statement by the Chairman, all of which had been previously circulated, were taken as read.

After the Chairman had replied to questions, the Report and Accounts were adopted and the other ordinary business was transacted.

MR C. G. HOARE'S REMARKS

Proposing that a vote of thanks be given to the Chairman, the Board of Directors and the Staff for the excellent results achieved in the last year, Mr C. G. Hoare, MC, said:

It has been a record year in the growth of our deposits and it has been most satisfactory that we have been able to lend such a large proportion of those deposits. This year has been a remarkable year from the point of view of the country, from the point of view of the Shareholders and from the point of view of the Staff. From the country's point of view we have lent £200 million in the last ten years for the furtherance of exports and we have now lent another £6,500,000 for the same purpose. So we can say honestly that we have done very considerable work of great importance to the country.

As regards the Staff, I am happy, as I am sure we all are, that you have improved the salaries and pensions of the Staff. I think that is a great thing to have done and we are all delighted.

We Shareholders come in for some benefit, too, because we have all got extra dividend which is most satisfactory.

On your statement, I would like to congratulate you on giving further information especially about your investments in other banks which are of very great interest. I am delighted to see that Lloyds Bank Europe is prosperous and I congratulate you on having sent so many of your Staff to the different countries where you are represented.

Having travelled a certain amount recently, I venture to make a remark you may think rather a cheek, but I do think that the more senior the member of the Staff going out, the more influence he has in the various countries.

In seconding the Resolution, Sir Henry Lawson, MC, said:

I second the Resolution and in this agreeable task it is a special pleasure to me to be associated with Mr Hoare, whose wise counsel and unrivalled experience and knowledge of the City has benefited the Bank for many years.

The Report and Accounts and your Statement, Sir, for which we are most grateful, display upon any assessment a state of affairs in respect of which all surely are entitled to be proud, whether the criterion be the massive strength of the balance sheet, profitability, or the substantial increase in the number of accounts. Everywhere there is movement, growth, vitality.

From that large canvas, Sir, may I choose two features for brief comment. First, the Executor and Trustee Department has, I believe, one of the largest businesses of its kind in the United Kingdom. That of itself is sufficiently notable but from my experience that department daily gains more friends from the satisfaction its services give to a widening section of the public.

Second, the Company Registration Department. Many of us know that that department has been called upon to undertake the most exacting tasks, testing to the full their skill and expedition and they have not been found wanting. I venture to hope that recognition by more customers and, perhaps, by others of what the department has to offer will not be long delayed.

Throughout the service of the Bank, there is a warmth of spirit and a sense of urgency which are not always found. In Lloyds Bank, in the famous words of Sir Francis Drake, "all are of one company," and that tradition and that spirit, upon which so much else rests, today lives and thrives as strongly as ever; and, at source, they spring from the policy and the direction of the Board.

It will be in accordance with the wishes of the Shareholders that I add our thanks to the Chief General Manager and General Management, all of whom carry great responsibility, the Managers and Staff, indeed to all who attend to the well-doing of the Bank, including that splendid corps, the Messengers, whose bearing, dignity and courtesy enhance the prestige and reputation of our Bank.

The motion was carried with acclamation.

In reply, the Chairman thanked Mr Hoare and Sir Henry Lawson for their kind remarks. He added: It has been a pretty strenuous year and it has not all been plain sailing, but it is some satisfaction for us to feel that the Shareholders have benefited and the Staff have had improved conditions. We are striving the whole time to make things better and are embarking on the present year with determination. We shall try, when Shareholders meet here next year, to present a report which is equally good in substance.

You have had an opportunity of reading my Statement and you have heard quite a lot from me today and so I am going to ask Mr Warburton, our Chief General Manager, to say a few words to you in response to the vote of thanks.

MR E. J. N. WARBURTON'S REMARKS

Mr E. J. N. Warburton (Chief General Manager) in response, said: It is with great pleasure, and no little pride, that I am privileged to stand here this morning as the representative of all the staff of the Bank, to receive your commendation on our work during the year, and to thank you for it.

We on our side of the counter—if I may put it that way—have a triple duty: to the Shareholders, the customers of the Bank, and to the public.

This is the broad concept of duty which we accept, and which is right, but these sentiments are thoughts which are born of maturity and experience.

When, on an occasion like this, we refer to the Staff of the Bank, I wonder what picture comes to our mind? I would like to hope, ladies and gentlemen, that for you it may be the branch in the High Street, or on the corner in the town in which you live.

In such places, the rather lofty sentiments which I mentioned just now are not perhaps the normal currency of everyday thought or speech, but the loyalties there, I venture to affirm, are just as strong and no less important because they happen to be more local.

It is in these branches up and down the country that the heart of the Bank really beats and in our 2,000 odd Branches lies the real repository of the goodwill of the Bank.

It is there that the spirit of enterprise and progress is kept alive. I do not think for one moment that the Shareholders need have the slightest anxiety in this regard.

Those who carry the responsibility for fostering this goodwill are the local Branch Managers, the Senior Clerks who support them, the Cashiers, many of whom are young ladies, performing their duties with great skill, and no little charm, and the younger girls, who work our machines. About 4,000 of our lady staff are young girls of 19 years of age or less. We hear a lot about teenagers and their shortcomings, but the Bank relies upon them and receives from them a loyalty without which we could not function.

Side by side with the Staff in the Branches, we have the Head Office Departments and District offices, who look after the many facets of a vast organisation such as ours.

In conclusion, may I say that it is in the name, and as a representative of all these that I stand here this morning, and I should like to add my own word of thanks to them all for their support during this past year.

For them, may I say, with my colleagues on the general management of the Bank, a very sincere "thank you" for the kind tributes paid to us today, and the cordial way in which you, ladies and gentlemen, have received them.

BASS, MITCHELLS & BUTLERS LIMITED

EXTRACTS FROM THE STATEMENT BY THE CHAIRMAN, MR. H. ALAN WALKER, DELIVERED AT THE FOURTH ANNUAL GENERAL MEETING HELD AT THE PARK LANE HOTEL, PICCADILLY, LONDON, W.1 ON MONDAY 15th FEBRUARY, 1965.

A Year of Progress—Importance of staff of highest calibre

The financial results of the past year's trading were good, and justify the recommendation of an increase of 2½% in the total dividend. Our financial position remains strong, and in the light of our foreseeable needs it is fortunate that this is so. These funds will be required for the essential completion of our technical plans and the further expansion and replacement of our trading outlets, to which reference will be made later.

It may well be wondered why we have not figured quite so prominently in what is generally referred to as the "Takeover Stakes". It is my opinion that some small sized brewery concerns are over-valued, and their acquisition at anything like current prices would not be justified. Further more, in some instances properties have been neglected and the quality of beers impoverished. In such cases raising the standards to anything approaching our own, would be a costly and perhaps unrewarding enterprise. This is not to say that there will not be acquisitions by the Group where the advantages are manifest, but apart from this, I believe in the main, that the interests of our shareholders are best served by the intensive development of our own trading potential.

PRODUCTION: Considerable technical developments have been completed during the year and others are in process of fulfilment.

The demand for M. & B. Ales in the expanded market which the BASS outlets provided has been extraordinary, and in parts of the country considered to be "Bitter" areas progress has been made with the sale of M. & B. Mild.

MARKETING: We live, unfortunately, in an age when all too often standardisation is merely an excuse for mediocrity and reduced quality. However, we take the view that the high reputation which the beers of BASS, M. & B., and WORTHINGTON enjoy has been built by providing the public with the highest quality. QUALITY and VALUE FOR MONEY represent our hallmarks and we do not intend to lower standards for the mere display of short term higher returns.

We have spent a great deal of money upon the improvement of the amenities in our pubs, and the new standards of comfort and gaiety which we have created have been welcomed by old and new customers alike. The praise given by customers to this aspect of our work has been a great encouragement to all concerned. We have a team of young and enthusiastic Architects who are meeting the challenge of a changing social scene with imagination and intelligence.

Our first Motel has been opened on the A.5. near Nuneaton and two further Motels are under construction. Grill rooms have been included in many of our new Houses and existing accommodation in larger Houses has been adapted for the same purpose with good results.

The Bottled Beer trade in the early part of the year was not as good as we should have liked. There was, in fact, quite a swing over from bottled to draught beers, but towards the end of the year this trend was slightly reversed. Still first in our sales is draught in traditional oak casks, but younger people are increasingly attracted to keg and bulk beers. Indeed, our keg beers have continued in good demand, and it is clear that this method of distribution has much to commend it, particularly in seasonal outlets and where rooms in licensed Houses are used at irregular intervals. In addition, modern developments, particularly in new City centre sites pose difficulties with cellar space where the only practical solution is the introduction of keg or facilities for handling in bulk.

I have already mentioned the extraordinary advance in the sales of M. & B's famous Mild Ale. This is indeed an exceptional product of which we are all very proud.

BASS and WORTHINGTON, which probably represent the best known names in brewing, are sold in some 43 countries. Our largest markets outside Great Britain are in Belgium and North America, where we hope the steps which are being taken to expand our trade further will meet with success.

In a national business, such as ours, the problems associated with particular areas vary considerably and a decision taken centrally may be right in one area and wrong in another. We are, therefore, tending to de-centralise our Marketing operations by the formation of Regional Marketing Companies. These Marketing Companies will deal with the day to day problems of the regions concerned, but they will, of course, be subject to the control of the Marketing Directors. I believe that the de-centralisation which we have in mind will generate greater enthusiasm on the marketing side and will also enable administrative costs to be reduced.

The expense of operating public Houses continues to rise steeply. The cost of building, furnishing, heating, electricity, wages, glasses and floor coverings is ever increasing, and it is remarkable indeed, that a pint of really good English beer is so cheap. By comparison with pre-war prices, the cost of a pint of beer has risen less than almost any other commodity in daily use. This I think is a remarkable tribute to the Brewing Industry.

It is not easy to maintain the standards of efficient service in our pubs and hotels. It is difficult indeed to obtain adequate staff, and the fact that we have in large measure maintained, and indeed, improved our standards reflects the greatest credit upon our licensees. They and their wives are the confidants of customers and are worthy counsellors and friends. They contribute much more to the richness and warmth of our Society than is generally realised.

All the mechanical contrivances that science may invent are unlikely to prove a suitable substitute for a cheerful voice and a friendly face behind the bar.

Once again the HOUSE OF LIGGINS in which organisation the Group's Wines and Spirits trade is centred, has had a record year. The high quality of our own brands of Wines and Spirits has enabled further progress to be made with all sections of the public. We have also improved our service by the introduction of well stocked depots throughout the highly concentrated Midland area.

STAFF TRAINING: Although in a company such as ours, heavy investment in capital equipment is essential, it is at least of equal importance to make sure that we invest wisely in people. We need staff and technicians of the highest calibre if we are to plan wisely for the future of our Group.

With this in view, we have now co-ordinated all existing training schemes to enable us to sift out those individuals who show the potential for advancement. I believe this to be a step in the right direction and I hope it will prove a stimulant to all those engaged in the Company's service.

FUTURE: It is particularly difficult at the present time to anticipate the outcome of this year's trading. Whilst, for the first quarter, sales showed little variation in volume from those of the corresponding period last year, we are having to meet increased costs of materials, wages and services, accompanied by doubts as to the buoyancy of the trade due to economic uncertainty.

However, we are doing our best to contain these possible setbacks and hope that, in the event, and subject to the summer being again favourable, we will produce a trading profit not less than that of last year.

Another imponderable is the amount of taxation which will be chargeable against these profits. At the moment the only information available is the Chancellor of the Exchequer's statement that the first charge of the proposed new Corporation Tax will be on the income of the accounting period following that which was the basis of income tax liability for 1965–66 which, in the case of this Group, is in respect of the accounts now before you. What happens after that is obscure and in fact it seems possible from the pronouncements which have been made that the rate of tax will not be fixed until the Budget of April, 1966.

Copies of the Report and Accounts can be obtained from The Secretary, Bass, Mitchells & Butlers Limited, 7 Grosvenor Gardens, London, S.W.1.

COMPARATIVE FIGURES FROM THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER, 1964

	1964	1963
Group Profit for year before taxation	£11,839,832	£9,777,180
Taxation	6,191,647	4,927,613
Provision for taxation no longer required	95,000	—
Interests of Outside Shareholders	43,716	42,808
Group Profit after taxation attributable to Bass, Mitchells & Butlers Limited	5,699,469	4,806,759
Preference Dividends	211,664	211,664
Ordinary Dividends	2,633,409	2,221,939
Retained Profits	2,854,396	2,373,156

McCORQUODALE & CO. LTD.

Printers at home and overseas

Statement by the Chairman, The Rt. Hon. Lord McCorquodale of Newton, P.C., for the year ended 30th September 1964.

During the year ended 30th September last, trading conditions continued to be difficult although there was a limited improvement towards the end of the period which, I am glad to say, continued during the last three months of 1964. However, with the 7 per cent. Bank Rate and increased curbs on industry it may well be that this improvement will only be short-lived. The present 3-year agreements with the Unions in the Printing Trade will finish at the end of March and new agreements will have to be negotiated, when I hope that further progress will be made towards the elimination of restrictive practices, thus improving the efficiency of the industry.

Last year I reported on the progress of our large reorganisation plans which, I am pleased to inform you, were completed during the year under review. They have proved expensive, as indeed was anticipated, and the Board decided to write off the balance of all the expenses incurred. During the current year, therefore, no more heavy charges of this nature will have to be borne, which should mean a considerable improvement in the profits of the Group during the present financial period.

I reported last year that we were expecting to pay for the extra equipment, additions to factory buildings and other capital items required during our reorganisation, by the sale of our surplus London properties. We did dispose satisfactorily of our factories in Edinburgh and at London Bridge but, unfortunately, complications arose with regard to the other valuable property at Shoe Lane, which was vacated during the summer by Charles Skipper & East Ltd. when they completed the move to Basingstoke. Planning Permission for Office Development was received by ourselves and the Goldsmiths' Company who own the freehold of part of the site. To comply with the requirements of the Planning Authority it was necessary to acquire certain small properties from adjoining owners and to make arrangements for accommodating them in the new building. The acquisition of these properties necessitated tedious and protracted negotiations which made it impossible for us to offer the site for sale until just after the General Election. The ban on office building in the centre of London, even where Planning Permission had been secured, has put a temporary stop to the sale of this property. In the meantime our Bank overdrafts, which we had expected largely to repay by this sale, now have to bear a much increased interest charge due to the raising of the Bank Rate to 7 per cent.

A revaluation of our freehold and leasehold properties is in progress at the present time, and should be completed well before the end of March this year. This is expected to show a substantial increase over net book values.

OVERSEAS

I advised last year that we had been having considerable difficulties with our Company in Canada, but the reorganisations which we undertook there have proved effective and the Company is now running satisfactorily and showing good hopes for the future.

During the year we have rationalised our interests in the United States, which necessitated complete reorganisation and streamlining of our operations. This has been completed during the current year.

We have also this year purchased the minority interests in our Company in Western Germany where we continue to trade successfully.

The remainder of our overseas companies continue to make satisfactory progress, though we have had some initial difficulties in our joint venture with Uarco Incorporated in the production of continuous stationery in Australia.

AT HOME

At home our various companies have maintained or increased their turnover. We have been exceptionally busy in our book printing companies, and I am glad to say this trend continues, and especially so in our export trade with the United States, which is increasing markedly.

We have established a Company for producing Punched Cards which has made a good beginning and other small pioneering ventures are showing satisfactory results.

Our various Research units have been successful in solving some of the practical difficulties peculiar to our Group, and in investigating new methods designed to expand our productive capacity.

We continue to spend considerable sums of money on purchasing the most up-to-date equipment available. We are, for example, installing the latest type of Web Offset machine in Manchester primarily to print timetables for British Rail, but we expect that this machine will be of considerable value to our other customers.

Owing to the increasing requirement of the Banks for Personalised Cheques we have set up a special Division in a new building at Basingstoke to provide this service.

We are confident that, following our reorganisation, we are in a position to play our full part in the commercial and book printing trade.

We would wish to thank our thousands of customers throughout the world for their support and consideration during the past year. We would assure them of our continuing care and attention to their requirements. We would like also to record our appreciation of the hard work and loyalty of our staff and operatives, numbering over 6,000, who have carried us through the difficulties inherent in our reorganisation during the past years, and on whom the future success of the Group so largely depends.

VOLTAS LIMITED

BOMBAY

A DECADE OF GROWTH AND PROMISE

The tenth Annual General Meeting of Voltas Limited (Chairman, Mr P. A. Narielwala; Managing Director, Mr R. F. S. Talyarkhan) will be held on February 26, 1965, in Bombay.

The Directors' Report shows that sales and service receipts (including consignment turnover) during the year ended August 31, 1964, amounted to Rs.417 million against the previous year's Rs.360 million. This satisfactory increase in turnover reflects the rapid expansion which the Company has made in its trading operations. Of this, indigenously manufactured goods accounted for Rs.226 million (1962/63: Rs.202 million).

The net profits for the year prior to taxation at Rs.21.9 million, show an increase of nearly Rs.4 million over the previous year's figure. In a decade, the Company has increased its earning capacity nine-fold and the result achieved during the year under report is its highest. Provision for Taxation at Rs.14.1 million represents 64 per cent of the Company's profits. A dividend of 14 per cent plus a bonus of 1 per cent making a total dividend of 15 per cent (against a dividend of 14 per cent last year) has been proposed. The appropriations made this year would bring the total of Reserves and Surplus excluding Taxation Reserve and Dividend Reserve to Rs.23.7 million or 93 per cent of the Company's Share Capital.

Satisfactory progress was maintained in the production of air-conditioning equipment, electric motor starters, switchboards and equipment for the mining industry. The output of the Company's Works at Chinchpokli, Bombay, amounted to Rs.19.2 million. Construction of Units 1 and 2 of the Company's manufacturing project at Thana, Bombay, is nearly complete and production is expected to begin from March, 1965. When the Thana factory attains full scale production, the Company's manufacturing activities are expected to increase still further.

During the year, the Company promoted two joint ventures, viz., Scottish Indian Machine Tools Limited promoted in collaboration with Scottish Machine Tool Corporation Ltd., Glasgow, for the manufacture of machine tools and Tata-Merlin & Gerin Limited, promoted jointly with Tata Sons Private Ltd., Bombay and Merlin & Gerin S.A., Grenoble, France, for the manufacture of electric switchgear and allied power distribution equipment.

The Chairman, in his statement to the Members, has reiterated the business philosophy that governs the Company in all its activities. Over the years, the Company has distinguished itself as a premier marketing organisation. With its specialised experience in many spheres, it has taken over the marketing and distribution responsibilities of many newcomers to the industrial field. The role of marketing is only just beginning to be understood in India as an essential service to the consumer on the one hand and the manufacturer on the other. This service calls for the exercise of skills, techniques and experience different from mere selling.

The Company has assisted in the formation of joint ventures in collaboration with other leading companies. With its own manufacturing operations expanding rapidly, the Company has been able to maintain its pre-eminent role as a marketing, distribution and manufacturing company. The Company's achievement during the past decade bids fair to a promising future.

BRITISH AMERICAN AND GENERAL TRUST

HIGHER REVENUE AND DIVIDEND

MR G. P. S. MACPHERSON ON THE OUTLOOK

The Annual General Meeting of British American and General Trust Limited will be held on April 2nd in London.

The following is the circulated statement of the Chairman, **Mr G. P. S. Macpherson, OBE:**

As forecast, 1964 was a prosperous year in the UK, the USA and Australia, where most of the Trust's funds are invested, and this was reflected in the 13½ per cent increase in the Trust's net revenue after taxation from £327,883 to £372,012. This improvement was achieved without any increase in the Trust's Share or Debenture capital, and earnings on the ordinary stock were 18.8 per cent compared with 16.4 per cent in 1963. Your directors have recommended an increase in the total dividend on the ordinary stock of 2 per cent to 16½ per cent from 14½ per cent, which will absorb about 89½ per cent of available revenue—slightly less than the 90½ per cent of 1963.

THE CURRENT YEAR

Despite the recent deterioration in the UK in the incidence of costs on industry and in business confidence, there has so far in 1965 been a stream of dividend increases. Share prices in the UK show no such reassuring trend. Their fall is exemplified by the reduction of the net asset value of the Trust's stock units to a figure slightly below that of last year despite the substantial rises in revenue and in the value of the dollar investments. This fall deflects the general apprehension about the effect on trade and profits of some of the Government's proposals, overfull employment, rapidly rising cost of wages and of the services of Government and nationalised agencies on the one hand, and the credit squeeze and the attitude of our international creditors on the other. But there are also more particular fears regarding the implications for large sections of industry and finance of the proposed new system of Corporation Tax and Capital Gains Tax, of which so much is obscure and uncertain.

It is not known whether Investment Trusts are to be subjected to either or both taxes, and the rate at which Corporation Tax is to be applied to the profits of the companies from which dividends are paid to the Trust is not to be revealed for many months. It is uncertain, too, whether the Trust will, in some form, be permitted to claim to the extent permissible now the British tax equivalent of foreign taxes borne by its overseas investments. If it cannot, there might be a material reduction in the Trust's foreign revenue and the Directors would have to consider whether the pattern of overseas investment which has been so successfully maintained for many years should be changed.

In view of all these uncertainties I cannot reasonably make any forecast beyond stating that in 1965 revenue should be sufficient to maintain the present rate of dividend, probably with reduced cover if the new taxes apply in 1965, and over the longer term a worthwhile return will be obtained on the present net asset value of the ordinary capital.

VALUATION OF INVESTMENTS

The valuation of investments, excluding the investment dollar premium, amounted on December 31, 1964, to £13,452,369 as against £13,946,853 a year earlier, when there was a bank loan of £402,000 which was extinguished during 1964. The result is a net asset value for the ordinary stock-units of 19s. 3d. against 19s. 5d. last year. Had the ruling investment dollar premium been included it would have increased the values by 9d. per unit in each case.

The table in the report and accounts shows that at market value on December 31st last 38.1 per cent was in dollar investments as compared with 29.0 per cent in 1963. Of this increase of 9.1 per cent some 4 per cent was due to a further net investment in North America of £470,000, the balance being attributable to the better market performance of our dollar stocks. There was a disinvestment of £600,000 in British equities and £300,000 in Australian equities, which was used for the additional North American investment and in part to extinguish the overdraft.

THOS. FIRTH & JOHN BROWN LIMITED

From the Statement of **Sir John Green,** *Chairman, circulated with the Report and Accounts.*

The gross surplus before providing for debenture interest and depreciation amounts to £5,089,640, an increase of £1,729,864 as compared with last year. Taxation £1,950,835. Final Dividend 7½ per cent making 12½ per cent on the capital as increased by the 1-for-5 scrip issue on February 17, 1964. The improved results are wholly attributable to the increase in sales and the higher efficiency generally made possible by the operation of new plant which has been installed in the past few years.

Group assets over £35 million. Total reserves and unappropriated profit amount to £14,007,064. Current liabilities are covered more than 3½ times by current assets.

FIRTH BROWN LIMITED: Last year I referred to the improved demand for the company's products from the vehicle industry. This improvement continued throughout the year and the business available for rolled products—bars and billets—was very satisfactory. There was also a welcome improvement in requirements for the special steels made by the company for the aircraft industry. The production of hardened steel rolls was maintained and export markets continued to take some 60 per cent of the output.

WILLIAM BEARDMORE & CO. LIMITED: This company had a successful year. Whilst the demand for heavy forgings was still poor, the activity on hardened steel rolls and medium forgings was much improved and in addition to which substantial quantities of steel ingots were produced for further processing by Firth Brown Ltd.

THE FIRTH-DERIHON STAMPINGS LTD: This company benefited materially from the buoyant demand from the aircraft and vehicle industries, and the weight of stampings delivered was the highest ever achieved.

FIRTH-VICKERS STAINLESS STEELS LTD: The accounts of this company show improved results which have arisen from increased activity.

GENERAL

The improved demand experienced by all the operating companies has led to a material increase in the profits earned. However, I must emphasise the continuous erosion which is taking place in profit margins. During the last five years no significant increases have taken place in selling prices of the group's main products and indeed in numerous cases prices are actually lower than they were five years ago. The investigations of our research department, leading to more efficient processes, fuel economy and improved quality of product, have made a notable contribution to the improved results.

The group's products compete in the world market and its share in the business is only maintained by the highest degree of efficiency and resourcefulness in selling, in a highly competitive field, largely dominated by the Common Market countries. We have been able to retain and expand export sales, notwithstanding the enormous increase in the manufacturing capacities in those countries.

The present year's trading has started satisfactorily and the current demand is similar to that of the year under review.

The increase in the Bank Rate and other measures taken to correct the balance of payments position could if not quickly withdrawn seriously affect demand for the group's products particularly those required by the capital plant industries.

The group's main direct interest in the export trade lies in hardened steel rolls and stampings and this business is being maintained. In addition, it has a major although indirect interest in the export of stainless steel. The selling companies in Belgium and Switzerland have both had a difficult trading year in stainless steel products although delivered prices to them have been geared to bare manufacturing cost. The Government's proposals to assist the export trade by fiscal methods are therefore awaited with interest.

SCG

The thirty-first Annual General Meeting of Second Covent Garden Property Company Limited was held on February 11th in London, **Sir Brian Mountain, Bart.** (the Chairman) presiding. The report and accounts were adopted and a total dividend of 10 per cent (same) was approved. The following information was given in the accounts and chairman's statement.

UK PROPERTY DEVELOPMENTS

(a) Property developments, mainly shopping, costing £955,000 had been completed since the last report.

(b) Property developments, mainly shopping, estimated to cost just over £2,000,000 were in course of construction and expected to be completed by early 1966.

(c) **Total UK properties held for or in course of development £3,700,000.**

NORTH AMERICAN INTERESTS

(a) **Canada.** The company's interests in Trizec Corporation Ltd. are developing satisfactorily. Trizec owns:

(i) Place Ville Marie, Montreal. Office and shopping complex which on completion of the last unit of the complex in 1966 will have a total lettable area of 2,800,000 square feet.

(ii) Shopping Centres at Halifax, Vancouver and Toronto totalling over 1,500,000 square feet which is all now in operation.

(b) **United States of America**
Through a subsidiary, the company has today a one-third interest in a joint venture with Alcoa for development of Century City, Los Angeles; and also with Alcoa an important interest in five apartment projects in New York, Philadelphia and Pittsburgh.

ASSETS

	£000	£000
Properties in the United Kingdom		18,820
North American Interests		7,298
Investments		1,849
Current Assets		512
		28,479
Less: Long-term liabilities	8,916	
Minority Interests	952	
Current liabilities and provisions	5,544	
		15,412
Share Capital and Reserves		13,067
Made up as follows:		
5% Preference Capital		700
Ordinary shares of 5s. each		3,000
Reserves: Capital	8,742	
Revenue	625	
		9,367
		13,067

PROSPECTS

During the current year, earnings from United Kingdom developments should show a material increase, but no income will be received from North America, and interest charges in the UK will again be increased because of funding short-term debt and of higher interest rates generally. It is, however, intended in the absence of any unforeseen circumstances or of material changes in rates or incidence of taxation, to recommend the payment of dividends totalling not less than 10 per cent, less tax, in respect of the current year, and to meet any shortfall from undistributed profits. The Chairman is hopeful of continuing the process of steady recovery during the current year.

SECOND COVENT GARDEN PROPERTY COMPANY LIMITED

LINDSAY HOUSE
171 SHAFTESBURY AVENUE
LONDON WC2
COVent Garden 2781

JOHN HOLT & COMPANY (LIVERPOOL) LIMITED

The sixty-eighth Annual General Meeting of John Holt & Company (Liverpool) Limited will be held on February 22nd in Liverpool.

The following is an extract from the circulated statement of the Vice-Chairman, **Mr P. B. Hunter**:

The profit and loss account shows a modest but welcome improvement; the net profit before tax having increased from £463,800 to £603,600.

During the year under review the general policy of broadening the basis of the Company's business to meet the changing times has been vigorously pursued, and the Company has been reducing the less profitable sides of its business and reinvesting the proceeds in the expansion of other activities in the United Kingdom, in Africa and in France. I believe that the small improvement in the profit and loss account which is reflected in this year's accounts is a sign that the measures which have been and are being taken to increase the profitability of our enterprise are succeeding.

The Board recommends a final dividend of 10 per cent as last year and a payment of a 7½ per cent dividend out of the proceeds of sale of capital assets, from which tax will not be deducted.

Although the improvement in trading profit which is reflected in the accounts cannot be regarded as satisfactory, the indications for the current year so far are that there will be a greater improvement this year and profits so far earned are substantially greater than the figure for the comparable period in 1963-64.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail.

UK £6, overseas £6 10s.

By air see below

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. Airmail is invariably more expensive but usually quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended

	Airmail	Air Freight
Australia	£13 10s.	—
Canada:—		
Quebec & Ont. Provs.	£12 10s or Can. $38	£9 15s. or Can. $30
Other Provs.	£12 10s. or Can. $38	£10 10s. or Can. $31·80
Ceylon	£12 10s.	£10 0s.
China	£13 10s.	—
East Africa	£12 10s.	£10 0s.
Egypt	£11 0s.	—
Europe	£10 0s.	—
Ghana	£12 10s.	£9 10s.
Gibraltar, Malta	£7 5s.	—
Hongkong	—	£12 10s.
India	£12 10s.	£10 0s.
Indonesia	£12 10s.	—
Iran & Iraq	£14 0s.	£9 10s
Israel	£11 0s.	—
Japan	£13 10s	—
Jordan	£11 0s.	—
Lebanon	£11 0s.	—
Malaya	£12 10s.	—
N. Zealand	£13 10s.	—
Nigeria	£12 10s	£9 14s
Pakistan	£12 10s.	—
Philippines	£13 10s.	—
Rhodesia	£12 10s.	—
S. Africa	£12 10s.	£10 0s
Sth. & Cen. America	£12 10s.	—
Sudan	£11 0s.	£9 10s
USA	£12 10s. or $35	£10 10s. or $29·50
W. Indies	£12 10s.	—

GREENWOODS (ST. IVES)

Salient features of Mr J. Silman's Statement

For the year ended September 30, 1964, the net profit after tax, totals £405,362 compared with £268,005 in the previous year.

Your Directors recommend a dividend of 20 per cent against 18¾ per cent. They also recommend a scrip issue of one new share for every ten held. It is their intention, in the absence of unforeseen circumstances, to maintain for the year ending September 30, 1965, the increased dividend of 20 per cent on the capital as increased by the scrip issue.

GROUP'S FINANCIAL STATISTICS

	1962	1963	1964
Assets employed in the Group...	**£2,122,167**	**£2,906,164**	**£3,845,801**
Average share capital in issue	£682,555	£992,099	£1,193,413
Net Profit after taxation	199,320	268,005	405,362
Depreciation and replacement reserve	313,229	394,676	644,082
Taxation and Taxation Equalisation Reserve	14,245	37,943	186,233
Ordinary Dividend	85,768	133,283	146,810

THE STERLING ESTATES GROUP OF COMPANIES

78 Grosvenor Street, London, W1.

CHAIRMAN — MR D. Overall, J.P., F.A.I.

Four Years' Growth

Year ended September 30th	1961 £	1962* £	1963 £	1964 £
Issued Capital	1,060,724	1,439,763	1,439,763	1,439,763
Reserves	1,757,127	2,930,612	2,920,272	2,981,190
Fixed Assets	4,693,708	7,285,448	7,695,605	8,054,005
Gross Revenue, excluding sales	285,350	421,380	474,437	534,318
Net Revenue before Tax, excluding sales	165,788	255,964	265,488	288,081
Net Dividend (as percentage of Issued Capital)	12%	13%	14%	14%

* *In 1961/62 the Group acquired the Shop Properties Group of Companies.*

THE UGANDA COMPANY LIMITED

Rights of Overseas Investors Safeguarded

The sixty-second Annual General Meeting of The Uganda Company Limited will be held on February 22nd in London.

In the course of his circulated statement the chairman, The Right Honourable Earl De La Warr, PC, GBE, said: All Africa is disturbed and many investors, even many Africans themselves, are nervous of entrusting their savings in any company associated with Africa. Whatever may be happening elsewhere in Africa, your Company has received nothing but fair play, friendliness and active co-operation from the Government and people of Uganda. We are determined to continue pushing ahead with the steady development of our own and therefore Uganda's resources.

Uganda has lately passed an Act of Parliament for safeguarding the rights of overseas investors. It is a wise and statesmanlike piece of legislation. How helpful it would be if all the new nations of Africa acting together could evolve in association with some body such as the World Bank, a universal charter of this character! This is needed not only as a protection for investors, who are after all quite free to direct their money where they like, but as a means for the great new nations of Africa to obtain capital for development more easily and more cheaply. Established International Companies can borrow money at relatively low rates of interest, whilst Africa has to pay rates which are considerably higher. Why? Simply because too many people feel that investment in Africa is a risky affair, and those few who are prepared to accept a high risk demand a high return on their money. Only Africa herself can allay those fears, and the best thing that could happen for each individual country of Africa would be action that removed from the whole continent the stigma of insecurity against which she and her friends have to struggle.

APPOINTMENTS (continued) for further announcements see pages 827, 836, 837, 838 and 839

UNIVERSITY OF QUEENSLAND

SENIOR LECTURER IN ECONOMICS

The University invites applications for the position of Senior Lecturer in Economics. Applicants should have an honours degree in economics. The successful applicant's duties will be mainly lecturing and tutorial work in general economic theory in one or other of the courses entitled Economics I, Economics II, Economics III, Public Finance.

The salary range for Senior Lecturer is £A3,200 — 6 x £A100 — £A3,800 per annum.

The University provides Superannuation similar to F.S.S.U., Housing Assistance, Study Leave and Travel Grants.

Additional information and application forms will be supplied upon request to the Secretary-General, Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1. Applications close, in London and Brisbane, on *April 9, 1965*.

UNIVERSITY OF DURHAM

LIBRARY

Applications are invited for the post of ASSISTANT LIBRARIAN (ADMINISTRATIVE ASSISTANT). This post will include duties in all three sections of the University Library. Applicants must have a good university degree and should have passed the Registration examination of the Library Association or have relevant experience in a good library. The ability to type is essential and a secretarial training would be an advantage. Salary scale: £1,050 x £75 — £1,350 x £50 — £1,400 *bar* x £85 — £2,080 or x £80 — £1,580 p.a. Placing on the scale according to qualifications and experience. Further particulars available on request to the Librarian, University Library, Palace Green, Durham, to whom applications, together with the names of three persons to whom reference can be made, should be sent before March 11, 1965.

UNIVERSITY OF GLASGOW

DEPARTMENT OF POLITICAL ECONOMY

Applications are invited for a Lectureship in Political Economy. Salary scale: £1,400-£2,505 per annum (Senior Lecturer, £2,400-£3,150 per annum). Initial salary and grade of appointment according to experience and qualifications. F.S.S.U.

Applications (eight copies) should be lodged, not later than March 12, 1965 with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of the University Court

STATISTICAL ASSISTANT

Young lady, preferably graduate

required by the Pig Industry Development Authority for their Economics Section in London. Salary on scale £760-£1,030. Further details and application form from Establishment Officer, 13 Ridgmount Street, London, W.C.1.

THE UNIVERSITY OF LIVERPOOL

Applications are invited for the post of Assistant Lecturer in the Department of Economics. The salary will be within the range £1,050-£1,275 per annum, according to qualifications and experience. Applications, stating age, qualifications and experience, together with the names of three referees, should be received not later than March 12, 1965 by the Registrar, from whom further particulars may be obtained. Please quote Ref. CV/400/E.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of RESEARCH ASSISTANT to work in the Department of Social Administration on a survey of Girls' Friendly Society hostels. A good deal of travelling is involved. Applicants must be women graduates in one of the social sciences. Experience in interviewing and some training in statistics would be an advantage. Salary £1,200 per annum. Applications should be sent not later than March 5, 1965, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained, on quoting reference 18/65/E.

UNIVERSITY OF ABERDEEN

DEPARTMENT OF POLITICAL ECONOMY

Applications are invited for post of SENIOR LECTURER. Salary on scale: £2,610 x £80 — £3,250 with placing according to qualifications and experience. Superannuation (F.S.S.U.) and removal allowance.

Further particulars should be obtained from The Secretary, The University, Aberdeen, with whom applications (eight copies) should be lodged not later than March 6, 1965.

FOURAH BAY COLLEGE

THE UNIVERSITY COLLEGE OF SIERRA LEONE

Applications are invited for Tutorship in Department of Extra-Mural Studies. Training in community development or adult education and interest in economics and sociology will be an advantage. Salary scales: £950 x £50 — £1,100 p.a., or £1,200 x £75 — £1,950 p.a. F.S.S.U. Children's, car and outfit allowances. Family passages. Biennial leave passages. Part-furnished accommodation. Detailed applications (six copies), naming three referees, by March 24, 1965, to Secretary, Inter-University Council for Higher Education Overseas, 33 Bedford Place, London, W.C.1, from whom full particulars may be obtained.

UNIVERSITY OF YORK

DEPARTMENT OF ECONOMICS

SIR ELLIS HUNTER MEMORIAL FELLOWSHIP OR STUDENTSHIPS

Applications are invited for one Junior Research Fellowship at £900 to £1,000 p.a., or *two* Research Studentships at £550 p.a., tenable for one year and renewable for a further year. The successful candidate(s) will be expected to pursue graduate study and research in one of the following fields: industrial economics (including public enterprise), industrial history, public finance in relation to industry.

Four copies of applications, naming three referees, should be sent by March 19th to the Registrar, University of York, Heslington, York, from whom further particulars may be obtained.

UNIVERSITY OF OXFORD

COMMITTEE FOR COMMONWEALTH STUDIES

Applications are invited for the post of Senior Research Officer or Research Officer (depending on qualifications and experience) at the Institute of Commonwealth Studies. The appointment will normally be for three years with the possibility of an extension for a further two years. The holder will be required to undertake approved research in the Institute under the direction of the Committee and a limited amount of teaching within the field of comparative government or history, preferably with reference to Africa. The salary will be within the range of £1,400 (under age 28) x £85 to £1,485 (at age 28) x £85 to £2,760 (at age 43 and over) for a Senior Research Officer and £1,400 x £85 to £1,[illegible] per annum for a Research Officer, with membership of F.S.S.U. It is hoped to fill the appointment with effect from October 1, 1965. Applications giving the names of two referees, should reach the Secretary, Institute of Commonwealth Studies, Queen Elizabeth House, 21 St. Giles, Oxford, by April 1, 1965.

MSL

A candidate's identity will not be disclosed unless he gives permission after a confidential discussion.

Deputy Chief Accountant *28 to 33*

a new post in the West End Head Office of an industrial group with a turnover exceeding £10 million. He will be responsible to the Group Chief Accountant, and in addition to acting as his deputy in all accounting matters, he will assist in the review and rationalisation of procedures, the improvement of works costing practice, and the introduction of budgetary control; he will advise on the significance of economic trends and fiscal measures.

Candidates, who should be graduates, must be chartered accountants with at least three years' successful experience of similar work, with a manufacturing company or as a consultant. Initial salary up to £2,500; contributory pension, assistance with house purchase, and four weeks' leave. Please write to P. D. Burnford, quoting S.7429, and stating how each requirement is met.

MANAGEMENT SELECTION LIMITED, 17 STRATTON STREET, LONDON, W.1.

SENIOR ENGINEER MANAGEMENT

A well-known public company in London—a world leader in its own specialised field—offers an exceptional opportunity to a Mechanical or Civil Engineer with a University degree, aged 35-40, experienced in light engineering with a record of success in a variety of functions, including management.

The starting salary would be not less than £3,000 p.a. with the prospect of a very senior post in 5-6 years at £6,000 p.a. or over.

Please write in strict confidence with details of your experience and salary progress to:

The Chairman, Box 1896.

PROGRAMMER

OTIS ELEVATOR COMPANY LIMITED

Moorgate Road, Kirkby, Liverpool,

require a programmer with 2/3 years' experience, to join our Data Processing Department.

The company is about to install an IBM 1401 computer which will be superseded in 1967 by System 360.

The person engaged should be able to establish and develop programmes for an integrated data processing system.

Applications giving details of qualifications and experience should be made in writing to **The Personnel Manager, Falmouth Road, London, S.E.1. Interviews arranged London or Liverpool.**

FORMICA

FORMICA LIMITED

A Member of the De La Rue Group

require an

EXPERIENCED ECONOMIST

for a new appointment. He will be responsible to the Commercial Development Director, working in a department which is responsible for long-term marketing and development policy, product application research and the development and marketing of new products.

His function will be business forecasting, the investigation of special projects of a commercial development nature, such as feasibility studies as to company acquisitions, licences, and new products.

We are looking for a graduate with at least four years as an economic analyst in an agency or a commercial or financial company. He must have a lively, constructive intelligence with an ability to contribute to the company's development at a policy making level.

Write (quoting ref.: C.0033) giving details of age, education, experience and salary, to:

The Personnel Officer,
FORMICA LIMITED
De La Rue House,
84-86 Regent Street, London, W.1

HUMAN RESOURCE DEVELOPMENT FELLOWSHIPS

THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, PARIS,

again proposes to grant a number of Fellowships to persons interested in pursuing a career in the field of allocation of resources in education and science. The Fellowships will include training and research in the countries where work in this field is being carried out by Governments in co-operation with the OECD.

The Fellowships will be for a period of twelve months, beginning approximately July 1, 1965, and awards will include an honorarium together with allowances for lodging, dependants and transport.

Prerequisites are a university degree in economics or other disciplines appropriate for work related to the development of plans and policies for investments in education and science, and professional experience.

Fellowships will be limited to nationals, under 35 years of age, of OECD Member countries. Candidates must be able to work in either English or French; knowledge of other languages would be an advantage.

Letters of application and detailed curricula vitae written in either English or French should be sent to the Directorate for Scientific Affairs (Fellowships), OECD, 2 rue André Pascal, Paris 16e, before March 15, 1965.

BANK OFFICERS

GET OUT OF THE RUT!

Career appointments overseas are available to bankers of 20 to 35 years of age. Applicants up to age 25 should be single men and have completed at least Part 1 of the Institute of Bankers' Examination. Marriage is not a bar to older men, but they should have completed (or be in process of completing) Part 2 of the Institute Examination.

These are career appointments with excellent prospects. The younger age group commences service in West Africa with emoluments normally in the region of £1,300 p.a. Salaries of older men are higher and will be considered at interview.

- ★ Free furnished quarters overseas.
- ★ First-class non-contributory Pension Scheme and retirement at age 55.
- ★ Eighteen-month tours with 108 days' leave between each tour. £100 kit allowance on appointment. Free medical attention overseas (though our health record is excellent). Free travel

Interviews arranged in London.

Write, giving full particulars, to: The Secretary,
BANK OF WEST AFRICA LIMITED,
37 Gracechurch Street, London, E.C.3.

STATISTICIAN

The E.M.I. Group have a vacancy for a statistician or economist with statistical training, in one of its major companies in the London area. The work will involve the application of statistical techniques to commercial, financial and production problems, and the interpretation of the results as an aid to management decisions. This vacancy is a new one offering considerable scope for initiative.

Candidates, aged 25-30, should possess a degree in Statistics or Economics with Statistics, and have had at least two years' appropriate experience.

Please write, giving personal details and a brief outline of experience and qualifications, quoting Ref.1/A/2, to:

Group Personnel Manager 04213/F,
E.M.I. Ltd.,
Blyth Road,
Hayes,
Middlesex.

STATISTICIAN/ MATHEMATICIAN

required by

UNITED KINGDOM ATOMIC ENERGY AUTHORITY
REACTOR DEVELOPMENT LABORATORIES
WINDSCALE WORKS, SELLAFIELD, SEASCALE, CUMBERLAND

For work on statistical and mathematical investigations into the behaviour of fuel elements in nuclear power stations. The work could involve some programming for an I.B.M. computer. Applicants should have at least a 2nd Class Honours degree in statistics, or in mathematics with a diploma in statistics.

Salary will be in the range £1,805 to £2,230 p.a.

Contributory superannuation.

Housing and House Purchase Assistance Schemes

Write for application form quoting Ref. 72/320, to:

The Appointments Officer, Room E.109,
U.K.A.E.A.,
Reactor Group Headquarters,
Risley, Nr. Warrington, Lancashire.

Closing Date March 29, 1965.

INTERNATIONAL ASSOCIATION OF MANUFACTURERS

Personal Assistant to the General Secretary required, based in London, well educated with working knowledge of French and German. Applicants, aged 35-40, should have some commercial experience and good personality, if possible technical background.

Prospects of promotion.

Handwritten applications with curriculum vitae, photo, etc., to Box 1900.

CHIEF ACCOUNTANT

A Chartered Accountant of outstanding ability, preferably not more than 40 years of age, is required by a public company in the North West as prospective successor to the present Chief Accountant who is approaching retirement age. The company, which is an operating company with a large number of subsidiary and associated companies in the United Kingdom and overseas, has net assets exceeding £30,000,000 which are employed in manufacturing and every stage of merchanting.

The Chief Accountant is responsible to the Board of Directors for all financial and accounting arrangements of the Group. A phase of rapid expansion and the decision to replace the present computer by one of the most advanced design capable of handling several integrated programmes has made it necessary to initiate a comprehensive review of accounting methods throughout the Group and the successful applicant will thus be able to influence at an early stage the shaping of the accounting system which he will later direct.

Applicants should have knowledge and practical experience of:

(a) Industrial financial and cost accounting.
(b) Modern techniques of management accounting for a large group of companies.
(c) Investigation of businesses with a view to acquisition.
(d) Training and control of office staff.
(e) U.K. and overseas taxation.

The commencing salary for this position will be commensurate with the high degree of practical knowledge, initiative and organisational ability which is required.

Applications should be addressed to Box 1899.

BP

ECONOMIC ASSISTANT

The British Petroleum Company has a vacancy in its Head Office for an Economic Assistant age 25-30 in the Investment Branch of Finance and Accounts Department. A degree in Economics and an Accountancy Qualification are essential. Candidates should have had practical experience in evaluating long and short term national and industrial trends and be able to advise on the investment of funds and to assist in the administration of such invested funds.

Write giving full details, quoting reference H.6720, to Box 7469, c/o Hanway House, Clark's Place, London, E.C.2.

STATISTICIAN

The British Non-Ferrous Metals Federation requires a Statistician to control and develop the provision of statistical information for the industry.

He will also be required to take charge of the work of The British Bureau of Non-Ferrous Metal Statistics, one of the leading international authorities on non-ferrous metal statistics. This involves the collection, interpretation and publication of data on metal mining and manufacturing on a world wide basis.

The ability to write clearly and concisely and to comment on statistical and economic trends is essential. A degree in Economics or Mathematics with some statistical experience would be an advantage but knowledge of metals is not necessary.

Please apply to The Director, The British Non-Ferrous Metals Federation, 6 Vicarage Road, Birmingham 15.

UNIVERSITY OF SASKATCHEWAN

SASKATOON, CANADA

Applications are invited for the positions of Assistant Professor and Associate Professor of Economics. Preference will be given to applicants who have the degree of doctor of philosophy with specialisation in economic theory. The salary range for Assistant Professors is $8,200 to $10,000, and for Associate Professors $11,000 to $13,000. There are generous schemes for retirement pensions and other benefits.

The Department has 17 economists and six political scientists engaged in teaching undergraduate and graduate programmes and in research in a well-established University Curriculum vitae and the names of three referees should be sent to the Head, Department of Economics and Political Science, The University of Saskatchewan, Saskatoon Canada

THE UNIVERSITY OF MANCHESTER

Applications are invited for one or more posts at the grade of ASSISTANT LECTURER in GOVERNMENT, without regard to special field of interest. Salary scale per annum: £1,050 x £75 to £1,275, initial salary according to qualifications and experience. Membership of F.S.S.U. Applications should be sent not later than March 13, 1965, to the Registrar, The University, Manchester 13, from whom further particulars and forms of application may be obtained on quoting reference 19/65/E.

UNIVERSITY OF BELFAST

SENIOR LECTURESHIP OR LECTURESHIP IN STATISTICS

The Senate of The Queen's University of Belfast invites applications for a Senior Lectureship or Lectureship in Statistics from October 1, 1965, or such other date as may be arranged. Salary range for a Senior Lectureship is £2,480 to £3,250 plus contributory pension rights under the F.S.S.U. and for a Lectureship £1,400 to £2,505 plus F.S.S.U. Initial placing on the salary scale will depend on qualifications and experience. Applications should be received by *March 9, 1965*. Further particulars may be obtained from G. R. Cowie, M.A., LL.B., J.P., Secretary.

PRINCIPAL FINANCIAL ASSISTANT

required by the

CENTRAL ELECTRICITY GENERATING BOARD

This vacancy is in the Board's Chief Financial Officer's Department at new Headquarters Offices near St. Paul's

The successful applicant will be required to assist in the preparation and examination of capital and revenue budgets of the Board covering a total annual expenditure amounting at present to £1,100 million. He will be expected to assist in the development of management accounting and to make a critical approach to financial techniques and problems. He will also be involved in *ad hoc* exercises and investigations, and, to this end, should have a wide knowledge of financial matters. The successful applicant will also be interested in management problems generally

Candidates who should be in their late twenties or early thirties, must be members of a recognised accountancy body and also hold a degree preferably in economics. Previous industrial experience would be an advantage.

Salary within the range £1,955 to £2,240 p.a. (maximum of scale rises to £2,295 in 1966)

Applications, stating age, qualifications, experience, present position and salary, to N. Berryman, Personnel Officer (Headquarters) Sudbury House, 15 Newgate Street, London E.C.1, by March 1, 1965. *Quote Ref. F/68.*

MALE EXECUTIVE ASSISTANT (20-30 years) required for Management accounting, budgetary and Contract Control. Relevant training and some experience in industry desirable. flair for analysis, presentation and negotiation of facts and figures essential. Formal training in chartered accountancy or a degree in economics is expected.—Detailed applications to Personnel Manager, E.-A. Space and Advanced Military Systems Ltd., Chobham Road Frimley, Nr. Aldershot Hants.

The Economist

BINDING CASES

*Binding cases for The Economist are available from Easibind Ltd. The cases are in stiff, dark blue cloth covers, and are gilt-lettered on the spine; they provide an extremely effective and firm binding and will hold 13 issues of the normal edition together with the quarterly Index, or 26 issues of the air edition with two quarterly Indexes. The year can be stamped on the spine. The cost per case, post free throughout the world, is now 14s. Orders, stating requirements clearly and enclosing a remittance, should be sent, **not** to The Economist, but to—*

EASIBIND LTD. (Dept. E)
84 Newman St., London, W.1. MUSeum 2141

BRADFORD INSTITUTE OF TECHNOLOGY

(Proposed University of Bradford)

SOCIAL SCIENCES

Applications are invited for the appointment of Lecturers and Assistant Lecturers to commence duties not later than October 1965 in the following fields:

ECONOMIC THEORY
APPLIED ECONOMICS
ECONOMETRICS
ACCOUNTANCY
GOVERNMENT
PSYCHOLOGY
SOCIOLOGY
SOCIAL CASEWORK
HISTORY AND PHILOSOPHY OF SCIENCE

In exceptional cases appointments may be made as Senior Lecturer

Salary scales:

Assistant Lecturer:	£1,050 — £1,200
Lecturer	£1,400 — £2,505
Senior Lecturer:	£2,505 — £3,000 — £3,250

Further particulars and application forms (which should be returned by March 22nd) may be obtained from the Registrar, Ref. 85Y/M, Bradford Institute of Technology, Bradford 7.

PLEASE STATE IN WHICH POST YOU ARE INTERESTED

THE MINISTRY OF LABOUR wishes to make temporary appointments of PERSONNEL MANAGEMENT ADVISERS in the London and South Eastern, Eastern and Southern, and Midlands Regions. There is one post in each Region. The Personnel Management Advisers will operate from the Ministry's Regional Offices: those of the London and South Eastern and Eastern and Southern Regions are in London, the Midlands Regional Office is in Birmingham. The posts, which carry no superannuation benefits, are tenable for a period of three years only. The salary for the London posts is in the range £2,085 to £2,485, that for the Birmingham job is £2,100 to £2,400

The principal duties consist of giving to individual managements in industry and commerce information and advice on all aspects of personnel management, assisting with the arrangement of conferences and courses for managers and personnel officers and conducting studies of specific subjects of interest to the Ministry. Most of the adviser's time is spent in visiting firms in industry and commerce. The ability to drive a car, though not essential, is an asset.

Applicants (men or women) should have a university degree or, alternatively, should have taken the one year course in personnel management. They should also have had some years' practical experience in a responsible post in a personnel department

The posts should be attractive to men or women who wish to widen their experience by a spell of work in a post that will bring them into contact with the personnel problems of a wide range of industries and types of organisation, and to play an active part in promoting progressive policies

Written applications, giving date of birth full particulars of education qualifications and experience (including a chronological list of posts held) should be sent to Ministry of Labour, Establishments B.2 8 St James's Square, London S.W.1 to be received not later than March 10 1965. Originals of testimonials should not be sent

For further announcements see pages 827, 835, 836, 837 and 839

UNIVERSITY OF NEWCASTLE UPON TYNE

DEPARTMENT OF SOCIAL STUDIES

Applications are invited for the following additional appointments which have been newly established from August 1, 1965.

(i) Chair of Social Studies.
(ii) Lectureship in Social Psychology:
(iii) Research Assistant for the study of family and neighbourhood problems connected with urban renewal.

Salary in accordance with the appropriate scale (Professor, £3,400 x £125—£4,025 per annum Lecturer, £1,400 x £85 — £2,165 (Bar) x £85 — £2,505 per annum; Research Assistant, £1,050 x £75 — £1,275 per annum) with membership of F.S.S.U. Candidates will be expected to take up duty on August 1, 1965, or such later date as may be mutually agreed.

Further particulars of the posts may be obtained from the undersigned with whom applications giving the names of three persons to whom reference may be made should be lodged as follows

(a) for the Chair, 15 copies by March 29, 1965;
(b) for the Lectureship and Research Assistantship three copies by April 20, 1965.

F. M. Bettinson
Registrar
University of Newcastle upon Tyne
6 Kensington Terrace
Newcastle upon Tyne 2

Edinburgh Corporation

ORGANISATION & METHOD SERVICE

There is a vacancy in the well-established O & M. Service of Edinburgh Corporation for a young graduate or professionally qualified man. Applicants should have some experience of O. & M. or work study in commerce, industry or local government

The diverse problems of a large administrative organisation are extremely interesting and give unusual opportunities for increasing the range of relevant O. &M. experience The Service is also responsible for all data processing developments and experience of planning for a computer will be afforded.

Working conditions are attractive and placing on a salary scale carrying a current maximum of £1,810 will be according to experience.

Applications to City Chamberlain, City Chambers, Edinburgh 1.

UNIVERSITY OF NEWCASTLE UPON TYNE

INSTITUTE OF EDUCATION

The University invites applications for the post of Staff Tutor in Technical Education in the Institute of Education Candidates should be graduates or members of a professional institution. The post is tenable from October 1, 1965, or an earlier date if possible

The greater part of the work is in conducting the three-year part-time course for the Institute's Diploma in Further Education. There are at present about 30 experienced technical college lecturers taking the 1962-65 course and 35 in the 1964-67 course, with some education officers from industry.

The salary will be at an appropriate point on the scale £1,400-£2,925 according to age, qualifications and experience Membership of F.S.S.U. required.

Further particulars may be obtained from the Registrar, The University Newcastle upon Tyne 2, with whom applications (three copies), together with names and addresses of three persons to whom reference may be made should be lodged not later than March 18 1965

MEMORIAL UNIVERSITY OF NEWFOUNDLAND

INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

RESEARCH FELLOWSHIPS

Three Fellowships at the pre-doctoral level are available for investigation into

1. Capital Investment in Newfoundland and Labrador.
2. The Labour Supplies of Newfoundland and Labrador.
3. Industry Studies in Newfoundland and Labrador

The Fellowships are available for a minimum of two years The salary will be $3,000 per annum, with a travel allowance to St John's of $400

For further information, please apply to Dr. N. Hurwitz, Director of Economic Research, Institute of Social and Economic Research Memorial University of Newfoundland, St John's, Newfoundland, Canada.

MONASH UNIVERSITY

MELBOURNE, AUSTRALIA

FACULTY OF LAW

SENIOR LECTURERS (THREE)

Applications are invited for appointment to the above positions.

SALARY: £A3,250-£A3,800 per annum with superannuation on the F.S.S.U. basis.

Applicants should preferably have special interests in at least two of the following fields: Contracts Property, Legal History, Conflicts of Laws, Public International Law, Administrative Law, Constitutional Law, Comparative Law Jurisprudence, and be able to take up duty not later than December, 1965.

BENEFITS: Full travelling expenses for an appointee and family; removal allowance repatriation after three years' appointment if desired; subsidised housing plus availability of loans for home purchase; one year's study leave after six years' service, pro rata after three years, with provision for financial assistance.

Further general information is available from the Registrar of the University, P.O Box 92 Clayton, Victoria, Australia, or the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall London S.W.1. Enquiries regarding details of courses and research activities should be addressed to Professor D P. Derham.

CLOSING DATE, April 30 1965

Energetic, intelligent, profit-orientated

YOUNG MAN

required as

Assistant to the Marketing Manager

of the Inveresk Paper Group.

Demanding job, with realistic rewards and exceptional opportunities.

WRITE OR PHONE.

Group Marketing Manager,
INVERESK PAPER GROUP,
19 TUDOR ST., LONDON. E.C.4.
FLEet Street 2323

UNIVERSITY OF EAST ANGLIA

THE LIBRARY

Applications are invited from graduates with good academic qualifications and preferably experience in librarianship for appointment as ASSISTANT LIBRARIAN, salary scale £1,050 x £75—£1,275, or SENIOR ASSISTANT LIBRARIAN, salary scale £1,400 x £85—£2,105 (bar) x £85—£2,505 plus F.S.S.U. benefits. Appointments to the lower grade will be subject to confirmation at the end of a period not exceeding three years and on its satisfactory completion the holder will proceed to the senior grade. Those appointed will be expected to specialise in specific subjects and for these posts special interests in English Literature, Social Studies, Russian or Scientific Subjects will be particularly welcome. They will thus have an opportunity to participate in the building up of a rapidly growing University Library.

Further particulars may be obtained from the Registrar, University of East Anglia, Earlham Hall, Norwich, NOR 05G, with whom applications (one copy), giving the names and addresses of three referees, should be lodged not later than March 20, 1965.

for further announcements see pages 827, 835, 836, 837 and 838

UNIVERSITY OF YORK

GRADUATE SCHOOL IN ECONOMICS AND ECONOMIC HISTORY

There are 20 students enrolled for graduate work in Economics and Economic History this session and it is the University's policy to expand graduate facilities in line with its expansion plans.

Applications are now invited from those wishing to take graduate courses leading to the degree of B Phil (minimum one year full-time study), M Phil (minimum two years full-time study) and D Phil (minimum three years full-time study). Preference will be given to those who wish to specialise in the main research fields of staff members of the Department of Economics and of the Institute of Social and Economic Research, i.e. Public Finance, Economic Development, International Economics, and Economic History.

A limited number of graduate studentships and junior research fellowships may be offered to successful candidates.

Four copies of applications naming three referees should be sent by March 19th to the Registrar, University of York, Heslington, York, from whom further particulars may be obtained.

NATIONAL FOUNDATION FOR EDUCATIONAL RESEARCH IN ENGLAND AND WALES

STATISTICIAN

Applications are invited for a post as Assistant Research Officer in the Foundation's Statistical Service to work on the analysis of survey and experimental data in the educational field. Candidates should be graduates and/or members of the Institute of Statisticians.

Salary scale: £900 to £1,275 and superannuation.

Placement according to qualifications and experience.

Further particulars and application forms from Personnel (SO3), N.F.E.R., Upton Park, Slough, Bucks.

GLACIER METAL COMPANY LTD.

MATHEMATICIANS STATISTICIANS (FEMALE)

Two vacancies arise which should attract the interest of women who have an aptitude for Mathematics and or Statistics and are seeking absorbing and rewarding positions.

1. *Mathematician / Statistician* (Ref.: B RDO MS2)

Location: Research and Development Organisation.

Task: Developing quick methods to aid bearing design: analysing experimental results: preparing data charts and tables: providing general statistical services, etc.

2. *Statistical Analyst* (Ref: PD HQP/SA)

Location: Headquarters Planning Department.

Task: Collecting, collating and analysing pricing data and establishing pricing formulae, testing formulae realism, feed-back information, preparing schedules, graphs, etc.

Primary requirements for both positions are an ability to use figures accurately and intelligently, and competence and originality in mathematical manipulation.

A Degree or equivalent in Mathematics would be an advantage and possession of the Intermediate Certificate of the Institute of Statisticians would be useful.

For the first position it will be necessary to acquire an appreciation of the physical properties of bearings and their effects.

Conditions: Starting salaries will depend upon qualifications and experience, but are likely to be in the range £900-£1,000 per annum.

Applications: Brief relevant details, including current salary and quoting appropriate reference number, to:

Headquarters Personnel Manager,
Glacier Metal Co. Ltd.,
368 Ealing Road,
Alperton, Wembley,
Middlesex.

UNIVERSITY OF YORK

CHAIR OF ECONOMIC THEORY

Applications are invited for the Chair of Economic Theory, from October 1, 1965.

Four copies of applications, naming three referees, should be sent by March 19th to the Registrar, University of York, Heslington, York, from whom further particulars may be obtained.

SALZBURG SEMINAR IN AMERICAN STUDIES

SCHLOSS LEOPOLDSKRON, SALZBURG, AUSTRIA

Scholarships are offered for the following sessions:

SOCIAL ISSUES IN THE UNITED STATES
June 13 to July 10, 1965.
AMERICAN LAW AND LEGAL INSTITUTIONS
July 18 to August 14, 1965.
CURRENT TRENDS IN AMERICAN LITERATURE
August 22 to September 18, 1965.

Lectures and Seminars at the post-graduate level. Admission is granted for evidence of ability and accomplishment. General age range 25 to 40.

For further information and application forms, please write promptly to Salzburg Seminar, 38 Upper Brook Street, London, W.1.

EDUCATION

Home Study Courses

B.Sc.(ECON.), LLB.

and other external degrees of the University of London. Also Accountancy, Secretaryship, Law, Costing, Banking, Insurance, Marketing, G.C.E., and many (non-exam.) courses in business subjects including the new Stockbrokers and Stock-jobbers course.

Write today for details or advice, stating subject in which interested, to

METROPOLITAN COLLEGE

(Dept. G9/2), St. Albans,
or call at 30 Queen Victoria Street, London, E.C.4. City 6874. (Founded 1910)

TUITION AT HOME

Wolsey Hall (Est. 1894) provides successful courses for G.C.E. (all Examining Boards), and for London University External B.Sc.Econ., B.A., B.D., B.Sc., LL.B., Degrees: also Diplomas and Certificates. 1,934 Wolsey Hall students passed B.Sc.Econ. since 1930. Tuition also for Law, Statistical, Secretarial and other Professional Exams., R.S.A., etc. Moderate fees, instalments if desired. Prospectus from E. W. Shaw Fletcher, C.B.E., LL.B., Principal, Dept. P 17,

WOLSEY HALL, OXFORD

BUSINESS AND PERSONAL

FRENCH POCKET BOOKS. Thousands in stock. Lists on request.—Hachette, corner of Regent Place and Warwick Street, W.1.

Important French industrial limited company, consistently expanding, with great future possibilities, assured market and export, seeks group or buyer to participate, Fr. 500 000 minimum. Directorship can be assured.

Write to No 251, TRISERVICE, 41 rue de Lancry, Paris 10e.

THE LEGAL SIDE OF BUYING A HOUSE

A CONSUMER PUBLICATION BY THE PUBLISHERS OF "WHICH?" explains in layman's language the complicated—and expensive—process of buying a house in England or Wales. It describes in detail the part played by the solicitors involved, including that of the building society, the functions of the estate agent, surveyor, Land Registry, insurance company and the local authority. It takes you step by step through a typical purchase of a house that is wholly occupied by the seller and has a registered title, and also deals with the less complicated business of selling a house.

The Legal Side of Buying a House

price 5s. available from booksellers or post free from Consumers' Association (CP), 14 Buckingham Street, London, W.C.2.

THE INSTITUTE OF COST AND WORKS ACCOUNTANTS

63 PORTLAND PLACE, LONDON, W.1.

JUNE 1965 EXAMINATIONS

The next examinations (Parts I—V) will be held at the usual home and overseas centres on May 31, June 1 and 2, 1965. Applications on Form C (obtainable on receipt of self-addressed gummed label) should be received at the Institute as soon as possible and in any case not later than March 10th for overseas and April 10th for home candidates. *No late entries will be accepted.*

CHATWOOD RENTERS SAFES IN EXCELLENT CONDITION FOR DISPOSAL

(on account of expiration of Bank's Lease of Premises).

Please write to Box FE/43, c/o 95 Bishopsgate, London, E.C.2.

THE BRITISH ASSOCIATION OF ACCOUNTANTS AND AUDITORS LIMITED (Incorporated 1923). The next Examinations will be held from May 25 to 28, 1965. Membership can only be obtained by those who have passed the prescribed examinations.—Copies of the Syllabus are obtainable from the Secretary, Stamford House, 2-4 Chiswick High Road, London, W.4.

HUDSON'S BAY OIL AND GAS COMPANY LTD.

Hudson's Bay Oil and Gas Company Limited reported record net earnings of $13,803,000 or 75 cents per share for 1964, an increase of $1,472,000 or 11.9 per cent. over the previous year. A dividend of 35 cents per share was paid to shareholders of record on December 31, 1964 as compared with the 30 cents per share paid for the previous year. Net cash income generated from operations also reached a new peak, increasing by 6.3 per cent to $27,372,000 or $1.50 per share. All major sources of revenue showed substantial gains primarily due to higher sales volumes. Production of crude oil and natural gas liquids rose 6.9 per cent to an average of 38,146 barrels per day. Sales of natural gas increased 11.5 per cent. to an average of 116.6 million cubic feet per day. Sulphur production increased 3.5 per cent to an average of 235 long tons per day, and throughput volume of the Company's pipeline systems was 9.5 per cent higher at an average of 58,817 barrels per day. Wayne F. Glenn, President, reported that expenditures for finding and developing reserves including both capital and expense outlays totalled $27,805,000 in 1964. He said that resulting additions to the Company's hydrocarbon reserves exceeded the 14 million barrels of crude oil and natural gas liquids and the 17.8 billion cubic feet of natural gas produced and sold during the year. The more noteworthy discoveries and extensions in which the Company participated during the year included a two mile northerly and a two mile southerly extension of the Edson Natural Gas Field, a two mile south-easterly extension of the Northwest Pine Creek Gas Field, gas discoveries at Calling Lake in north-eastern Alberta and at Island River in the North-West Territories and oil discoveries in the East Sylvan Lake, Caroline and Lanaway areas of the West Central Alberta.

BEFORE YOUR VISIT TO LONDON

write to

SPECIALIST SECRETARIAL SERVICES LIMITED

So much time will be saved, so much worry will be spared if a highly skilled secretary is at your service together with a fully equipped office, the type of hotel you want, a car with or without a driver, plus all possible help in making plans for your leisure hours.

We are prepared through our associate company of consultants to make pre-visit trade enquiries, arrange market surveys, carry out executive research or meet any business requirements.

Make your visit commercially successful and socially enjoyable.

Write to us at 5 Oxford Circus Avenue, 231 Oxford Street, London, W.1, and tell us your exact requirements and we will let you know how we propose to meet your requirements and at what cost.

THE UNIVERSITY OF MANCHESTER

FACULTY OF ECONOMIC AND SOCIAL STUDIES

Applications are invited for the following full-time posts

(a) at the grade of LECTURER
ECONOMICS
SOCIAL ANTHROPOLOGY
SOCIOLOGY AND SOCIAL ANTHROPOLOGY

(b) at the grade of ASSISTANT LECTURER
ECONOMICS
GOVERNMENT
SOCIAL ADMINISTRATION
SOCIAL STATISTICS

Salary scales per annum as follows: Lecturer £1,400 to £2,505. Assistant Lecturer, £1,050 to £1,275: initial salary and status according to qualifications and experience. Membership of the F.S.S.U. Applications must be sent not later than March 13, 1965, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained, on quoting reference 20/65/L.

A constant factor over the centuries...

In a changing world, the principles of insurance have remained unchanged. The quill pen may have given way to the typewriter and the computer, but the same reliable service which Royal Exchange Assurance provided for their clients in the eighteenth century applies today. Since then however, service on a world wide scale is offered to telescope distance and facilitate transactions in a manner undreamed of when the 'Royal Exchange' was founded in 1720.

Royal Exchange Assurance

Head Office: ROYAL EXCHANGE, LONDON, E.C.3

Incorporated by Royal Charter in 1720

You can find out all about Canada by sending over a top executive to look the country over.

Or you can walk through this London doorway.

This is the main London branch of The Toronto-Dominion Bank. The best place there is to find out how to do business in Canada. If you're interested in doing business in Canada, call the Business Development Representative at The Toronto-Dominion Bank, 62 Cornhill, London, E.C.3. Or walk through our doorway any time.

THE TORONTO-DOMINION BANK

Over 650 branches across Canada

INCORPORATED IN CANADA WITH LIMITED LIABILITY

WHAT JAPANESE BANK IS OLDER THAN THE BANK OF ENGLAND?

The 282-year old Mitsui Bank.

The first Mitsui Exchange House was founded in 1683. From it has grown a vast complex of industries, embracing every aspect of modern business life.

Because the Mitsui Bank still occupies a central position in this great business group, it can be of special help to you in your dealings with Japan.

We are experts in foreign trade and exchange. We are modern, fast, and conscientious. You'll find our branches or correspondent banks in every major city of the world.

THE MITSUI BANK, LTD.

HEAD OFFICE: YURAKU-CHO, TOKYO, JAPAN

LONDON BRANCH.
No 35 King Street, London, E.C 2

OTHER OVERSEAS BRANCHES.
NEW YORK AGENCY · BANGKOK BRANCH · BOMBAY BRANCH · SINGAPORE BRANCH

For the Processing and Packaging of Foods and Beverages

we supply complete plant, machines and equipment

Under the slogan NAGEMA COMBINES TRADITION AND PROGRESS, the manufacturers united in the NAGEMA Group for machines for the processing and packaging of foods and beverages will be exhibiting some 20 new and further developments in addition to their standard range in Hall 7 of the Technical Fair Grounds at the Leipzig Jubilee Fair held from February 28th to March 9th, 1965. The manufacturers are each specialized in the production of certain machinery. Particular emphasis is being placed on complete production lines of highest efficiency. All products are backed by decades of exhaustive research and infinite production know-how.

Our export programme includes also canteen kitchens in standardized add-on units, normal kitchen equipment as well as refrigeration and air-conditioning plant.

CHEMIEAUSRÜSTUNGEN

Deutscher Innen- und Aussenhandel, 108 Berlin, Mohrenstrasse 53/54
German Democratic Republic

At the Leipzig Fair: Technical Fair Grounds, Hall 6

Japan's Mount Fuji has long been considered an ideal representation of timeless, unchanging permanence . . . Paradoxically, it is also symbolic of a dynamic nation characterized by phenomenal growth and progress in response to changing times.

Fuji Bank, too, represents both permanence and change. It has been a solid foundation stone of Japan's economy for over three-quarters of a century. Yet, during all that time, it has only been through constant improvement and expansion – through change – that Fuji Bank has been able to contribute to the stabilized growth of the nation's domestic and foreign business.

Now that Japan has assumed full membership in the international economic community, Fuji Bank looks forward to even further growth and expansion as a truly international bank, permanently linking Japan with the rest of the world.

JAPAN'S LARGEST COMMERCIAL BANK

THE FUJI BANK LTD.

Head Office: Tokyo, Japan
Nation-wide network of branch offices throughout Japan
Overseas Offices: London, New York and Düsseldorf
Representative Office: Calcutta

MILAN TRADE FAIR

more than a trade fair: THE International Trade Fair

The Milan Fair offers to manufacturers and trade representatives from all over the world more than an invaluable business experience. It offers them the superlatively organized and highly efficient

INTERNATIONAL TRADE CENTRE

The strength of the Milan Fair lies in these figures: 14,000 exhibitors from 85 countries, 5.4 million sq. ft. of exhibition space, more than 2 million visitors a year. The Milan Fair organization works all the year round being responsible for more than 20 specialized trade shows.

VISIT THE MILAN FAIR FROM 14th TO 26th APRIL

Visitors' cards and information from Italian Diplomatic, Consular and Trade Representatives and from the Milan Fair Representative: Dr. Vittorio Sciaiazzano 31, Old Burlington St. ☎ REGent 2411 - LONDON W.1.

We design
We deliver
We erect

YOUR PARTNER!

Petro-chemical plants, plants for the basic inorganic chemistry, sugar factories, alcohol factories, dry-ice factories, plastics producing and working plants and important equipment for the chemical industry.

We shall be represented at the Leipzig Jubilee Fair, held from 28th February to 9th March, 1965, with interesting novelties. You will meet us on the Technical Fair Grounds, Hall I.

CHEMIEANLAGEN — EXPORT GmbH
102 BERLIN, ROSENSTR. 15 GERMAN DEMOCRATIC REPUBLIC

EASIER THAN YOU THINK

The **EUROPEAN COMMON MARKET** is a potential you can't afford to overlook if you're interested in expanding your present business or in investing in a new industrial enterprise. It's easier, much easier than you think to get into the Common Market. The secret is Southern Italy. For not only does Southern Italy offer you an immense variety of possible plant sites, attractive financial and fiscal incentives (low-interest long term loans, tax exemptions, capital grants, etc.), unparalleled resources of labour and raw materials, but it is also part and parcel of the European Economic Community. This means that by investing in the Italian Mezzogiorno, you reap all the benefits offered by the Common Market and at the same time have the up-and-coming markets of the Middle East and Africa at your fingertips. If you want detailed information, get in touch with us, the Institute for Assistance to the Development of South Italy (IASM). Our main purpose is to show you just how to go about making your business future inside the Common Market. It's easier, much easier than you think.

For information write to:

INSTITUTE FOR ASSISTANCE TO THE DEVELOPMENT OF SOUTHERN ITALY

In Italy: Via Collina, 27 - ROMA - teleph. 482901 - **In the U.K.:** A.I.C. Associated Industrial Consultants, Knightsbridge House, 197 Knightsbridge, LONDON SW 7 - **In W. Germany:** Terra International Services, Talstrasse 22/24, DUESSELDORF - **In the U.S.A.:** Commercial Offices of the Italian Embassy 2401, 15th Street N.W., WASHINGTON, 9 D.C. - 666 Fifth Ave. NEW YORK, 19 N.Y. - 785 Market Street, Room 604, SAN FRANCISCO, CALIFORNIA - Italian Trade Commissioners: 67, East Madison Street, Suite 1601, CHICAGO 3, ILLINOIS - LOS ANGELES 67, Gateway West Bldg., Suite 727 Century City Cal. - 131, International Trade Mart. Camp. Street, NEW ORLEANS 12, La - **In Japan:** Coral Inc. 12-15 Takagi-Cho, Aoyama, Minato-Ku, Tokyo

Paris Opera Business Centre

HOTEL AMBASSADOR

16, Bd. HAUSSMANN—9e

Your Hotel** in the heart of Paris**

Tel.: PRO 63-74 and 94-53

Cable Address: Ambassotel PARIS

Also at **FONT-ROMEU**, (Pyr.-Or.) Altitude 1,800 m.

Winter and Summer Season: **HOTEL DES PYRENEES**, Tel. 49 and 94

Japan's remarkable economic growth has been greatly helped by the Long-Term Credit Bank of Japan. Since its establishment, the bank has been making long-term loans to various important enterprises with funds raised through the issuance of bank debentures. The bank also engages in foreign business, with emphasis on the introduction of foreign capital.

As a long-term financing specialist, the bank will play an increasingly vital role in Japan's industrial future.

THE LONG-TERM CREDIT BANK OF JAPAN LTD.

(Nippon Choki Shin-yo Ginko)

Head Office: Otemachi, Tokyo, Japan

New York Representative Office

20 Exchange Place, New York, N.Y. 10005

STOCK PRICES AND YIELDS

LONDON STOCK EXCHANGE INDICES

1965	The Economist-Extel Indicator (1953=100) Noon	Close	Yield %	Financial Times (1935=100) Ord. Index	Yield %	F T-Actuaries Indices (April 10, 1962=100) 500 Shares	Yield %	2½% Consols Yield	Bargains Marked
Feb. 10	400·5	402·2	5 09	350·6	5·33	110 53	5·11	6 26	11,099
„ 11	402·7	403·3	5 07	351·4	5·32	110 77	5·10	6 27	12,338
„ 12	402·7	400·2	5 11	348·1	5 37	110 16	5·14	6 30	12,621
„ 15	400·9	401 3	5·09	350·1	5·33	110·62	5·11	6 32	14,969
„ 16	400·9	401·0	5·10	349·8	5·34	110·55	5·12	6 34	12,827
„ 17	402·2	403·5	5 07	352·4	5·30	110·90	5 11	6 32	12,230

Economist-Extel: High, 431·5 (October 1, 1964); Low, 371·6 (December 18, 1964)
Financial Times: High, 377·8 (Oct. 1, 1964); Low, 322·6 (Feb. 3, 1964)
F T-Actuaries: High, 118 77 (August 13, 1964); Low, 103·24 (December 18, 1964)

BRITISH FUNDS AND GUARANTEED STOCKS

Prices, 1964/65 High	Low	British Funds and Guaranteed Stocks	Price, Feb. 10, 1965	Price, Feb 17, 1965	Net Red. Yield, Feb. 17, 1965§ £ s d	Gross Red Yield, Feb 17, 1965 £ s d
98 11/16	97 3/16	Savings Bonds 3% 1955–65	98 5/32	98 3/16	5 11 9	6 17 9 l
93 9/16	90 13/16	Savings Bonds 2½% 1964-67	91 15/16	91⅝	5 8 3	6 13 3 l
92¼	88	Funding 3% 1966–68	89½	89 3/32	5 4 11	6 11 10 l
94¾	88 7/16	Conversion 3½% 1969	89 13/16	89 7/16	4 19 11	6 10 6
98½	94⅛	Victory 4% 1920–76	94⅜*	94⅛*	3 9 9	5 3 7‡
89 9/16	83 5/16	Savings Bonds 3% 1960–70	84¼*	83⅝*	5 3 11	6 11 2 l
95¼	90	Funding 4% 1960–90	91⅛	91	3 10 10	5 7 3 l
81 15/16	73¼	Savings Bonds 3% 1965–75	73 15/16*	73½	5 1 1	6 10 9 l
79 13/16	72¼	Treasury 3½% 1977–80	72 13/16	72⅜	4 12 7	6 8 6 l
96¼	88⅜	Funding 5¼% 1978–80	89 1/16	88⅞	4 2 5	6 10 1 l
78 15/16	71	Treasury 3½% 1979–81	71 9/16*	71⅛	4 12 8	6 8 5 l
98 15/16	90 3/16	Funding 5½% 1982–84	90⅝	90⅜	3 19 8	6 8 8 l
97 3/16	92 7/16	Funding 5¾% 1987–91	93⅛	92½	3 18 5	6 10 6 l
63⅝	56¾	Redemption 3% 1986–96	58⅛	57⅝	4 5 1	6 2 8 l
67⅛	60¼	Funding 3½% 1999–2004	61⅜	61	4 1 2	6 3 6 l
95⅝	85 7/16	Treasury 5½% 2008–12	86 1/16*	85½*	3 17 11	6 9 4 l
67	61¼	Consols 4% ....after Feb. 1957	62 3/16	61⅞	3 16 1	6 9 8 f
60	54 3/16	War Loan 3½% .... after 1952	55⅛	54¾	3 15 9	6 9 8 f
59¾	54½	Conv. 3½% ....after Apr. 1961	55½	55¼	3 15 6	6 9 10 f
51⅜	46⅜	Treasury 3% ......after Apr. 1966	47½	47	3 16 1	6 10 9 f
43⅝	39⅜	Consols 2½%	40 1/16	39¾	3 14 3	6 6 9 f
43½	39⅜	Treasury 2½% .....after Apr. 1975	40 1/16	39¾	3 15 0	6 8 11 f
85 3/16	78 7/16	British Electric 3% 1968–73	79½	79	5 1 2	6 11 4 l
80⅝	73	British Electric 3½% 1976–79	73 11/16	73⅜	4 12 4	6 8 4 l
64⅛	57½	British Gas 3% 1990–95	58 13/16	58⅜	4 5 1	6 2 0 l
67	60¼	British Transport 3% 1978–88	61 3/16	60¾	4 10 4	6 5 0 l

DOMINION AND CORPORATION STOCKS

Prices, 1964/65 High	Low	Dominion and Corporation Stocks	Price, Feb. 10, 1965	Price, Feb. 17, 1965	Red. Yield, Feb. 17, 1965 £ s. d.
90¼	85⅞	Australia 3¼% 1965–69	86⅞	86⅞	6 12 0 l
103	97¼	Australia 6% 1974–76	98⅛	98	6 8 6 l
70	65¼	Ceylon 4% 1973–75	67	65½*	9 4 0 l
102¾	95	New Zealand 6% 1976–80	95¼*	95⅜*	6 8 6 l
85	69	Northern Rhodesia 6% 1978–81	81½	81½	8 2 0p
95¼	92½	South Africa 3½% 1965–67	93¾	93⅞	6 19 0 l
66	53½	Southern Rhodesia 4½% 1987–92	54¼	54¼	9 0 0 l
89	79¼	Agricultural Mortgage 5% 1959–89	80⅛	80⅛	6 12 0 l
94¾	88¼	Birmingham 4¼% 1967–70	89¼	89¼	6 13 6 l
97	89	Bristol 5% 1971–73	90	90	6 12 0 l
98¼	87½	Corporation of London 5¼% 1976–79	88½	88½	6 11 0 l
49¼	41⅞	LCC 3% .... after 1920	45¼*	44¾*	6 12 6 f
94	84	LCC 5% 1980–83	85⅜	85¼	6 10 6 l
98⅜	86½	Middlesex 5¼% 1980	89	86½	6 11 6

NEW YORK PRICES AND INDICES

	Feb. 10 $	Feb. 17 $		Feb 10 $	Feb 17 $		Feb. 10 $	Feb. 17 $
Atch. Topeka	33⅛	33½	Chrysler	57½	55½	Inter. Paper	32⅝	31⅝
Can. Pacific	61¾	62⅞	Col. Palmolive	50¾	49½	Kennecott	100	101¼
Pennsylvania	39¾	40¾	Crown Zeller.	57½	54	Litton Inds.	82¾	85
Union Pacific	41⅞	40¾	Distillers Seag.	32⅝	33¼	Monsanto	88⅞	85¾
Amer. Electric	46¼	45¾	Douglas	34½	36¾	Nat. Distillers	28¾	28⅝
Am. Tel. & Tel	66¾	66⅝	Dow Chemical	80⅞	81⅝	Pan-American	28½	31¾
Cons. Edison	94¾	95	Du Pont	256½	248¼*	Procter Gamble	76⅞	75¼
Int. Tel. & Tel.	61¼	59½	East. Kodak	153¾	150¼	Radio Corpn	31¼	31
Western Union	35⅝	36	Ford Motor	53	53¼	Sears Roebuck	128½	127
Alcoa	63⅞	64¾	Gen. Electric	97⅝	96¼	Shell Oil	58⅞	59½
Aluminium	28⅞	29⅛	General Foods	83¼	83¾	Socony-Mobil	85½	83⅞
Amer. Can.	43¼	42¾	General Motors	98⅛	97¾	Stand. Oil Ind.	42⅞	42½
Am. Smelting	57	53½	Goodyear	48⅜*	48⅜	Stand. Oil N.J.	84½	80⅞
Am. Viscose	92¾	92⅛	Gulf Oil	56¾	55⅝	Union Carbide	133½	131¼
Anaconda	58⅛	59⅛	Heinz	45⅞	46	U S. Steel	51½	51⅛
Beth. Steel	35⅜	35⅝	Int. Bus. Mach.	439½	432½	West. Electric	46⅛	46⅜
Boeing	67	69¾	Int. Harvester	78⅛	78⅞	Woolworth	27	26½
Celanese	79	79¼	Inter. Nickel	80	79⅞	Xerox	114½	119¼

Standard and Poor's Indices (1941–43=10)

1965	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt Bonds	Yield %
Jan. 20	91·80	2·93	47·46	4·26	76·62	3·13	87·16	4·16
„ 27	92·21	2·90	47·30	4·24	76·88	3·12	87·36	4·14
Feb. 3	92·64	2·90	47·16	4·26	77·33	3·11	87·16	4·16
„ 10	91·32	2·96	46·33	4·33	77·14	3·12	87·16	4·16
„ 17	90·53	2·99	46·20	4·34	76·73	3·13	87·16	4·16

425 Industrials:—High, 92·64 (Feb. 3, 1965). Low, 7[illegible]·74 (Jan. 2, 1964).

ORDINARY STOCKS

Prices, 1964/65 High	Low	Last Two Dividends (a) (b) (c) %	%	Ordinary Stocks	Price, Feb. 10, 1965	Price, Feb. 17, 1965	Yield Feb. 17, 1965 %	Cover
				BANKS, DISCOUNT & HP				
59/-	45/-	5 a	6½ b	Barclays £1	[illegible]	[illegible]	[illegible]	...
45/6	37/7½	3·9 a	5½ b	Lloyds £1	40/9	40/[illegible]	[illegible]	...
19/9	16/7½	7 a	8 b	Martins 5/-	17/11½	17/[illegible]	[illegible]	...
59/-	44/6	6 a	6 b	Midland £1	53/3	[illegible]	[illegible]	...
72/7½	59/6	7½ a	8½ b	Nat. Provincial £1	[illegible]	[illegible]	[illegible]	...
57/6	42/6	5 5/9 a	7½ b	Westminster £1	[illegible]	[illegible]	[illegible]	...
54/6	44/7½	4 a	8 b	Australia & N.Z. ....[illegible]	[illegible]	47/[illegible]	[illegible]	...
39/9	34/-	3½ a	6 b	BOLSA ....[illegible]	[illegible]	35/[illegible]	[illegible]	...
£25 11/16	£22 3/16	$2·15c	$2·20c	Bank of Montreal ....[illegible]	£25[illegible]	£24[illegible]	[illegible]	...
58/9	49/3	5‡‡a	5‡‡b	Bank of New S. Wales .£1	51/[illegible]	50/[illegible]	3·20	...
39/9	32/7½	5 a	6 b	Barclays DCO £1	38/[illegible]	[illegible]	[illegible]	...
54/9¾	47/-	7½ b	7½ a	Chartered £1	52/[illegible]	[illegible]	[illegible]	...
£24¼	£19¾	11/-b	5/-a	Hongk'g. & Shang. ..$25	£21[illegible]	[illegible]	[illegible]	...
35/4½	27/4½	5 a	7 b	Nat. Com. Bk. Scot. .10/-	28/[illegible]	[illegible]/3	[illegible]	...
£30 13/16	£26 1/16	$2 55c	$2 60c	Royal Bk. Canada $10	£29[illegible]	£[illegible]	[illegible]	...
59/-	43/9	17½ c	7½ a	Standard Bank £1	58/[illegible]	[illegible]	[illegible]	...
36/-	24/9	16½ b	7½ a	Hambros 5/-	28/[illegible]	[illegible]	[illegible]	...
34/-	28/9	13 c	21 c	Montagu Trust 5/-	29/[illegible]	[illegible]/9	[illegible]	..
68/6	53/-	5½ b	4 a	M. Samuel £1	[illegible]	[illegible]	[illegible]	...
71/-	50/-	9 c	3½ a	Schroders £1	[illegible]	[illegible]	[illegible]	...
54/9	45/-	6¼ a	6¼ b	Union Discount £1	[illegible]	[illegible]	[illegible]	..
15/4½	10/3	4 a	11 b	Bowmaker 5/-	[illegible]	10/[illegible]	[illegible]	1½
19/3	12/10½	12½ b	5 a	Lombard Banking ....[illegible]	[illegible]	16/[illegible]	5·[illegible]	..
17/3	12/-	5 a	12½ b	Mercantile Credit ....[illegible]	14/[illegible]	14/[illegible]	6·28	1¾
24/-	14/6	30 c	9 a	United Dominions Tst. .5/-	17/4½	17/4½	5·76	1½
				BREWERIES, Etc.				
16/3	13/-	5 a	9½ b	Allied Breweries 5/-	14/1½	13/9	5·27	1½
18/4½	15/6	4 a	12 b	Bass, Mitchells & B. ..5/-	18/4½	17/[illegible]	4·57	1¾
16/3	13/6	13½ c	5 a	Charrington United ..5/-	14/9	14/9	4·73	1½
29/1½	22/4½	5 a	6½ b	Distillers 10/-	24/4½	24/-	4·79	1¾
24/3	18/9	8 a	13 b	Guinness 5/-	22/-	21/6	4·88	1¾
20/9	15/10½	5 a	11½ b	Harveys 5/-	17/-	16/7½	4·96	1¾
69/-	59/6	5 a	8 b	Scottish & Newc. Brew. £1	64/-	64/6	4·03	2
19/2¼	16/2¼	4⅔ a	11⅓ b	Watney Mann 5/-	16/10½	16/7½	4·81	2
19/-	15/-	11 b	5 a	Whitbread 'A' 5/-	16/4½	16/-	5·00	1¾
				BUILDING, PAINT, Etc.				
62/3¾	52/9	8·6 c	3½ a	Associated Portland ..£1	59/6	59/-	2·93	2¼
28/4½	22/7½	10½ c	4½ a	British Plaster Bd. ...10/-	27/3	27/-	3·89	1¾
35/-	23/-	18 c	8 a	Richard Costain 5/-	26/-	25/6	3·92**	2
13/6	9/-	8½ b	3½ a	Crittall Mfg. 5/-	10/2¼	10/6	5·71	2
17/3	13/-	24 c	8 a	International Paints ..4/-	14/3	14/6	6·62	1¾
25/6	20/6	5 a	15 b	London Brick 5/-	24/9*	24/1½*	4·15	2½
28/6	23/3	12½ c	5 a	Rugby Portland 5/-	26/9	27/3	2·29	3
25/-	17/1½	7½ a	12½ b	Wall Paper 5/-	21/3	24/3	4·12	2¼
				CHEMICAL				
24/4½	17/10½	15·8 c	6 a	Albright & Wilson ...5/-	22/9	23/7½	3·34	2½
22/6¾	17/-	5 a	11 b	Borax Defd. 5/-	18/10½	19/1½	4·18	2
53/6¾	39/6	4½ a	7½ b	Fisons £1	52/6	52/9	4·55	1¾
49/6	41/3	10 c	5 a	I C I £1	46/6	47/-	4 26	1¼
19/7½	14/-	3¼ a	10 b	Monsanto 5/-	16/1½	14/10½	4·62	1½
				DRAPERY & STORES				
18/-	14/2¼	10 c	4 a	Boots Pure Drug 5/-	16/1½	16/1½	3·10	2¼
34/6	21/-	2 a	6 b	Montague Burton ...10/-	25/-	25/-	3 20	1½
46/4½	35/-	6¼ a	15 5/12 b	Debenhams 10/-	37/9	37/9	5·74	1½
48/9	34/6	47 c	11¼ a	Grattan Warehouses .5/-	40/-	38/3	3 92**	1¾
47/11¼	39/9	31 8c	10 a	GUS 'A' 5/-	44/9	45/3	3·51	2
33/9¾	23/10½	18⅓ b	14⅙ a	House of Fraser 5/-	25/1½	25/-	6·50	1¼
15/10½	12/10½	9½ b	5 a	Lewis's Invest. Tst. ..4/-	13/4½	13/3	4·38	2
48/1½	32/9	25 5/6 c	8¾ a	Marks & Spencer 'A' .5/-	34/4½	34/9	4·14**	1½
36/9	27/6	24 c	8 a	United Drapery ... 5/-	30/4½	30/4½	3 95	1¾
33/-	20/-	5 a	14½ b	Woolworth 5/-	20/4½	21/6	4·65	1½
				OIL				
64/4½	46/8¼	†8⅓ b	†3⅓ a	British Petroleum .. £1	55/1½	54/6	6·66	2¾
61/10½	48/9	†11⅓ c	†4 7/12 a	Burmah Oil £1	50/7½	49/9	7 44**	1
£19	£16 5/16	29·1 c	13 a	Royal Dutch .....20 fl	£17⅞	£17 7/16	3·32	2¼
42/1½	32/9	†18⅓ b	†11⅔ a	Shell Transport 5/-	35/9	35/3	6·95	2¼
31/-	23/9	...	.	Ultramar 10/-	27/3	28/3	...	..

FOREIGN AND OVERSEAS STOCKS

FRANCE	Feb. 10 Frcs	Feb 17 Frcs	GERMANY	Feb. 10 %	Feb 17 %	HOLLAND	Feb 10 %	Feb 17 %
Air Liquide	651	635	A.E.G.	494½	478	A.K.U.	531½	528½
Banque de Paris	318	312	Bad'che. Anilin.	591	582	Amster. Rot Bk.	Fl. 68 8	Fl 71
Citroen	137	135	Bayer	603	592	Bijenkorf	800	789
C. F. Petrole	183	177	Commerzbank	477	467	Heinekens	475	480
Cie G. d'Elect.	480	469	Deutsche Bank	530	510	Interunie (Fl.50)	Fl.213	Fl.211
Machines Bull	115 5	101	Hoechst Farb.	537	526	K. N. Hoogoven	555¼	552[illegible]
Pechiney	193	189	Kundenkredit	394	391	Kon. Zout-Ket.	991	97[illegible]
Printemps	223	220	Loewenbrau	1,105	1,110	Philips (Fl.25)	Fl.157·8	Fl 154
Rhone-Poulenc	312	306	Mannesmann	216	212½	Robeco (Fl.50)	Fl.237	Fl.234
S I M	318	314	Siemens	578½	572	Thomassen & D.	663	657
Saint-Gobain	245	241	Thyssen-Huette	198	191	Valeurop	Fl. 68 2	Fl 67 8
Usinor	120	119·5	Volkswagen	556	528	Zwanenberg	1,088	1,094
Index	93·5	91 7	*Herstatt Index*	102·64	100·31	*Index*	364·2	364 9
High	99 8	(4.1.65)	*High*	111·46	(6 4.64)	*High*	366 7	(11 2 65)
Low	91·7	(17 2.65)	*Low*	99·88	(2.1.64)	*Low*	326 5	(23.7.64)
Dec. 31, 1964=100			*Dec 31, 1959=100.*			*1953=100.*		

CANADA	$	$	AUSTRALIA	£A	£A	JAPAN	Yen	Yen
Abitibi Pr. & P	13⅜	13⅝	Ampol Pet.	11/7	11/4	Ajinomoto	280	278
Aluminium	31¼	30⅜	Ass. Pulp & P.	33/6	33/6	Fuji Iron	63	65
Bell Tel.	61⅞	62⅛	Aust. Con. Inds.	63/-	62/-	Hitachi	94	95
Can. Brewer's.	11⅛	10⅞	Aust. Oil & Gas	33/-	33/-	Honda Motor	200	196
Can. Imp. Bank	71¾	70⅝	Brit. Tobacco	34/3	33/6	Kirin Brewery	220	216
Can. Pac. Rly.	66¾	67⅜	Broken Hill Pty.	52/9	52/6	Mitsub. Chem.	126	126
Hiram Walker	39¾	39	G. J. Coles	15/8	15/3	Mitsub. Elect.	73	73
Imperial Oil	59½	57¾	Colonial Sugar	67/9	65/3	Mitsub. Heavy	91	91
Noranda Mines	55⅜	54½	Felt & Textiles	9/-	9/-	[illegible] Elect.	[illegible]	208
Power Corpn.	15⅞	15¾	I.C.I., A.N.Z.	55/3	54/[illegible]	[illegible]	[illegible]	297
Steel of Canada	28⅝	28¼	Myer Emporium	34/10	33/[illegible]	[illegible] Rayon	[illegible]	158
Trans. Can. Pipe	38½	38⅜	Woolworth	15/11	15/[illegible]	[illegible] Iron	[illegible]	61
Montreal Ind. Index	167 8	165·5	*Sydney Ind. Index*	350·04	345·[illegible]	*Dow Jones Average*	[illegible]	1239·0[illegible]
High	169 7	(28.1.65)	*High*	379·21	(27.2.6[illegible])	*High*	[illegible]	(3.7.64)
Low	181·9	(2.1.64)	*Low*	345·02	(17.2.6[illegible])	*Low*	[illegible]	(9.11.64)
1956=100			*1937/39=100.*					

* Ex dividend. † Tax free. ‡ Assumed average life, 7 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Ex capitalisation. ¶ Ex rights. ‡‡ [illegible] sterling.
(a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Ex all. (h) After Rhodesian tax. (l) To latest date. (n) Interim since reduced or passed.
(p) Resulting from split of Federation of Rhodesia & Nyasaland Stock. Japanese prices supplied by Daiwa Securities, Tokyo. Canadian 65 Stock Industrial Index supplied by the Montreal Stock Exchange.

MONEY AND EXCHANGES

LONDON : NEW YORK : FRANCE
GERMANY : HOLLAND : CANADA
AUSTRALIA : JAPAN

Prices, 1964/65 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Feb. 10, 1965	Price, Feb. 17, 1965	Yield, Feb. 17, 1965 %	Cover
				ELECTRICAL & RADIO				
51/3	26/-	6¼ b	3¾ a	AEI	45/3	45/9	4·37	3¼
78/6	65/3¾	12½ c	6 a	BICC	73/9½	75/9	3·26**	2
15/9	12/-	5 a	6 b	Crompton Parkinson 5/-	13/6	13/5¼	4·69	2¼
80/-	60/6	7½ a	20 b	Electa 10/-	67/6	67/-	4·10	1¾
30/11¼	19/7½	12½ c	5 a	EMI 10/-	27/9	27/9	4·50	2¼
24/9¾	16/6¾	4½ c	4 a	Elliott-Automation 5/-	17/8½	17/3¾	2·89	1¾
50/-	40/3	7 b	3 a	English Electric £1	47/9	49/-	4·08	2¼
45/9	28/6	5·91 c	3 a	General Electric £1	44/9	43/9	3·42**	2¼
69/3	47/9	8½ b	4¾ a	G. A. Parsons £1	50/9	52/3	4·78	1
145/-	122/6	10 b	6 a	Philips Lamp Works 10/-	136/-	134/6	2·38	2
44/9	30/-	5½ a	6½ b	Plessey 10/-	34/10½	34/3	3·50	2½
26/3	15/7½	11·4c	20 c	Pye (Cambridge) 5/-	18/3	18/-	3·56	2
51/-	36/4½	15 a	25 b*	Radio Rentals 5/-	40/6	41/6	4·82	2
50/7½	41/3	4⅞ b	2 7/16 a	A. Reyrolle £1	46/7½	45/4½	3·78**	2½
93/3	58/-	22½ c	15 a	Thorn Electrical 5/-	72/6	71/6	1·67	4½
				ENGINEERING				
45/9	30/3	4½ b	4½ a	Babcock & Wilcox £1	38/-	32/3	5·88	1
41/3	32/-	7 b	4 a	John Brown £1	35/6*	36/3	6·07	1¼
10/-	7/-	8 b	4 a	Cammell Laird 5/-	7/6¾	7/9¾	7·48	2
38/4½	23/3	10 a	20 b	Internat. Combust. 5/-	27/3	27/7½	5·40	1¼
29/3	19/3	7½ b	3½ a	Swan Hunter £1	25/6	25/-	8·00	3¼
10/6	7/-	5¾ b	3 a	John Thompson 5/-	7/9¾	8/0¾	5·43**	1¾
38/6	27/7½	†3¾ a	†6¼ b	Coventry Gauge 10/-	36/-	35/6	4·60	2
51/-	40/-	†4¾ b	†2 a	Alfred Herbert £1	46/-	47/3	4·61	1½
32/-	21/6	12½ a	11¾ b	Acrow (Eng.) 'A' 5/-	26/6	26/6	4·36**	1½
30/3	22/9	†7½ b	7½ a	Allied Ironfounders 5/-	25/1½	25/-	5·00	2
24/0¾	19/11½	15 b	5 a	Averys 5/-	21/6¾	20/9¾	4·80	1¾
19/7½	14/11½	4 a	6 b	BSA 10/-	19/7½	19/9¾	5·05	1¼
10/0¾	7/8¼	9·3c	4 a	George Cohen 5/-	9/10½	10/2¼	5·29**	1¾
14/-	10/11½	6 b	5 a	Davy-Ashmore 5/-	12/7½*	13/4½*	4·11	...
52/-	44/10½	11½ c	5 a	Guest, Keen £1	48/6	48/6	4·67	2
21/1½	14/3	12 b	4 a	Head Wrightson 5/-	16/9	16/6	4·85	2
63/5¼	52/7½	11½ c	5 a	Metal Box £1	57/6	57/6	3·90	1½
19/6	15/9	4 a	13 b	Ransome & Marles 5/-	16/1½	16/1½	5·27	2
41/9	33/1½	8¼ c	4½ a	Renold Chains £1	39/7½	40/4½	4·46**	1¾
67/3	58/-	7 b	8 b	Tube Investments £1	62/7½	63/-	4·76	2
31/1½	21/4½	7½ a	2½ a	Vickers £1	23/9	24/4½	8·21	1
50/-	40/8¼	2½ c	9½ b	Ward (Thos. W.) £1	45/6	46/3	7·57	2
21/6	10/7½	17½ b	7 a	Wellman Smith Owen 5/-	11/2¼*	11/6¾*	6·49**	1
18/6	12/6	16 b	5 a	Woodall-Duckham 5/-	14/6	14/9	7·12	1½
				FOOD & TOBACCO				
32/-	26/10½	12½ c	14 c	Allied Suppliers 10/-	31/2¼	31/0¾	4·51	2¼
8/1½	6/4½	2½ c	16 a	Assoc. British Foods 1/-	7/8¼	7/6*	3·80	2
46/6	35/-	8 b	4 a	Bovril £1	37/9	37/3	6·44	2
13/-	10/4½	†2½ a	†5 b	Brooke Bond 'B' 5/-	12/1½	12/1½	5·05	2¾
8/11¼	7/-	13¾ c	7 a	Fitch Lovell 2/6	8/11½*	8/-*	4·38**	2½
11/1½	8/8¼	8½ b	1½ a	International Stores 5/-	10/4½	10/4½	4·82	2
93/3	72/6	12½ b	5 a	J. Lyons 'A' £1	87/-	87/-	4·02	2
35/4½	30/6	5½ a	10½ b	Ranks Hovis 10/-	32/1½	31/9¾	5·03	2
36/6	30/-	14 c	7 a	Reckitt & Colman 10/-	31/3	31/-	4·52	2
15/9	12/10½	11½ c	3½ a	Spillers 5/-	15/4½	15/6	4·03**	2¼
39/3	30/6	8 a	2 b	Tate & Lyle £1	33/3*	32/9¾*	6·10	2
9/6	6/1½	25 c	12 a	Tesco Stores 1/-	9/4½	9/6	2·63	2¼
14/11¼	10/10½	13½ c	5 a	Unigate 5/-	13/9	13/9	4·95	1¾
56/-	47/9	†9¾ a	†10⅝ b	Brit. Amer. Tobac. 10/-	48/6	50/-	7·08	2½
25/4½	20/5¼	11·4b	5 a	Gallaher 10/-	23/-	23/-	7·39**	2¼
54/9	39/-	6 a	14 b	Imperial Tobacco £1	53/6	53/9	7·44	2
				INSURANCE				
6¼	5⅛	43½ a	65 b	Britannic 5/-	5¾	6⅛	4·42	...
48/3	37/3	25 b	20 a	Commercial Union 5/-	38/9	37/9	5·96	...
6 3/16	4⅝	†26½ c	†26½ c	Equity & Law Life 5/-	4⅞	4¾	2·29	...
68/9	42/3	25 b	12½ a	General Accident 5/-	47/9	46/3	4·05	...
40/3	27/3	15 b	11½ a	Guardian 5/-	33/3	32/3	4·13	...
12⅛	8⅝	50 b	50 a	Legal & General 5/-	9¼	9	2·78	...
162/6	105/-	13 b	11 a	Northern & Empl. £1	117/6	116/3	4·13	...
11¼	9 3/16	†95 b	†20 a	Pearl 5/-	9⅜	9½	4·94	...
26⅛	21	†29½ c	†125 a	Prudential 'A' 4/-	24¼	24⅜	3·91	...
40/-	33/6	16½ b	15 a	Royal 5/-	36/-	36/-	4·40	...
95/-	69/9	11¼ b	7½ a	Royal Exchange £1	72/3	71/3	5·26	...
				MOTORS & AIRCRAFT				
17/10½	11/9	5 a	5 b	Birfield 5/-	14/-	14/3	3·51	3½
18/-	13/8¼	20 c	20 c	British Motor 5/-	14/9	15/1½	6·61	1¾
47/6	26/9	10 c	12½ c	Jaguar Cars 'A' 5/-	31/6	31/10½	1·96	6¾
11/9	6/1½	4 c	4 c	Rootes Motors 'A' 4/-	7/-	7/1½	2·25	3
56/-	37/2¼	2½ a	8½ b	Leyland Motors £1	51/9	53/6	4·11	1¾
24/-	14/3	8½ b	5 a	Bristol Aeroplane 10/-	14/6	16/7½	8·12	2
28/6	27/4½	7 b	5 a	Hawker Siddeley £1	28/1½	28/7½	8·38	1¾
39/3	23/8¼	7½ b	2½ a	Rolls-Royce £1	36/6¾	39/0¾	5·12	2
37/-	27/3	†8 c	†3¼ a	Dowty Group 10/-	31/6	31/6	4·15	2
31/6	25/7½	13·8c	5 a	Dunlop Rubber 10/-	30/9	30/6	4·52	1½
40/3	32/6	2½ a	5⅝ b	Joseph Lucas £1	33/-	33/9	4·94	2½
24/9	13/3	9 a	26 b	Pressed Steel 5/-	19/9	24/6	7·44	¾
35/3	27/7½	8½ b	4 a	Triplex Holdings 10/-	30/4½	30/-	4·17	2½
				PAPER & NEWSPAPERS				
49/6	38/-	20 b	5 a	Financial News 5/-	45/-	45/6	2·75	2¾
72/-	56/-	30 b	7½ a	Financial Times 5/-	65/-	65/6	2·86	2½
20/6	15/-	14 b	6 a	Internat. Publishing 5/-	16/7½	17/1½	5·84	1½
31/6	26/-	16 b	14 a	News of the World 5/-	31/3	30/9	4·88	2
64/6	49/-	11 c	4 a	W. H. Smith & Son 'A' £1	54/6	54/6	4·04	2
24/3	16/-	14 b	10 a	Thomson Org'n. 5/-	20/1½	19/9	6·08	1½
51/9	40/-	6¼ b	5 a	Bowater Paper £1	43/4½	44/-	5·11	1½
23/3	19/6	22½ a	10 a	British Printing 5/-	20/10½	20/7½	5·45	1¾
36/-	27/6	10 c	13½ c	Bunzl Pulp 5/-	29/6	28/9	2·61**	4¼
65/7½	52/3	11 b	5 a	Reed Paper £1	55/9	56/-	5·71	1½
61/6	43/-	10 b	4 a	Wiggins Teape £1	48/-	49/-	5·71	2
				STEEL				
38/-	26/-	6 a	10 b	Colvilles £1	30/3	30/3	10·58	1½
30/3	21/3	4 a	10 b	Dorman Long £1	26/9	26/6	10·57	1½
27/-	19/3	3½ a	6½ b	Lancashire Steel £1	20/-	20/-	10·00	1
27/-	14/4½	4 a	8 b	South Durham £1	18/1½	18/0¾	13·29	1¼
35/6	17/9	3¾ a	6¼ b	Steel Co. of Wales £1	19/3¼	19/3	10·39	...
39/6	24/9	5 a	12½ b	Stewarts & Lloyds £1	33/9	33/6	10·45	1½
38/4½	27/6	6 a	10 b	John Summers £1	30/-	30/6	10·49	1¾
37/9	23/9	6 a	9 b	United Steel £1	30/3	30/6	9·84	1

Prices, 1964/65 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Feb. 10, 1965	Price, Feb. 17, 1965	Yield, Feb. 17, 1965 %	Cover
				MISCELLANEOUS				
28/6	18/9	28 b	10 a	Assoc. British Picture 5/-	24/4½	24/7½	6·09	3
14/11¼	8/2¼	10 a	12½ b	Assoc. Television 'A' 5/-	14/2¼	14/2¼	7·93	2
29/-	25/1½	3 a	6½ b	Wm. Baird £1	28/6	28/-	6·79	2
22/4½	15/3	10 b	9½ a	Beecham Group 5/-	19/9	19/9	4·56	1½
23/3	17/3	6½ b	†3½ a	Bowaters 10/-	18/9	19/-	8·58	2½
48/10½	38/6	7½ b	3½ a	British Match £1	42/9	42/4½	8·14	3
13/-	8/6	3 a	7 b	British Oxygen 5/-	9/7½	9/8¼	6·10	1½
12/-	9/1½	3½ b	3 a	British Ropes 5/-	10/5¼	10/6¾	5·44	1¾
16/1½	9/10½	45 c	17½ a	Burlin's 1/-	10/9	10/3	5·87**	1
39/10½	28/6	10 b	5 a	De La Rue 10/-	30/6	29/-	5·17	1½
28/6	15/3	8 c	12 c	Dragons 5/-	18/7½	18/6	3·24	2¾
24/10½	20/-	13½ c	6 a	Gestetner 'A' 5/-	23/9	23/3	2·07	2½
34/6	22/9	5·4c	8 b	Glaxo 5/-	31/9	31/9	4·88	2¼
57/-	43/4½	2·14c	12 b	Harrisons & Cr. Defd. £1	45/3	44/9	6·30	2
51/3	45/3	15 a	40 b	Hoover 'A' 5/-	46/4½	47/7½	6·06	2
114/-	95/6	12·04b	7·04a	Hudson's Bay £1	97/3	98/6	4·00	2¼
38/9	30/3	4¼ a	7½ b	ICI £1	46/4	46/6	4·95	2
23/3	17/3	12 b	11 a	Mecca 'A' 5/-	18/7½	17/9	6·48	2
38/9	31/9	11·4c	12½ c	National Canning £1	34/6	34/6	7·25	1
24/9	19/10½	7 b	3 a	Powell Duffryn 10/-	20/7½	20/3	4·94	2
46/9	36/9	7½ a	11¼	Rank Organisation 5/-	29/3	29/3	3·24	3½
16/7½	11/7½	12½ a	4 a	Schweppes 5/-	13/1½	13/6	4·63	1½
29/9¾	17/2¼	25 c	25 c	Sears 'A' 5/-	20/0¾	19/9¾	6·31	1¼
23/9	19/-	5 a	14 b	Steetley 5/-	22/6	22/-	6·13	2½
25/-	21/-	8¼ c	10 a	Thomas Tilling 4/-	25/6	25/10½	4·76**	1½
47/-	37/6	3¾ a	7 b	Turner & Newall £1	41/-	40/3	5·00	2¼
36/9	32/1½	22½ c	9¼ a	Unilever 5/-	33/3	33/4½	3·37	3
10½	8 1/16	18·9c	7·65a	Unilever NV 12R.	8⅞	8⅞	2·54	3
15/-	10/9	10 b	3 a	United Glass 5/-	11/-	11/-	6·82	1¼
42/6	23/3	†4¼ a	†10⅝ b	United Molasses 10/-	25/10½	26/3	9·33	1¼
				MINES				
257/6	196/3	60 b	40 a	Anglo-American 10/-	252/6	257/6	3·08	1¾
98/3	79/-	10 a	20 b	Consolid. Gold Fields £1	94/6	97/-	6·19	2¼
146/3	118/1½	20 b	15 a	General Mining £1	133/1½	133/9	5·23	2
107/9	71/6	136 c	40 a	Union Corporation 2/6	105/-	107/-	3·18	3¾
136/3	98/1½	70 a	120 b	Free State Geduld 5/-	130/-	131/3	7·24	1¼
109/4½	83/9	33 a	33 b	W. Driefontein 10/-	106/3	107/6	6·14	2
66/3	41/3	6¼ a	8¼ b	Western Deep 'A' £1	63/9	65/7½	4·57	6¾
210/7½	152/6	115 a	160 b	Western Holdings 5/-	208/-	206/3	6·67	1¼
66/-	46/3	36½ b	13½ a	Chartered 15/-	57/9*	59/-*	6·78**	...
72/6	55/7½	30 a	60 b	Rhod. Anglo-Amer. 10/-	62/3	62/6	14·40h	1¼
51/7½	38/9	7½ a	14 7/16 b	Roan Selection Tst. £1	41/9	41/6	10·57h	2
15/4½	10/3	7½ c	7½ c	Tanganyika Cons. 10/-	11/11½	12/6	6·00	1¼
151/10½	111/3	150 c	60 a	De Beers Defd. Reg. 5/-	148/1½	150/-	5·00	2
$178	$136	$2·25c	$2·75c	Internat. Nickel n.p.v.	$156	$155	3·17	...
24/1½	16/1½	7½ a	12½ c	London Tin 4/-	17/4½	17/7½	9·08	1½
35/6	27/4½	17½ c	5⅝ a	RTZ 10/-	31/10½	32/-	5·47	1¾
26/6	18/-	50 c	32½ a	Tronoh 5/-	19/3	19/3	12·99	1
				SHIPPING				
50/9	40/3	2 a	5½ b	Anglo Norness £1	42/9	43/3	3·47	4
21/9	17/-	10 7c	4 a	Brit. & Com'wealth 10/-	18/9	18/4½	5·82	1¼
17/10½	13/9¾	4 c	5 c	Cunard £1	16/9¾	16/3¼	6·08	...
37/-	26/-	8 c	10 c	Furness Withy £1	33/6	33/9	5·93	...
33/6	22/10½	3 a	7 b	P & O Defd. £1	31/6	32/6	6·15	...
17/-	10/3	3 c	3 c	Royal Mail £1	14/0¾	13/8¼	4·38	...
				TEXTILES				
11/11¼	7/10½	10⅛ c	6 a	English Sewing Cotton 5/-	10/3	10/2¼	5·89**	1¾
23/4½	16/11¼	20 c	8½ a	Courtaulds 5/-	21/9	21/-	4·76	1¾
72/9	57/6	6 a	12 b	West Riding Worsted £1	58/-	58/-	6·21	1¾
29/-	19/4½	7½ b	2½ a	Woolcombers £1	20/10½	20/10½	9·58	1
11/8¼	7/9¾	4 a	10 b	Calico Printers 5/-	10/11¼	10/11¼	6·40	2½
50/7½	37/9	12½ c	4¾ a	Coats, Patons & B. £1	43/9	44/-	6·14**	1½
23/-	10/11¼	5 c	15 c	Viyella Int. 5/-	21/1½	22/3	3·93**	1¾
				TRUSTS & PROPERTY				
26/3	21/-	15 c	7	Alliance Trust 5/-	23/3	23/3	3·23	1⅛
59/9	47/10½	37½ b	25 c	BET 'A' Defd. 5/-	51/10½	51/10½	6·02	1½
20/4½	15/4½	6¼ a	7¼ b	Cable & Wireless 5/-	17/1½	17/-*	3·97	1¼
23/-	15/6	9½ b	5½ a	Philip Hill 5/-	18/3	18/-	4·17	1½
33/3	25/9	23 c	11½ a	Industrial & General 5/-	29/-	29/3	3·93	1¼
44/-	23/-	17½ b	12½ a	City Centre Props. 5/-	25/1½	24/10½	6·03	1
78/-	53/-	16 c	6 a	City Lond. Real Prop. £1	57/6	60/6	5·29	1
21/8¼	15/-	5¼ b	2 a	Land Securities 10/-	17/4½	17/4½	4·17	1
33/-	23/6	16½ c	4¼ a	Lond. Cnty. Freehld. 10/-	27/4½	27/4½	6·09	1
				TEA & RUBBER				
53/6	43/-	†17½ b	†2½ a	Cons. Tea & Lands £1	47/6	48/-	13·61	1½
28/9	23/9	†5 b	†3 a	Jokai (Assam) £1	24/-	23/-	11·36	...
3/10½	3/-	20·8c	8½ a	Highlands & Lowlands 2/-	3/3¾	3/2¼	13·05	1½
4/3¾	3/2¼	23½ b	5 a	London Asiatic 2/-	3/6¾	3/6	16·19	1½
60/7½	45/9	24 b	8 a	United Sua Betong £1	49/-	48/6	13·20	1½

UNIT TRUST PRICES

	February 17		Yield		February 17		Yield
A. E. & G. Un. Tst.	16/7	17/5	4·00	Investment Trust	8/3½	8/9	3·20
Bank Insurance	6/5½	6/9½	3·72	M. & G. Gen. Tst.	14/-	14/7½*	4·97
Bank Units	10/5	11/-*	3·92	Second M. & G.	11/5	11/11	5·13
Brit. Ind. Flex. 1st	6/4	6/8*	5·71	Metals & Mins.	18/2½	19/0½	6·39
" " " 2nd	23/7	24/8	5·67	Mid. Ind. & Gen.	11/9½	12/4*	4·81
" " " 3rd	6/8½	7/0½	5·45	Nat. B.I.F.S.	7/6¼	7/11	4·06
" " " 4th	27/5	28/7	5·50	New Issue	5/3½	5/7½	3·96
British Life Units	5/7½	5/11½	3·83	Orthodox Unit	14/6	15/4	5·41
B. S. International	12/10½	13/6*	3·84	Overseas Units	5/3½	5/7½	4·05
Brit. Sharehldrs.	14/9	15/5½	4·36	Propits	4/2	4/5	4·26
Capital Units	7/11	8/4	2·28	Scorbits	5/0½	5/3½*	3·21
Commonwealth	11/6½	12/3½	5·80	Scotshares	5/10½	6/2½	4·47
Community Un.	3/5	3/7	5·29	Scot-Units	7/8	8/0¾	4·74
Consol'd. BITS	13/11½	14/8½	3·49	Security Int	9/3¾	9/9½	5·26
Domestic Unit Fd.	5/4¾	5/8	4·50	Shield Unit Fund	5/3¼	5/5⅝	4·05
Elect. & Ind. D.	13/-	13/7½	5·44	Southern Units	5/0½	5/4⅛	4·67
Falcon Trust	5/3½	5/7½	5·21	T.E.T. Cap.	21/9	22/3*	3·43
First Prov. 'Res.'	14/4½	15/1½*	4·13	T.E.T. Inc.	24/4	24/10	5·43
Income Units	5/11½	6/3½*	5·35	Unicorn Trust	7/-	7/5	4·23
Insurance Units	6/4	6/8	3·55	Welsh Dragon	5/1½	5/5½	4·07

* Yields based on assumed dividends:—Acrow (Eng.), 'A' 23·1%. BICC, 15%. Bunzl Pulp, 15%. Burmah Oil, 11½% tax free. Burlin's, 55%. Chartered, 26½%. Coats, Patons & B., 13½%. George Cohen, 10½%. Richard Costain, 20%. English Sewing Cotton, 12%. Fitch Lovell, 14%. Gallaher, 17%. General Electric, 7½%. Grazean Warehouses, 30%, after scrip issue. Marks & Spencer 'A', 28¾%. Renold Chains, 9%. A. Reyrolle, 8·4%. Spillers, 12½%. John Thompson, excludes special bonus, 4%. Thomas Tilling, 27½%. Viyella Int., 17½%. Wellman Smith Owen, 15%.

MONEY AND EXCHANGES

KEY MONEY AND ARBITRAGE RATES

February 17

London

	%		%
Bank rate (from 5%, 23/11/64)	7	**Market discount rates: (3 months')**	
Deposit rates:		Treasury bills	$6\frac{1}{2}$
7 days' notice		Bank bills	$6\frac{23}{32}$–$\frac{25}{32}$
Clearing banks	5	Fine trade bills	$7\frac{3}{4}$–$\frac{7}{8}$
Discount houses	5	**Euro-dollar deposits:**	
Local authorities	$7\frac{1}{8}$–$7\frac{1}{2}$	7 days' notice	$3\frac{3}{4}$–$4\frac{1}{4}$
3 months' fixed		3 months'	$4\frac{1}{4}$–$4\frac{3}{4}$
Local authorities	$7\frac{3}{8}$	**Euro-sterling deposits: (in Paris)**	
Finance houses	$7\frac{7}{8}$–$7\frac{1}{2}$	2 days' notice	$7\frac{7}{8}$–$8\frac{1}{8}$
Clearing banks' minimum	$5\frac{5}{8}$	3 months'	$7\frac{3}{8}$–$7\frac{5}{8}$
Day-to-day spread	$5\frac{3}{8}$–$6\frac{1}{2}$		

New York

	%		%
Treasury bills:		**Market paper:**	
February 10	3·90	Bank bills	4·13
" 17	3 94	Certs. of deposit	4 13
Forward cover (3 months'):			
Annual interest cost, US dollars			$2\frac{11}{16}$–$2\frac{7}{8}$

Covered Arbitrage Margins

	In favour of:	%
Treasury bills	New York	$\frac{7}{32}$
Prime bank bills	New York	$\frac{9}{32}$
Euro-dollar/UK local authority loans	London	$\frac{3}{32}$
Euro-dollars/Euro-sterling	London	$\frac{7}{32}$

These covered arbitrage margins show the differentials in rates on the particular sterling and dollar assets, as adjusted for the cost of forward exchange cover, shown above.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91-Day Average Rate of Allotment	Allotted at Max. Rate *	Tender Issue Outstanding
1965					
Jan 1	190·0	336·7	132 5·39	28	3,000 0
" 8	180·0	310 5	132 5 81	31	2,930 0
" 15	170·0	321·2	132 5·68	20	2,850 0
" 22	160·0	306 0	131 10 84	57	2,750 0
" 29	160·0	324·7	130 10·29	41	2,660 0
Feb. 5	160·0	327·2	129 5·59	34	2,570·0
" 12	170·0	330·1	129 9 47	15	2,500·0

* On February 12th tenders for 91-day bills at £98 7s. 5d. secured 15 per cent, higher tenders being allotted in full. The offer for this week was for £180 million 91-day bills.

MONEY MARKET REPORT

At last week's Treasury bill tender the discount houses marched in step with official policy on interest rates and lowered their agreed bid by 3d. to £98 7s. 5d. The average rate of discount recovered, although by only 3.88d. per cent to £6 9s. 9.47d. per cent and with more competitive bids from outside bidders the syndicate received a quota of only 15 per cent, against 34 per cent the previous week, its lowest allotment since last May. This week's offering of bills is raised by a further £10 million to £180 million.

This week the houses have not been forced into the Bank and credit has generally been adequate. Houses have been able to repay sums borrowed from the Bank in the previous week and official help has been forthcoming when needed.

Despite the modest rise in the Treasury bill rate in London the margin on swaps of Treasury bills has swung sharply in favour of New York. This reflects a further rise in the Treasury bill rate in New York from 3.90 to 3.94 per cent at Monday's auction, but also a sharp rise in the cost of forward cover, which more than made up for the fall in the previous week. An equally sharp rise in the rates on Euro-sterling deposits, however, brought a sharp swing in London's favour on a covered swap between Euro-dollars and Euro-sterling.

LONDON CLOSING EXCHANGE RATES

Spot

	Effective Limits	February 10	February 17
US $	2·78–2·82*	$2·79\frac{7}{16}$–$\frac{9}{16}$	$2·79\frac{1}{2}$–$\frac{5}{8}$
Canadian $	...	$3·00\frac{3}{16}$–$\frac{5}{16}$	$3·00\frac{11}{16}$–$\frac{13}{16}$
French Fr.	13·622–14·027	$13·69\frac{5}{8}$–$\frac{7}{8}$	$13·69\frac{5}{8}$–$\frac{7}{8}$
Swiss Fr.	11·94–12·54⅞	$12·10\frac{1}{8}$–$\frac{3}{8}$	$12·10\frac{1}{4}$–$\frac{1}{2}$
Belgian Fr.	138·06–142·05	$138·72\frac{1}{2}$–$77\frac{1}{2}$	138·70–75
Dutch Gld.	$9·98\frac{3}{4}$–$10·28\frac{1}{2}$	$10·04\frac{3}{8}$–$\frac{5}{8}$	$10·04\frac{1}{4}$–$\frac{1}{2}$
W. Ger. Dm.	11·037–11·365	$11·12\frac{1}{8}$–$\frac{3}{8}$	$11·11\frac{5}{8}$–$\frac{7}{8}$
Italian Lire	1725–1775	$1746\frac{1}{2}$–47	$1,746\frac{1}{2}$–47
Swedish Kr.	$14·27\frac{1}{4}$–14·70	$14·35\frac{1}{2}$–$\frac{3}{4}$	$14·35\frac{7}{8}$–$\frac{9}{8}$
Danish Kr.	$19·06\frac{1}{2}$–19·62	$19·32\frac{7}{8}$–$33\frac{1}{8}$	$19·32\frac{7}{8}$–33
Austrian Sch.	72·25–73·345	72·26–29	72·23–26

* Official limits.

Three Months Forward

United States $	$\frac{13}{16}$–$1\frac{1}{16}$c. pm	2–$1\frac{7}{8}$c. pm
Canadian $	$\frac{13}{16}$–$1\frac{1}{16}$c. pm	$2\frac{3}{16}$–$2\frac{1}{16}$c. pm
French Fr.	$9\frac{1}{4}$–$8\frac{3}{4}$c. pm	10–$9\frac{1}{2}$c. pm
Swiss Fr.	$1\frac{5}{8}$–$\frac{3}{8}$c. pm	$1\frac{3}{4}$–$1\frac{3}{4}$c. pm
Belgian Fr.	80–70c. pm	100–90c. pm
Dutch Gld.	$7\frac{1}{8}$–$\frac{1}{8}$c. pm	$7\frac{7}{8}$–$7\frac{3}{8}$c. pm
W. German Dm.	9–$8\frac{3}{4}$pf. pm	$9\frac{3}{8}$–$9\frac{1}{8}$pf. pm
Italian Lire	$9\frac{3}{4}$–$8\frac{3}{4}$ lire pm	10/9 lire pm

Gold Price at Fixing

$ per fine oz	35·13–15	35·14–16

Investment Currencies

Investment $ (London):	% pm	$8\frac{5}{8}$	$9\frac{1}{4}$
Security £ (New York):	% dis	Neg.	0·1

BUDGET CASH FLOW

Exchequer Returns

£'000	Estimate 1964–65	April 1, 1963, to Feb. 15, 1964	April 1, 1964, to Feb. 13, 1965	Week ended Feb. 15, 1964	Week ended Feb. 13, 1965
Ord. Revenue					
Income Tax	3,043,000	2,140,910	2,324,096	106,977	130,858
Other Revenue	4,412,000	3,671,753	4,052,460	128,983	129,263
Total	7,455,000	5,812,663	6,376,556	235,960	260,121
Ord. Expend.					
Supply Services	6,549,000	5,015,549	5,406,693	109,400	128,80[illegible]
Other	839,000	708,674	663,371	41,742	365
Total	7,388,000	5,724,223	6,070,064	151,142	129,166
"Above-line" Surplus or Deficit		88,440	306,492	84,818	130,955
"Below-line" Expenditure		474,675	782,299	19,298	19,227
Total Surplus or Deficit		386,235	475,807	65,520	111,728

UNIT TRUSTS

January was another good month for unit trusts with £7.7 million of new units sold and net new investment of £6¼ million. This inflow was helped considerably by six block offers and two offers from new trusts.

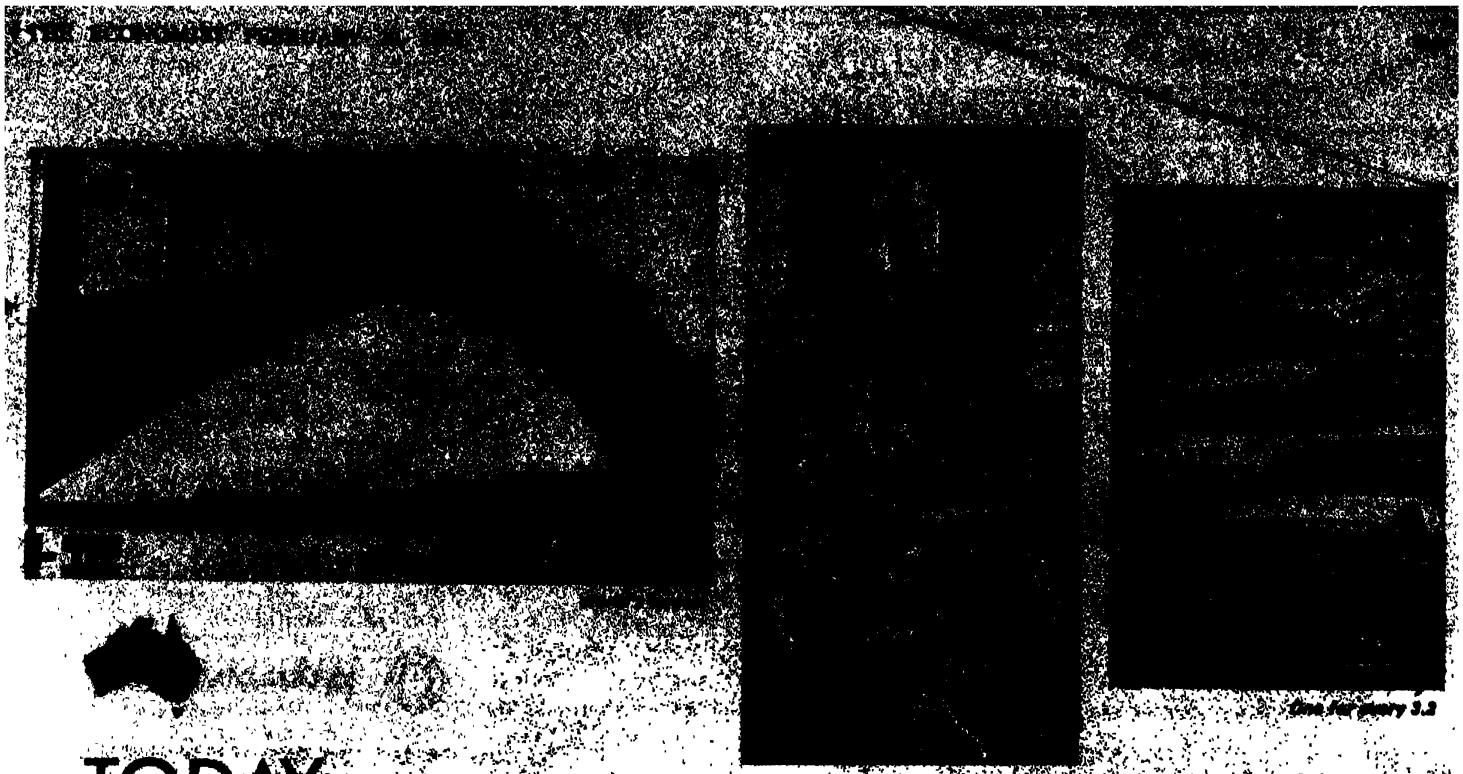
In choosing a unit trust an investor should take a careful look at its past record. With the flood of new trusts this is not possible although, where the trust comes from an existing management group, it is no bad thing to see how it has fared with other trusts it already runs. The accompanying table comes from a supplement to *The Unitholder* and shows what sum would have had to be invested in the trusts to give a value of £1,000 at the end of 1964.

Over this five-year period the four most consistent funds have proved to be British Industries Flexible 3rd and 4th both run by the Allied Investors group, the Midland Industrial and General from the Municipal and General stable and top of the list is British Shareholders International Trust managed by merchant bankers, Philip Hill.

RECORDS IN PERSPECTIVE

	1959 Dec. 31 £	1960 June 30 £	1960 Dec. 31 £	1961 June 30 £	1961 Dec. 31 £	1962 June 30 £	1962 Dec. 31 £	1963 June 30 £	1963 Dec. 31 £	1964 June 30 £	1964 Dec. 31 £
A. E. & G.	984	915	902	1,048	998	889	1,013	1,056	1,176	1,084	1,000
Bank Insurance	863	782	837	1,037	1,130	1,104	1,132	1,070	1,070	1,032	1,000
Bank Units	802	694	735	841	918	880	974	962	997	956	1,000
B.I.F. 1st	838	784	773	814	790	746	825	918	1,018	1,014	1,000
B.I.F. 2nd	774	742	746	790	796	794	856	951	1,042	1,049	1,000
B.I.F. 3rd	761	726	724	755	786	742	828	914	1,025	1,054	1,000
B.I.F. 4th	769	718	709	755	778	758	846	925	1,071	1,045	1,000
British Life	...	790	785	874	876	804	868	926	1,028	1,043	1,000
B.S.I.T.	712	661	667	735	726	662	777	859	947	1,001	1,000
B.S.T.	880	818	833	909	884	834	892	970	1,053	1,044	1,000
Commonwealth	847	785	785	817	831	792	882	957	1,030	1,033	1,000
Community	846	786	761	814	792	792	862	931	1,029	1,041	1,000
Domestic	711	726	722	812	803	784	855	934	1,043	1,062	1,000
Elec. & Indust.	843	733	711	744	752	703	817	909	1,039	1,000	1,000
Falcon	...	770	758	813	821	796	874	946	1,049	1,054	1,000
1st Prov. Res.	846	779	802	917	866	791	868	951	1,038	1,051	1,000
Insurance	848	825	909	1,237	1,391	1,309	1,287	1,183	1,202	1,152	1,000
I-T Units	749	694	678	861	890	844	925	1,008	1,092	1,087	1,000
Met. & Min.	879	770	739	758	766	748	836	913	999	1,016	1,000
M. & G.	786	745	753	866	851	784	850	954	1,049	1,064	1,000
M. I. & G.	756	708	718	758	754	705	802	876	989	1,031	1,000
Natbifs	665	638	655	789	824	880	932	993	1,067	1,065	1,000
Orthodox	937	866	865	852	888	890	971	1,038	1,110	1,097	1,000
S. & P. Capital	841	784	782	911	940	850	920	975	1,052	1,057	1,000
S. & P. Income	...	...	725	748	740	746	845	941	1,022	1,022	1,000
Scotbits	775	701	748	930	999	950	996	1,043	1,092	1,061	1,000
Scotshares	797	741	751	798	772	723	803	845	996	1,032	1,000
2nd M. & G.	781	716	722	792	806	721	833	906	1,029	1,062	1,000
Selective New "A"	800	750	772	837	854	827	884	999	1,064	1,063	1,000
Selective New "B"	926	865	882	921	935	880	905	993	1,099	1,088	1,000
Selective "C"	967	894	892	903	910	823	879	956	1,067	1,079	1,000
Shield	808	767	762	815	848	794	866	929	1,014	1,045	1,000
Trident	786	721	753	932	1,027	984	1,041	1,049	1,099	1,076	1,000
Unicorn	862	812	823	867	874	866	934	992	1,079	1,077	1,000

Registered as a Newspaper. Authorised as Second Class Mail, Post Office Dept., Ottawa. Printed in England by St. Clements Press Ltd., London, E.C.4. Published by The Economist Newspaper Ltd., at 25 St. James's Street, London, S.W.1. Telephone: Whitehall 5155. Postage on this issue: UK 4½d.; Overseas 6½d.



Time for query 3.2

Hold it up top

TODAY IN AUSTRALIA

What's new in this land of rapid growth and huge potential

Well conducted

Australia's main contribution to the Commonwealth Arts Festival, to be held in Britain in September, will be to send the 100-strong Sydney Symphony Orchestra, a first-class orchestra that has hosted most of the world's top conductors. The Australian Broadcasting Commission, which administers the affairs of the orchestra, is one of the world's biggest concert-giving organisations, putting on 700 to 800 concerts a year—as its contribution to Australia's growing music boom.

Lead the way

The world's largest lead smelter, at Port Pirie in South Australia, swings into producing 200,000 tons of 99.99 per cent pure lead in a year. The techniques used are the most advanced in the world. Britain is the smelter's biggest customer, then the U.S.A. The smelting company, Broken Hill Associated Smelters Pty. Ltd., is now making money by making new money. It is supplying the Federal Government with silver refined out of its lead ores for use in minting the new Australian decimal currency, which will be introduced in February, 1966.

Fair exchange

Twenty [illegible] joined together to form the [illegible], a body that [illegible] standards in Asia. After the first meeting of the new Union in Sydney, the Australian [illegible] Moses, [illegible] Broadcasting Commission, was appointed the Union's first secretary. He will head a secretariat in Tokyo. The A.B.U. hopes to arrange a wide exchange of programmes, technical staffs and technical information—a move that will bring great benefits to the broadcasting services of the nations of Asia.

Developing

About £A37,000,000 a year is being spent in developing the Australian territories in the large tropical island of New Guinea, where there is a rapid move towards self government. Following an investigation by the World Bank for Reconstruction and Development this figure might now go up by one third to about £A50,000,000. The Bank has recommended a five year £A250,000,000 development programme. Aims include the doubling of earnings from agriculture and forestry by 1969, a tenfold increase in cattle in 10 years, the establishment of some secondary industries and development of the territories' immense tourist potential.

Consumerville

Of the 2,781,945 homes in Australia 70 per cent are owned or being bought by their occupants. Hand in hand with home ownership go all the good things that make for easy living. There are [illegible] telephones in service and 3,500,000 [illegible] on the road, or one vehicle for every 3.2 [illegible]. 96.8 per cent of families own refrigerators. Last year, to add to the ever-increasing standard of living, another 400,000 radios, 200,000 refrigerators, 365,000 electric irons and 130,000 vacuum cleaners were produced by Australian manufacturers for the 11,136,000 Australians (about half of whom are married).

Again

Sydney [illegible] the Harbour Bridge for many years [illegible] as the largest steel arch bridge in the world, now [illegible] the title for The Bridge With The World's Largest Concrete Arch Span. The [illegible] of the Gladesville Bridge [illegible] of traffic across the Parramatta River [illegible] £A14,000,000 six [illegible] in Sydney.

Have fight, will travel

Your Travel Agent or Qantas will show you how little extra it costs to include Australia in your next round-world itinerary. For more and [illegible] business opportunities in this [illegible] for yourself. Every few hours, Qantas 707 Visions—fastest in round-world service—[illegible] North America, Europe, Asia and the Orient for Australia. Air Qantas, too, about Qantas Air Cargo, offering fast, frequent services to all parts of the world with renowned Qantas care. Call Qantas today.

AUSTRALIA'S ROUND-WORLD AIRLINE

QANTAS

[illegible] SERVICE

QANTAS, IN ASSOCIATION WITH AIR INDIA AND BOAC

let Crane help y[illegible]
coordinated [illegible]

Wherever your needs in [illegible] differing or central [illegible] be your single source of supply and responsibility for components, systems and processes . . . with unsurpassed product quality and engineering ex[illegible] at competitive prices.

Components

- Valves
- Fittings
- Flanges
- Operators (valve)
- Packaged Boilers
- Piping
- Pumps
- Water Conditioning
- Controllers
- Recorders
- Transmitters
- Heat Exchangers

Systems

- Piping
- Packaged Deaerating Boiler Feed
- Water Treating
- C-B Condensate Drainage
- Continuous Blow-off
- Flow Control

Processes

- Softening
- Deaeration
- Waste Treatment
- Filtration
- Demineralization
- Dealkalization
- Condensate Scavenging

Make Crane your single source of supply and responsibility

THE COORDINATED COMPANIES OF CRANE

WORLD HEADQUARTERS: [illegible] Co., International Div[illegible]
AUSTRALIA: Crane Australia [illegible] • **CANADA:** Crane Canada [illegible]
FRANCE: Crane S.A., Paris [illegible] • **HOLLAND:** [illegible]
ITALY: Crane-Orion, S.p.A. Trieste [illegible] • **MEXICO:** Crane-Deming de Mexico, [illegible]

For prompt action call your local Crane [illegible]

For a complete list of Crane components, systems and proces[illegible]

S WEEK

get your Economist early

subscription order form

☐ 1 year
☐ 2 years

☐ surface mail
☐ by air

☐ ETR
☐ Gift

name

private address

company or college* address

title, position or course of study*

signature of tutor or manager*

*for student subscriptions only

☐ please bill me

☐ bill my company

☐ cheque enclosed

Mail this card to The Economist or hand it to your agent

ED NATIONS' NEW DEBATE

itish pledge of support for future UN peace
orded cautiously. Although the Assembly h
o adjourn itself (in the teeth of Albania's
utumn, what U Thant calls a "great debate
d the issue is whether the UN has any f
ng at all page 876.

GERMAN OIL?

German enterprise in oil may be swallowed
al companies, especially American, are
en among the pragmatic non-gaullist liberal
ernment page 910.

IT MALCOLM X

can Negro leader who was assassinated last
olutionary and his appeal was therefore bro
gerous than that of the simpler reformers page

RE-ASSESSED

Committee report—a by-product of the rate
ff by the 1963 revaluation—is a mine of information
of local rates throughout Britain. The myth th
heavily now than before the war is dispelled,
indeed been rising more sharply than
And the committee's study of hardship in
families will be an
developing discussion on the future of the social services
page 912.

its approach to defence policies just as broadly wrong page

CAPITAL OF EUROPE

By creating a joint market for agriculture, the six countries of the European common market have created in Brussels an embryo European capital, running an embryo European government. There is still a balance of power between the European Commission in Brussels and the six national capitals. But, more and more, the threads of responsibility and decision begin to run to and from the commission page 871.

THE RULES OF COEXISTENCE

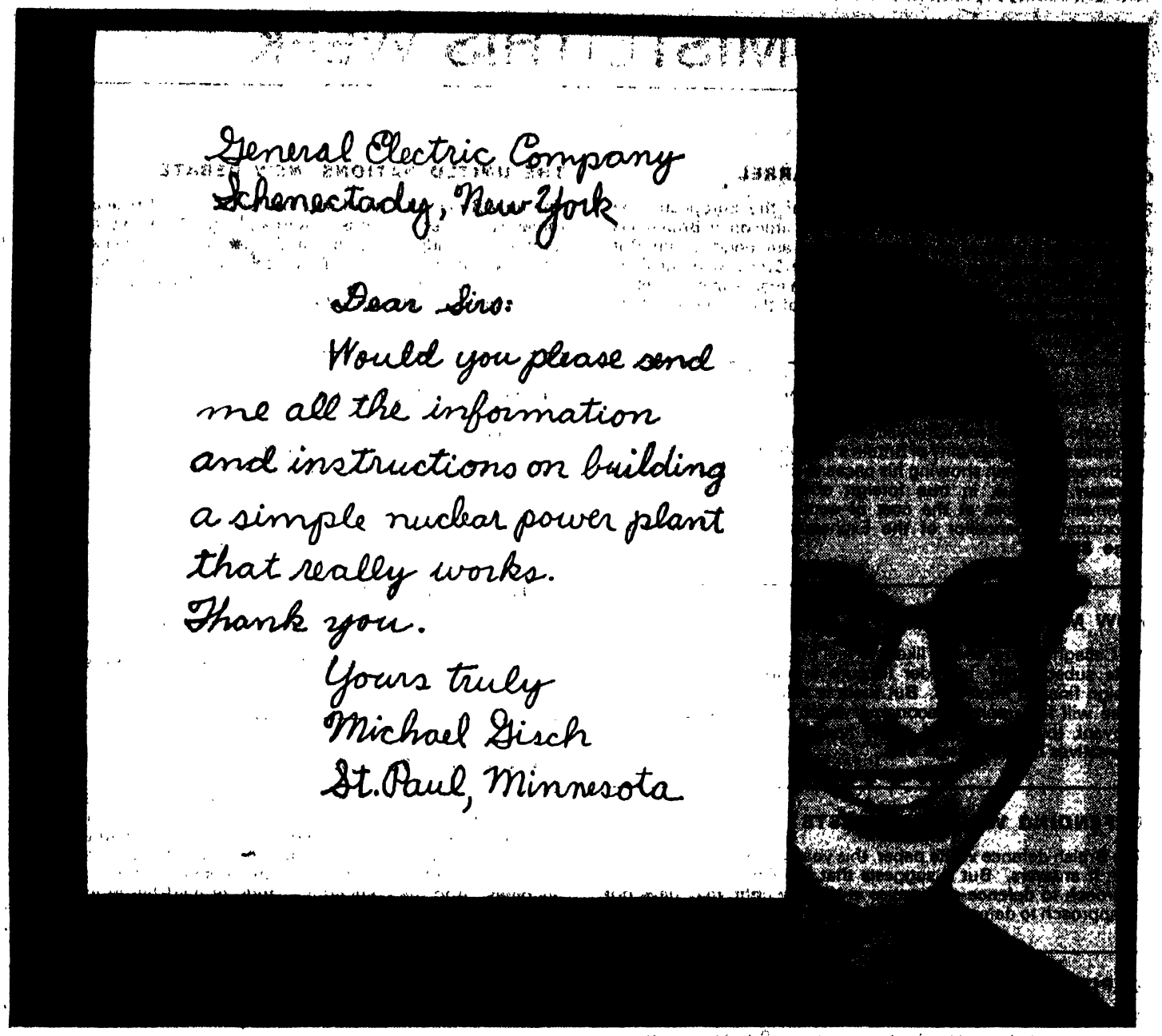
Monday's meeting of communist parties in Moscow—if it takes place—will at bottom be concerned with the issue that also lies at the heart of the Vietnam crisis. Is it possible for Russia and the West to extend the rules of coexistence to cover what Russia calls "wars of national liberation," and we "subversion"? page 863. Who is probably going to the Moscow meeting, and who's not page 879.

AMERICANS VOLUNTEER AGAINST THE DEFICIT

President Johnson's programme for voluntary efforts by bankers and businessmen to curb the capital outflows which are responsible for the deficit in America's balance of payments may work—for a time, at least page 887.

BUSINESS BRIEF

Fears of a "readjustment" in the American boom this summer continue to mount: the thing may depend mainly on the "will they won't they?" strike threat in steel page 907.



Michael came to the right place

A 714,000 Kilowatt Atomic Plant—one of the largest in the world—has just been ordered from General Electric* by the Commonwealth Edison Company. Ten other nuclear power plants—six producing electricity now, four more scheduled to be producing it by 1968—amply demonstrate the commitment of the General Electric Company, U.S.A., toward the commercial application of nuclear energy throughout the world. All eleven plants are based on a General Electric concept, the Boiling Water Reactor (BWR).

The General Electric nuclear story spans 25 years, beginning in 1940, when G.E. scientists were among the first to separate the readily fissionable Uranium-235 from natural uranium.

In 1955, in co-operation with the U.S. government, G.E. generated the free world's *first* commercially distributed atomic-electric power.

Since 1960, the *largest* nuclear power reactor operating in the United States has been Commonwealth Edison's Dresden Station, near Chicago, designed and built by General Electric.

G.E. designed the reactors for the submarine *Triton*; it has travelled around the world . . . underwater. And for the *Bainbridge*, first of a new class of atomic surface ships.

General Electric is now participating in both the design and construction of the largest nuclear power station in Western Europe and the largest in the Far East.

Wouldn't you agree that Michael came to the right place? International General Electric Company of New York, Ltd., Lincoln House, 296-302 High Holborn, London W.C.1. *General Electric Company Dept. 31-11EP, 159 Madison Ave., New York, N.Y. 10016, U.S.A.*

*General Electric Company, U.S.A., is not connected with the British company of the same name.

Progress is Our Most Important Product

GENERAL ELECTRIC
U.S.A.

LETTERS

Unless correspondents specify to the contrary, the Editor reserves the right to prune individual letters to fit the space available

The Year Things Fell Apart?

SIR—Your article on "The Year Things Fell Apart?" shows a sensitive awareness of underlying moods in America and Europe. At the same time I can only lament that you have once again, as so often in the past, taken an anti-gaullist line.

I believe that you should undertake a major revision of your policy towards the much-maligned French president. His stand is always radical, and initially disconcerting: yet in the light of events he is often proved right. His theses are quite logical and self-consistent.

First of all, the *Europe des Patries*. What other Europe can possibly exist? Great sovereign states of 50 million souls, with their own languages and strong national traditions, cannot be expected to behave as if they were Nebraskas or Montanas. In the United States the average state population is about four million, all the states have a common language, and the federal union was formed practically at the outset of their history. In envisaging a united Europe, one can call to mind no historical precedent for such a union. Its constitution will be an entirely new one, with a strongly decentralised flavour: a phenomenon in line with the growing taste for power of its increasingly articulate peoples.

Second, the question of defence. A union which does not include total responsibility for defence is a sham union: a merchants' union as the French like to express it. Until the English have made a basic political decision to throw in their defence lot with the French, they will not have decided to participate in the construction of political Europe.

You seem to advocate the Special Relationship first and the *Entente Cordiale* second. Why not reverse the order?—Yours faithfully, A. M. HATT-ARNOLD

Geneva

Vietnam

SIR—Mr Zilliacus gets his facts wrong, and his judgments, as usual, are tendentious. Mr Dulles was not the only one who did not sign the final declaration of the Geneva conference in 1954: nobody else did either.

Mr Dulles, and many others, thought the communists would win the proposed elections in Vietnam because they were aware that free elections were unlikely in the totalitarian and more populous north of that divided country.

Diem was hardly a puppet. The Americans found him remarkably intractable and independent. Nor did his "tyranny" have a monopoly of bloodiness. Has Mr Zilliacus never heard of the massacres during the "land reform" in North Vietnam which even the press of that half-country was moved to denounce during its short-lived equivalent of China's "hundred flowers?" Did he never read about the peasant uprising against Ho Chi Minh in 1956 and its bloody suppression by communist troops?

As for "bunkum," Mr Zilliacus could give most of us lessons. Of course the Vietcong capture arms; all guerrillas do. But the supply routes from the north are essential to the Vietcong and their functioning is extremely well documented—by the Vietcong themselves when captured.—Yours faithfully, BRIAN CROZIER

London, NW11

M. Rueff

SIR—In his recent interview, M. Rueff seemed to say that, under the present gold exchange standard, the United States derived some unfair advantage from the fact that the United States dollar is one of the two reserve currencies which other countries are expected to treat "as good as gold." The unfairness of the advantage he seemed to find mainly in the fact that the United States was able to run a deficit without proper constraint and in return for its surplus dollars it could acquire, via the recent increase in United States private foreign investment, control over valuable industrial assets in France and other countries.

This view is, of course, debatable. It can be argued that the United States (like the United Kingdom) is paying a price for its role as a reserve currency country, and also that other countries derive some advantages from holding their reserves in interest-bearing dollar (and sterling) obligations rather than in gold without interest. However, debatable as M. Rueff's point may have been, one cannot deny an element of truth in it.

However, where does the logic of M. Rueff's argument lead? Not to the gold standard, surely, nor even to the composite reserve unit. Rather the logic of the argument would be that the reserve currency countries (presently the United States and the United Kingdom, but under the *Cru* including other industrial countries) should invest their balance of payments deficits not in acquiring control over industrial assets in France, etcetera, but instead in something that is non-controversial, does not cause international friction and does not give the reserve currency countries an unfair advantage. I suggest that the ideal outlet for the deficits of the reserve currency countries which would satisfy all the above requirements would be increased aid to under-developed countries. In order to satisfy the criterion of "no unfair advantage" such additional aid should preferably be given through multi-lateral, rather than bi-lateral channels.

Thus, the logic of M. Rueff's argument would take him towards the position developed by Mr Maxwell Stamp and supported by Mr Maudling and Mr Wilson, i.e., that an increase in international liquidity should be tied in with aid for the underdeveloped countries.—Yours faithfully, H. W. SINGER

Williamstown, Massachusetts

Overseas Investment

SIR—As you rightly say in your article of February 13th, the one inevitable effect of the corporation tax as outlined on December 8th is that it will discriminate against overseas investment by British companies.

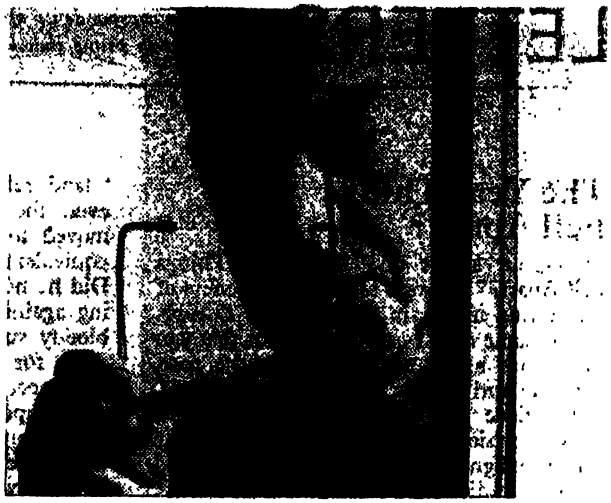
In the White Paper, *Aid To Developing Countries* (Cmnd 2147 of September, 1963) it is said that "something like £150 million a year, or an amount which is not far below the expenditure on aid from public funds is invested in the developing countries." It was noted that there was a tendency over recent years for the flow of private capital to the developing countries to level off or even decline and the Government was supporting various suggestions intended to help to reverse this trend.

Investment in developing countries was already being assisted by various taxation arrangements. Firstly, companies with a large proportion of profits earned through overseas subsidiaries or branches have been able to set off tax paid overseas against income tax and profit tax here. Under the proposed corporation tax, unless amended, companies will only be able to set overseas tax against the corporation tax. They will have to bear any excess of overseas taxation. In general this will increase their tax liability and so discourage investment in developing countries where the local tax rate is lower than 40 per cent.

Second, the proposed corporation tax runs counter to the scheme, introduced in the Finance Act of 1957, for giving certain relief from income tax and profits tax to Overseas Trade Corporations.

At a time when the United Kingdom Government is unlikely to be able sharply to increase its disbursements of aid to developing countries, further disincentives for private investment are being, perhaps inadvertently, established. Those concerned with overseas development cannot feel that the introduction of a corporation tax here is intended to affect the plans of developing countries so adversely. If that be so, an amendment should be adopted to avoid new disincentives for private investment in developing countries.—Yours faithfully, D. J. MORGAN

London, W1



Some thoughts for underprivileged advertisers

There is a type of advertiser who often receives much less than his due share of skilled service. More often than not, he has to be content with perfunctory thinking, stale ideas and slapdash production.

He is the industrial advertiser. His is the underprivileged proposition, the poor relation of consumer advertising.

It is obvious why. Consumer goods are the big spenders, taking expensive spaces in mass circulation media. They can command the work of highly paid brains and the most lavish accessories of advertising.

Industrial products, on the other hand, use specialised media, having important but small circulations and charging correspondingly low rates for their space. That is why industrial appropriations are comparatively modest. Advertising budgets aimed at an industrial market are not usually in the six figure class.

Top quality for small spenders

And that explains the frequent neglect of the industrial advertising account. Explains but does not justify. In fact it *is* possible to give the same quality of service to industrial advertising as to consumer advertising, and still make it pay. Both parties to the transaction—the advertiser and his advertising agent. We are proving this continually to dozens of clients at J. Peers & Associates Ltd.

How is it done?

First, by concentration. There are no consumer accounts at Peers to drain away the best services. All the accounts are in the industrial field. Executives give their full time and personal concern to industrial propositions because that is their business.

General experience, special skill

Second, by wide experience. It would not be correct to describe the Peers technique simply as specialisation. We are a team highly experienced in all branches of advertising, but having a special interest and skill in handling industrial subjects.

Third, by technical know-how. Our staff are more familiar than most with the technicalities of industry, and able to devise schemes and write copy that will convince the shrewd and knowledgeable buyer of industrial goods.

Fourth, by gearing all the functions of a complete advertising service to the needs of the industrial advertiser. Peers make it a matter of routine to give the £5,000-£15,000 industrial account the advisory, research, planning, production, media and creative efforts that are commonly associated with consumer accounts of ten times the size.

Do advertisers care enough?

It is not easy to raise industrial advertising out of the dead level where much of it languishes. Part of the reason is that many advertisers do not care enough. Some have used uninspired advertising so long that they have become resigned to it. Some do not believe that their small expenditure can buy anything better. Some are unaware that quality in industrial advertising makes any difference.

These are dangerous states of mind. Competition is becoming sharper in tooth and claw. Weak advertising could seriously injure a sound product.

It is time industrial advertisers asked themselves a few searching questions. Would my advertisements convince me? If not, how can I expect them to influence my customers, who are not fools either? What does my advertising lack that the most professional consumer advertising possesses? Are the people who handle my account too junior, inexperienced or mediocre?

After comparison with the best consumer advertising, comparison should be made with the best industrial advertising, and a further question asked: What have Peers' advertisements got that mine lack? The answer is in this agency's attitude to its job, its belief in the importance of industrial products, its understanding of the industrial customer, and long and successful practice in producing ideas that win his respect and response.

One question remains—to be addressed to a Peers director: Tell me without obligation, how you would put more power into my advertising?

There are still some copies remaining of a brochure containing specimen advertisements from successful Peers campaigns. To get your copy write "Brochure" on your letterheading and post to the address below.

J Peers and Associates Ltd

133/135 Oxford Street London W1 Phone Regent 0761 LONDON, MANCHESTER & NEWCASTLE

This little mark means so much

[illegible]

When it comes to consideration of design and construction or inspection and certification of boilers and pressure vessels, no other company in Britain offers better service than the Vulcan Boiler and General Insurance Co. Ltd.

Their little mark of approval carries over a hundred years of experience behind it. The kind of experience that makes the Vulcan pre-commissioning service a great aid to purchaser, consultant, contractor and maker alike.

Vulcan will check and approve production drawings, supervise construction and witness tests on completion of fired and unfired pressure vessels whatever the size or specification.

Vulcan has a headquarters staff of highly qualified engineers, and a large establishment of engineer surveyors and inspectors resident in all parts of the British Isles. It has its own metallurgical and chemical laboratories and the latest equipment for the non-destructive testing of materials.

How does this service help you in particular?

If you're *buying* plant Vulcan will ensure that its design and construction is sound, and able to give a safe and useful life.

[illegible] adhered to.

If you're a *manufacturer*, Vulcan's inspection service will be complementary to your own, giving double assurance that the job is completed to contract standards.

For all these reasons and many more consult Vulcan first. You'll find it pays.

If you would like to receive FREE a copy of "Vulcan", a quarterly journal for all users of plant and machinery, write to us here at Manchester or get in touch with one of our Branch Offices which will be found in all the larger towns.

Vulcan

ARE SPECIALISTS

THE VULCAN BOILER & GENERAL INSURANCE COMPANY LIMITED

DEPT. 42, 67 KING STREET, MANCHESTER 2

Toyo Kogyo's Mazdas are coming!

Mazda is the Trade Name for the vehicles of Toyo Kogyo, Japan's most modern and fastest growing auto maker.

Mazdas are coming fast. All over the world.

In the last ten years, we have put more than 1,370,000 Mazdas on the road in Japan, Okinawa, Southeast Asia, Australia and South Africa.

And we're just getting started.

We have big plans for our Export Division, and here's what we back these plans up with:

The most modern production facilities in Japan.

The most fully computerized vehicle factory in the world.

A 68 vessel ocean-going fleet that docks right at the end of our production line.

18,000 hard working, quality minded employees.

A new sales record last year of over £112,000,000.

Total corporate assets of more than £137,000,000.

These cars and trucks are extremely well built and practical, and we expect them to find a large and ready market throughout the world.

That's why, wherever you are, Mazdas are coming.

□ TOYO KOGYO, CO., LTD. Hiroshima, Japan

MAZDA

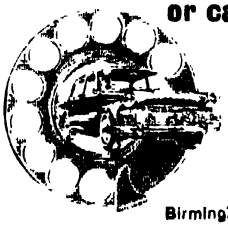
For a really smooth ride —best hire a ROOTES HIRE CAR

BEST CARS The latest Rootes models in showroom condition. Self-drive or chauffeur driven.

BEST SERVICE Proper insurance and full maintenance included. Rootes dealer network at your service.

BEST RATES by the HOUR, DAY, WEEK.

BEST RING CUNningham 5141



or call at ROOTES LIMITED
ABBEY HALL · ABBEY ROAD
LONDON · N.W.8.

Cables: Rootoshire · London.

Also at:
Birmingham 3 · 90 Charlotte Street · Tel: Central 8411
Manchester · Olympia · Knott Mill · Tel: Blackfriars 6677

ROOTES HIRE

"So you're asking for the moon!"

Go ahead. Ask your Air-India cabin staff for the moon. Be demanding. They'll deliver the goods. With a smile. It's service in the grand Oriental manner: galaxies of little attentions.
Hence Air-India's vast space appropriation: to fly the most spacious passenger jets aloft... Boeing 707s. See your Travel Agent.

AIR-INDIA

Over 32 years of flying experience

17/18 New Bond Street, London W.1. — Hyde Park 8100.
And at Birmingham, Cardiff, Glasgow, Leeds, Manchester.

In association with B O A C and Qantas

VANYPECO

THE PACE-SETTER

(Pace-setters are quick to discover the imagination found in Sabena's welcome).

To our way of thinking, a museum's heart is here in its restoration's laboratories. You know, what they do is almost alchemy: turning dross into pure gold. That's why we are so pleased that you asked us to join you here. It's not every day that one participates in the rebirth of a long lost work of art. Of course, that's one of the advantages of being a pace-setter. You're in a position to tell your friends when something fascinating is about to occur. On the other hand, it's only natural. Being a pace-setter means a talent for discovery. It goes with your unerring skill for picking the best.

It's obvious. You fly with us. You fly Sabena.

SABENA

BELGIAN World AIRLINES

SABENA, THE ONLY INTERNATIONAL NETWORK HOMING ON BRUSSELS, HUB OF THE COMMON MARKET

The Economist

FEBRUARY 27, 1965

The Nth Factor of Mr Brown 859
How Much Deflation? 860
Defending Which Interests? 862
The Rules of Coexistence 863
COMMENTARY 865
Tory Leadership; Vietnam; Bonn and Moscow; Soviet Union; Czechoslovakia; BBC; Electoral Boundaries; Whitehall; Tax Reform; South Arabian Federation; Highland Development, Turkey.

THE WORLD
INTERNATIONAL REPORT
Capital of Europe 871
Triumph for Europe's Farmers; United Nations; Rhodesia; Communist World; Israel; China; Sudan; Malaysia.
AMERICAN SURVEY
Volunteers Against the Deficit 887
Without Malcolm X; Good News About Taxes; Dust Bowl in the Sky?; Presenting the Arts; Poverty's Minimum Wage; Industrial Production; Unicameral Nebraska; New Challenge at Berkeley; Shorter Notes.

BRITAIN
Manchester Making Good 896
Education; Not Clubmen.

BOOKS
More Ado about Suez 902
LETTERS 853
BUSINESS BRIEF 907

BUSINESS
Efta after the Quarrel 909
Whose German Oil? 910
Rating Reassessed 912
BRITAIN 913
Bank Credit; Resale Price Maintenance; The Defence Bill; Atomic Energy; Manpower; Import Surcharge; Exports; London Docks; Car Prices; Trustee Savings Banks; Government Agencies; Shorts.
INTERNATIONAL 921
Swiss Economy; Aid; The Exchanges; Aircraft; Norwegian Banking; German Transport; Bavarian Oil; French Industry; Ghana; Oil in Japan; Cocoa; Car Headlamps; Indian Economy; Shorter Notes.
INVESTMENT 930
Stock Markets; Ilford; Imperial Tobacco; Stock Exchange Council; Company Funds, Company Profits; Timber Companies; Merrill Lynch; Lindustries: Hope-Crittall; German Unit Trusts; Borax; Staveley Industries.

Stock Prices and Yields 948
Money and Exchanges 950

Annual Postal Subscription by ordinary mail UK £6; overseas £6 10s.; by air see page 939
VOLUME CCXIV · NUMBER 6340

The Nth Factor of Mr Brown

MR GEORGE BROWN won a notable diplomatic success in Geneva this week, by taking a distinct economic risk—which the unfortunate British Chancellor of the Exchequer, Mr Callaghan, now has to budget for. It would be over-simple as well as over-cynical and unduly melodramatic to present all this in terms of personal ministerial manœuvring. But to a significant degree the riddle of the Wilson administration lies in the ebullient, mercurial personality of the First Secretary of State: for anyone watching his performance in Geneva a few days ago it was as if the whole experiment of this Labour Government, with its brave hopes of future promise and its present glaring administrative failings, was on view in this one *coup de théatre*. In casually showing his paces as a kind of part-time foreign secretary, Mr Brown has shown considerable diplomatic skill: long advance preparation, through personal visits and high level consultation with the governments of the European Free Trade Association, so aggrieved about the British import surcharge; intense corridor and lunch-table work at the Geneva meeting itself; careful use of diplomatic ploys such as the flattering secret disclosure of the surcharge decision a few hours in advance; and then a speech skilfully tailored to the particular audience: "If we can make a start in four months on the incomes policy that my Swedish friends have pioneered over the last fifty years. . . ."

And so it happened that the same Efta ministers who three months ago had raised the roof stumbled out to tell the amazed British journalists that the quarrel was over, that the British Government had now done its stuff, and deserved the heartiest support. Bank rate, the autumn budget. . . . "You've been more classical than a lot of classical governments" was the verdict of one Scandinavian minister, and although he was a socialist himself he intended it as the highest praise. Yet the evening before some worried observers of the first secretary's ebullient performance had expressed deep concern. Was this the right personal deportment for Britain's deputy prime minister? His diplomatic triumph on Monday provided an answer, if it is results that count; just as the progress in incomes policy is its own tribute to these remarkable ministerial methods in home affairs. Certainly most of those who are most immediately affected by Mr Brown's working habits, his own officials, are also his most ardent defenders; philosophically, they have accepted that his mercurial moods, his aggressive drive, and above all his intense emotional commitment may be essential ingredients to launch Whitehall into more positive government.

But even the most Khrushchevian seeker after colour in government must be distinctly nervous about the sheer durability of these methods. Aside from the question of who will break down under the strain first—Mr Brown himself, his Cabinet colleagues or his own officials—there are major limitations in this form of personalised government in which one man's tremendous energy is suddenly switched across and around the cabinet table. From it springs the one undoubted major failing of this Government: the constant subordination of strategy to tactics, the dangerous sensitivity to the pressures of the moment, the numbing fear of being even temporarily disliked. Maybe all this is inherent in that wafer-thin parliamentary majority. But it is as distant from the firm government publicly cherished by Mr Wilson as it is from the long-term economic planning presided over by Mr Brown himself.

For consider the implications of what happened in Geneva this week. The

reason why the 5 point reduction in Britain's import surcharge went down so well with the other Efta countries was that they believed Britain would not risk such a reduction, even timed two months ahead for April 26th, after its disappointing January trade figures. This was the diplomatic success; it was also the economic risk. The author of the 15 per cent surcharge took the lead in its demolition before it had shown more than a minuscule imprint. In the heady atmosphere of Geneva last Monday anyone who talked of trade figures or tried to extrapolate what the January trade deficit meant for 1965 as a whole was caricatured as a distinctly dessicated calculator ignoring that vital political *n*th factor—confidence, good will or, as Mr Brown was calling it in Geneva, *Fingerspitzengefühl*. This might be termed in this context a Viennese name for hot money: why quibble about a few millions in the trade balance when the Swiss (if not Sir George Bolton) feel friendly to the pound sterling again? Mr Brown may perhaps be reminded that invoking the *n*th factor of confidence is the usual resort of politicians who cannot get the accounts to add up; and likewise that politicians who rely too much on their fingertips can land up on another part of their anatomy.

Looking back, therefore, it is a great pity that the first secretary's impressive powers of diplomacy were not mobilised last October, so that the import surcharge—or better still a real export incentive—could have been imposed one week later and lasted six months longer. Looking forward, one must recognise that the surcharge will now no longer do the job that was expected of it in October, which was to cut £200 million off 1965's import bill; and that in precisely that measure the alternative, nastier and less relevant medicine of additional deflation may now be substituted for it. For while the Efta countries themselves showed signs of responding to Mr Brown's heartfelt plea to give the world's most invigilated economy a little rest, there are other invigilators who have to be satisfied very precisely—notably the International Monetary Fund and the finance ministers of the leading industrial countries who will almost certainly be asked to put up additional credits in the Paris club. It is to the IMF's M. Schweitzer, and the stern Europeans behind him, that Mr Callaghan must now present a convincing package of payments cures. Mr Brown having diluted the biggest single element in a package that was already of dubious adequacy, Mr Callaghan now has to decide how it shall be reinforced.

How Much Deflation?

A tough British budget in April now looks pretty sure—and, economically, pretty undesirable

FIVE or six weeks before Mr Callaghan's budget, the big question is: how much deflation? In the last few weeks the main sound to be heard among economic advisers has no longer been the old grinding of axes. It has been the thud of economists falling off fences, and nearly all on the side of favouring very large increases in taxes indeed. By now it is considered daringly overkind to the taxpayer to say that the Chancellor of the Exchequer should put up taxes in April by only £150 million a year. Figures of £200 million or even £300 million are being cited. And all this in a financial year during which most people expect some overheating of the economy only in the first six months, and when there is good reason to expect at least some slackening of demand before April, 1966.

The Economist remains unconvinced that a large increase in the burden of taxation is going to be the right recipe for the internal British economy right through 1965-66. It is true that the restrictive measures of last November fell upon an economy that was much more buoyant than the Government had any right to assume at the time (or than outside diviners like *The Economist* then supposed). It is also true that those restrictive measures have not yet begun to bite upon that economic buoyancy. This is because all restrictive measures work only after a time lag, as—perhaps by then most inopportunely—any tax increases imposed in April will also do.

There are really two reasons why Mr Callaghan is now being driven into another tax hoist. First, in order to keep down imports, especially now that the import surcharge is being reduced with such bravado. Secondly, in order to maintain foreign confidence: when Mr Callaghan sits down after his budget speech, it is now accepted as essential that foreign finance ministers should regard him as a brave and tough man, breathing toil and tears and sweat, if not blood. The question is whether the minimum of tax increases needed to fulfil these two requirements can possibly avoid going above the danger minimum which will spiral the economy back into stagnation before the year ends. That danger minimum, in its turn, can best be defined not in terms of bogusly precise figures but of a mood.

THE dreary danger point will be reached if by this summer and autumn more heavily taxed British businessmen are looking gloomily forward to 1966 as a period of probable market declines, and are cutting back investment and experimentation accordingly. It is part of some orthodox economists' faith that such periods as this provide a breathing space for a new drive into export markets; but the recent experience of the British economy has suggested that, in a world where technology does not stand still, precisely the opposite occurs. If Britain does run into such a period of domestic stagnation as a result of April's budget, the curb on imports should bring the balance of payments back towards rights in 1965-66. But this will be at the expense of another bout of balance of payments difficulties in 1967-68, when Britain will suffer from the lack of modernisation in capital equipment, in new products and new marketing techniques in which other less stagnant economies will have invested in the meanwhile.

To plead that this is no time for further deflation may by now be spitting into the wind. Unfortunately, there is

also a danger that the Government may be going to impose its restraints in the wrong way. There are three possible methods of restraint to be discussed. The first point for an outsider to plead is that the present 7 per cent Bank rate at least has the advantages of exerting some direct pull on foreign money, of being in operation already at a period while there is still some overheating in the economy, and of being easy to reduce quickly later in the year if overheating does by then disappear. All logic therefore suggests that, so long as a policy of restraint is considered necessary, the high Bank rate should be kept in being. Unfortunately, the probability is that, instead, the Government is going to cut it, thus moving at once to higher taxes and cheaper money. This paradoxical probability arises because foreign governments do not like high British Bank rates; because there is a befuddled pressure group at the Treasury which objects that high interest rates affect the Treasury's own disbursements; because the Bank of England, at bottom, prefers restrictive measures that do not restrict the City; and because Labour ministers say that last November Bank rate did not work (when they raised it four days late, in conditions of panic).

The second possible method of restraint would be economies in government expenditure, about which Mr Callaghan made the usual misleading sort of statement this week. He revealed that the tangled jumble of current, capital and transfer payments which make up the estimates for government supply expenditure in 1965-66 will rise to nearly £7,150 million, which is 8.9 per cent above last April's estimates, although (when allowance is made for price rises) only 5.1 per cent above them in real terms. Because there has been such a furore about public expenditure, one might have expected Mr Callaghan to emphasise that this does not necessarily imply an equivalent rise in public authorities' real current demand for goods and services, which is the figure that most matters (last financial year a rise of 9.4 per cent in the Conservative Government's estimates eventually led to a rise of only 2.4 per cent in this latter figure). However, Mr Callaghan said nothing about this. What he did announce was that, in future, as part of Mr Brown's great five-year plan, the average annual increase in public sector expenditure, excluding investment in the nationalised industries, will be limited to 4¼ per cent. This again is a pretty meaningless statement, because "public sector expenditure" can be defined in a dozen different ways, to suit convenience.

One suspects that the real reasons for advertising this spuriously precise target figure of 4¼ per cent for "public sector" expenditure are, first, to make Labour backbenchers feel that their Government is increasing something that sounds socialist by a teeny bit more than the much-advertised national growth figure of 4 per cent (which is anyway not going to be achieved); and, secondly, to be able to argue that this provides a good left-wing reason for the increases in taxes that are coming anyway, for the familiar right-wing purpose of imposing stop-go policies in order to protect the balance of payments. This statement on future government expenditure looks less like a planning exercise than a public relations exercise of a disingenuous and unhelpful sort, directed towards the wrong target.

Dare one therefore suggest a public relations exercise of a much wiser sort? High government expenditure, no doubt wrongly, has come to be regarded abroad as the besetting socialist sin of this now really rather economy-minded Labour Government. Any new "extravagant" welfare expenditure is a red rag to the bears abroad. If the Government were to rescind its quite unnecessary decision to lift from everybody (however well off) the present 2s. charge for medicines in the national health service, this would save only something over £20 million a year in terms of hard cash; but its beneficial effect on Labour's image abroad would be considerable. One's guess is that it would reduce by much more than £20 million a year the increases in taxes which Mr Callaghan now feels obliged—on confidence grounds—to set in train. It will be said that this would be politically impossible among the Government's own supporters. But the political consequences of much higher taxes are not going to be nice either. Anyway, it is the duty of national statesmen to do what is best for the country, and this sort of political self-abnegation now plainly is.

Finally, then, the higher taxes towards which Mr Callaghan is being inexorably driven. The important thing is that these should detract as little as possible from the incentive to invest and the incentive to earn. What possible suggestions can one make? Each extra 4d. on a packet of cigarettes would bring in about £90 million a year. Donning the white coat of an

The Economist

FEBRUARY 25, 1865

OBLIGATIONS TO CANADA

The discussion on Wednesday in the Lords about the defences of Canada was in many ways a very disagreeable discussion. . . . But still, when a vote for the fortifications of Quebec is put on the estimates, somebody must ask questions, and as for indiscretion, we must accept the little evils of Parliamentary Government with the great advantages which flow from it. It was really time that the Ministry should in some way or other make it clear whether, if Canada were attacked, Canada would be defended; and they did make it clear. . . . Nobody in this country wants, we suppose, to fight for Canada *qua* Canada, to suspend commerce and interrupt industry and mortgage the future, in order to retain a titular authority over a vast region whose inhabitants will not even give us a low tariff upon our produce. An American war for anything would be, to say the least of it, a severe trial, and a war for a territory the mass of us know and care very little about would be nothing short of a calamity. But an Empire, like an individual, has certain duties to perform, which, if it does not perform, it ceases to be independent, respected, or self-respecting, and one of them is to protect subjects who are anxious to be protected. England could no more suffer Canada to be invaded than an Englishman could suffer his house to be entered without his own consent. If the experiment is made, she must, however unwilling, exert her whole strength in the defence of her territory, just as a man must sometimes place his whole fortune at stake in a litigation necessary to protect his person or property from injury or outrage. To do less would be to proclaim to every colony, the powerless ones as well as the powerful, that Great Britain has lost the strength or the heart to fulfil her imperial function, that they must seek other allies lest they should one day lie at the mercy of the first powerful and greedy claimant. It would be to inform all enemies that this country might be attacked with safety, to invite resistance from all subjects, aggression from all rivals, to lower at least for a generation the tone of the national spirit, the standard of national honour. It could not be safely done even were the subject of dispute a barren rock, and to do it when three millions of Englishmen are stretching their hands for help, arming themselves and taxing themselves in order to bear their part, would be a baseness which no amount of danger to our commerce could excuse.

anti-cancer crusader, one is tempted to say that Mr Callaghan should add as many fourpences as he finally feels he needs, up to a shilling a packet if he thinks it really necessary (although one devoutly hopes that he does not). This would probably cut cigarette consumption sharply, and therefore bring in less revenue than originally supposed; but that might not be a disadvantage in a budget in which Mr Callaghan's ridiculous task may be to look as deflationary as possible, without (we hope) being too sharply deflationary in actual economic fact.

This last will sound like the fag end of a suggestion. But that may be because, after only four months, the Labour Government is coming to the fag end of economic policy.

Defending Which Interests?

Must Britain tailor its armed forces to fit the politics of Europe, the politics of Asia, or the politics of the pound sterling?

THE present British Government comes to the subject of defence with some remarkable advantages over its predecessor. These should be borne in mind by all those who too vividly remember Labour's vivid disadvantages, which are contained in the party's own history of internal struggle and unsatisfactory compromise over foreign and defence policy. The first advantage is the natural one of the new broom: and this new broom goes to work on a floor already prepared for sweeping by Mr Peter Thorneycroft's unification of the various service ministries under the roof of the federal Ministry of Defence. Secondly, the top brass in the services are apt to be genuinely frightened of Labour ministers, who are thought (often mistakenly) to be "not our sort of chap." This, of itself, can make the military more eager to please; and the Labour party (for all its own old men of the sea, pacifists or fellow-travellers) is at any rate free of the sort of ex-service lobby that so clutters up some Conservative thinking on defence.

So things could be looking up. But this week's defence white paper does not really tell one whether they are or not. There is no turn-around in policy to be seen. It is even hard to see what the policy is. The main changes in equipment that have been made since the Tories went out of office—the drop from five Polaris submarines to four, the loss through over-tiredness of the Valiant bomber planes, the purchase of a single American model of fighter-bomber for air force and navy alike, the order for an American transport plane—all these were public knowledge before the white paper was printed. This is in any case no more than an interim report, from a Government not prepared to rush its defences. A full-scale review of defence should be published by July. Meanwhile, there are two separate sides of the matter to look at—the policies of defence; and their implementation in terms of what the country wants to afford. On both, this white paper casts shadows before it.

First, on the nuclear issue, circumstances have painted the Labour party into a corner from which its only escape route may turn out to be the mixed-manned nuclear fleet that some Labour ministers (and more of their backers) have denounced as dangerous and vulnerable. Because it has sensibly chosen not to cancel projects for which orders have been placed and money committed, the Government will shortly find itself the owner of a very substantial nuclear striking force; not only the unfatigued portion of the V-bomber force, but also the four Polaris submarines. Labour, committed to doing away with the independent British deterrent, now wants to do so by sharing the deterrent with other nations.

Britain cannot share the deterrent with itself. So the Americans, and the Germans, have to be persuaded to play ball: it is the British who are doing the asking. What they are asking for is the Atlantic nuclear force. What they are doubtless going to be asked for in exchange—the potential partners are in a powerful bargaining position—is that the mixed-manned element that the white paper, somewhat cloudily, foresees as a component of the ANF should bear a pretty strong resemblance to the multilateral, mixed-manned surface fleet that Labour has so often and so strongly denounced. So the logic of the nuclear problem comes round full circle. Either you go for untrammelled national independence, like General de Gaulle, or you accept something like genuine equality of status with other Europeans, and especially with the Germans. What you cannot do is try to skate in between.

Out of Kilter

THE white paper contains some signs that the Government is also in danger of getting the balance of Britain's defence effort between Europe and the Indian Ocean area quite seriously out of kilter. It is perfectly correct to say, as it does, that the strategic concept drawn up by Nato for the defence of western Europe in 1954 may be out of date. On a purely military calculation, it might be sensible for Britain to pull part of its Rhine Army (and the Americans part of their Seventh Army) out of Germany. It does seem that this is what the Government would very much like to do—despite the dutiful flexing of the knee elsewhere in the white paper to the Brussels treaty promise to keep 55,000 soldiers on the continent.

But such calculations cannot be made in military isolation. It is not just that, once people start pulling troops out of Germany, this might change Russia's calculations about the usefulness of returning to a policy of strength towards western Europe—and so alter all these strategic assumptions. "There will be no war" is no truer now than in 1939, unless all the deterrents to all sorts of wars are kept in being. The Rhine Army is important as a political symbol as well as the recognition of a military fact. (Admittedly, it is very expensive: the Government could conceivably be just trying to bluff the Germans into paying a fairer whack of the cost.) Were the Government tempted to cut the Rhine Army after this summer's defence review, most west Europeans (as well as the

Russians) would be convinced that Britain still thought of itself as a primarily non-European power, which is just the opposite of what the Foreign Secretary, Mr Stewart, has lately been trying to tell them. And it would reduce to a joke the hope that Britain may one day be able to draw some of its European allies into sharing the defence burden it now carries virtually alone in the Indian Ocean.

Most of the interests that have to be looked after around the Indian Ocean are, indeed, not just British ones. They are common to the whole western alliance. The business of maintaining a guard against Chinese pressures between Suez and Singapore is, in the long run, too big a task for Britain to be able to shoulder alone; it will have to be shared among as wide a consortium of countries as can be collected together. If the west Europeans are told that a sensible division of labour requires them to look after Europe, while Britain and the United States look after the rest of the world, the obvious conclusion for them to draw is that "the Anglo-Saxons" really do have different interests and preoccupations from those of continental Europeans—in other words, that General de Gaulle is right. The danger is that Mr Healey and Mr Wilson, by trying to do the right thing east of Suez in the wrong, national, way, will powerfully add to the divisive forces inside the West. This is their will-o'-the-wisp.

At What Price?

But what of the cost, which is the limit anyhow of what can be attempted to serve any policy, however schizophrenic? At first sight Mr Denis Healey resembles the Pentagon's Mr McNamara only in the Irishness of his name. His success will be judged, however, by the McNamara calculus—how to get the biggest punch for each £. The total within which he intends to work is £2,120.5 million—an increase in real terms of 2.3 per cent over last year's estimates. This increase, it is claimed, is less than half that which would have been made necessary if all the previous government's plans had been carried on with. But still, when it comes to cuts, Mr Healey inherits both less fantastic waste and a far narrower range of choice than did the Democrats when they came back to office in the United States. In any case, many of the relevant reckonable and expensive choices in this field fall outside the purview of the Ministry of Defence, and into that of Mr Jenkins at Aviation; and the aircraft industry's squeals of distress make his initial success on the economy front look rather more impressive than perhaps they are. What is no less important, however, is that this approach should now permeate the thinking of quartermasters high and low throughout the services.

It is still both true and welcome that the cost-effectiveness approach, for the very first time, has been firmly nailed to the masthead by this new team. If it sinks, they drown. The shortage of the right recruits; the over-sophistication of weapons; the drain of foreign exchange—all these are things that the new ministers want to tackle, by properly comparing costs in the light of purposes. Thanks to their predecessors, they have the tools for the job. If they can get the policies right, their practice could be expert. But until it appears what those policies are to be, the judgment must be a suspended, and still apprehensive, one.

The Rules of Coexistence

Communism's internal argument, and the Vietnam crisis, lead to the same question: can the rules of coexistence be extended to cover Asia and Africa?

Next Monday, March 1st, a collection of delegates are due to meet in Moscow with the job of preparing a new international conference of communist parties. This meeting was originally to have taken place last December, and it seemed destined then to mark the final split in the communist world. Mr Khrushchev's fall led to a postponing of the December moment of truth. But since the Chinese and their friends made it plain that they would still boycott the meeting, whenever it took place, March 1st has still looked like being a testing time for the communists. Now the Vietnam crisis has affected the significance of the Moscow meeting—if it takes place at all. The more immediately relevant questions now are not how wide the communist split is, but whether and to what extent Russia and China are moving closer together again, and what this might mean for the West.

Russia's relations with China and its relations with America have consistently and decisively affected each other. The main issue between the two major communist powers has always been their divergent attitudes towards what both call "wars of national liberation." Mr Mao Tse-tung resented Mr Khrushchev's search for an understanding with successive American Presidents because the Chinese leader feared that this search must adversely affect Russia's attitude, including its willingness to use nuclear weapons, in the parts of the world that the Chinese consider to be most important. In their violent debate with Moscow, the Chinese argued that the centre of revolutionary gravity had shifted to Asia, Africa and Latin America. The Russians put the emphasis on Europe and on the consolidation of the communist world.

There were, of course, other reasons for the growth of dissension between Moscow and Peking, and for the disintegration of Stalin's tightly-held empire. The Russians were indeed never overtly hostile to "wars of national liberation" and, whatever his personal inclinations, Mr Khrushchev was never a wholly free agent, as he discovered last October. But the Chinese were probably right in thinking, particularly

It is still not certain whether the communist meeting due to begin in Moscow on Monday will actually do so—or, if it does, how many of the 26 parties invited will turn up. On present form it looks as if about 17 or 18 will, with luck, be there. The uncertainties surrounding the meeting are discussed on page 879.

after the Cuba crisis of October 1962, that Mr Khrushchev had opted for nuclear caution and had made the search for an agreement with the United States his top priority.

His successors at first insisted that they would make no change in Soviet foreign policy—though they now admit, to quote *Pravda*, that "increased efforts to consolidate socialist unity" date back to the Soviet Communist party meeting of last October during which Mr Khrushchev was kicked out. Indeed, they pretty certainly did not intend to alter their whole course. But, while still wanting to get along well with Washington, they also wanted to restore unity among communists, and this seemed to call for a more active policy outside Europe. Very likely the only way of holding together the group that took over from Mr Khrushchev was to try to pursue both objectives simultaneously. It was no coincidence that the *Pravda* of January 31st that announced that Mr Kosygin was to visit Hanoi also carried an article welcoming the idea of closer contacts with the United States.

Indochina must have looked like a promising area in which to apply the new approach. The Americans seemed near the end of their tether in South Vietnam. The political merry-go-round in Saigon made it increasingly difficult for them to claim that they were sustaining a popular government. The successes of the Vietcong in the south seemed to leave them with no other military choice but to carry the war, in one degree or another, to the north. By promising substantial military help to North Vietnam, Moscow could hope both to deter the Americans from doing this, and to exercise a restraining influence on Hanoi. As the reward of this intervention, the Russians presumably wanted to bring about a negotiated settlement that would lead, through a gradual transition, to a communist government eventually coming to power in South Vietnam. This, in turn, would provide the Russian leaders with evidence that might enable them to convince Asian and other communists that caution and reasonable relations with the United States need not rule out communist advances outside Europe.

The American air raids on North Vietnam during Mr Kosygin's stay in Hanoi reminded him, however, that a more active policy involved greater risks. The Chinese were quick to urge him to learn the lesson that one could not help revolutionary movements and at the same time keep on good terms with the American "imperialist gangsters." Though the emphasis in Moscow is now on the "unity of the socialist camp" and on warnings to Washington not to play with fire, Russia's leaders have not yet abandoned their middle course.

But the dilemma is not only Russia's. The point has been made neatly by *Izvestia*, which on February 20th turned upside down an argument sometimes heard in the West about the price that must be paid for coexistence. "Improvement in Soviet-American relations," it said, "cannot be reconciled with aggressive American action against socialist Vietnam."

These signs of a shift of emphasis in Russian policy will not affect the position of "hawks" who believe in fighting it out in Vietnam without bothering about the consequences for western relations with Russia. But it is still plainly in the West's interest to keep alive, if it can, the distinction between a relatively reasonable Russia and a more intransigent China. This distinction has existed for several years, and has not vanished overnight. The difference between now and the last few months of Mr Khrushchev's rule is that Mr Khrushchev had made his basic choice—for him, coexistence with America was more important than preserving a facade of unity with China. The implication was that there was no need for the West to offer Russia further incentives to hold steady on its coexistence course. Under the new men, this assumption can no longer be taken for granted.

If Russia's price for staying faithful to coexistence is indeed rising, western policy-makers face a number of pointed questions. Is it possible to increase the attractiveness to the Russians of co-operating with the West (an extension of the nuclear test-ban treaty to cover all tests? an experiment with arms control in Europe?) and thus temper their reviving revolutionary zeal? Or, if they still choose to compete with Peking as patrons of revolution, what should the western response be? Should the lines of defence, particularly in Asia, be drawn in purely military terms, or should the main effort be concentrated on trying to ensure the emergence of strong governments so as to avoid a repetition of the Vietnam fiasco? In Europe the frontiers are reasonably clear and the *casus belli* easily identified. Outside Europe, things are more blurred; the immediate threat is liable to come from within each of the less stable states. The two nuclear giants face twin aspects of the same problem. What risks is Russia willing to run to foster "liberation movements"? What risks will the United States and its allies take to halt the spread of "communist subversion"?

In a sense, the problem is as old as the Soviet state, and some of the issues now raised remind one of the correspondence between Lord Curzon and Commissar Chicherin in the 1920s. But there are two major changes. Nuclear weapons have imposed a greater caution on both sides. The emergence of China has saddled Russia with a competitor for revolutionary leadership. All three powers involved are now playing for very high stakes. Peking may not be as openly exacting as its Albanian spokesmen (who flatly demand the dismissal of Messrs Brezhnev, Kosygin and Mikoyan), but it sees here a golden opportunity for pushing the Russians right off the Khrushchev line; Washington would like to keep things as they stood in the last phase of the Khrushchev era; the divided Moscow leadership is painfully trying to find a middle course.

The Vietnam crisis has emphasised that what is now at stake is the definition of coexistence and, in particular, the rules under which the two nuclear giants confront each other outside Europe. There has been a dangerous gap in the rules ever since Mr Khrushchev gave his blessing in January 1961 to "wars of national liberation" while rejecting the idea of "wars among states." The non-communist world is obviously not going to let his successors use this convenient phrase as a means of quietly and steadily extending communist power while the West sits unprotestingly by. The Russians are equally entitled to point out that, in the nature of things, the boundaries of power are not going to stay frozen in their present shape for ever. (This is a truth that cuts both ways.) The confrontation in Vietnam will have served its purpose if it makes both sides grope towards an agreement on what nibblings at "spheres of influence" are acceptable—and what are not. What has to be avoided in south-east Asia is the uncertainty about western intentions that disastrously drew the communists into their invasion of South Korea in 1950.

COMMENTARY

TORY LEADERSHIP

Enough is Enough

THE new arrangements for picking the leader of the Conservative party should insure the Tories against any repetition of the traumas of October, 1963. Never again, 24 hours before the event, should Mr Maudling and Mr Macleod suffer the embarrassment of having lunch together, without once mentioning the name of their new leader. The effective decision will now rest clearly, where it should, with the Conservative MPs. They are the people best able to judge a man's effectiveness in the Commons and, through their contacts with their front bench, to measure his worth in Cabinet. Ideally, one might have liked a double vote for members of the Cabinet (or shadow Cabinet), but the new system (even with the control of the process given to the chairman of the Tories' 1922 committee) looks much more sensible and, in an age where a party's image is so sensitive, more acceptable to public opinion.

Sir Alec Douglas-Home has performed a useful service by arranging for this new system to be worked out, but he must now consider his own position in the light of it. He is enough of a realist to know that, if the new arrangements had been in operation eighteen months ago, the Conservative MPs would not have chosen as their new leader the then 14th Earl of Home. Possibly they would have picked Mr Maudling, although it is worth pointing out that Mr Butler's chances would not have been so cruelly wrecked by the vicious blackball of a comparatively small section of the party.

Sir Alec has made it clear that he will not submit himself to the new system, and that he wishes to lead the party into the next election. Since last October, he has put the party in a more mettlesome posture. But can it achieve its potential so long as Sir Alec himself remains leader? In opposition, far more than in office, a political blitzkrieg needs to be launched from the despatch box in the House of Commons, and Sir Alec's best friends would not claim him as a Rommel. This puts his lieutenants at a double disadvantage. So long as he is leader, they are inhibited in their own in-fighting (and Mr Wilson has made it very clear that he will not accept any substitutes). Then, so long as Sir Alec is ineffective as leader, the question of a change must be a live issue, and all the crown princes have to run the gauntlet of Labour jeers whenever they open their mouths. What is more, the party cannot ignore indefinitely Sir Alec's proven vote-losing propensities in the country at large.

It is a harsh thing to say of so nice a man, but this might be the moment for some senior and trusted friend (Mr Selwyn Lloyd?) to take him gently by the arm and say, enough is enough.

VIETNAM

Diplomatic Spectrum

AS coup d'état succeeds coup d'état in Saigon, the diplomatic spectrum of the crisis in south-east Asia has begun to take on a pleasing symmetry. On the one side stands China, on the other the United States; in the centre, Russia and France united in proposing a conference; on the sidelines, Britain keeping mum. Russia and China dispute the post of chief counsellor to North Vietnam, and the apparent failure of last week's American soundings of Hanoi suggest that the Chinese are having more success. The Franco-Russian initiative after the Russian ambassador's visit to President de Gaulle on February 23rd seems to have been due in the first place to a mutual desire to irritate the Americans, but the French government was responsible for the publicity given to the move—which may not be agreeable to the Russians, since it underlines their differences with the Chinese.

Despite these efforts—and despite the fact that it would be very strange indeed if as experienced a politician as President Johnson were not seeking a solution by diplomacy as well as by the use of jet bombers—it does not seem that the American and Chinese points of view have come any closer together. The Chinese would like the United States to be evicted from Vietnam with the maximum humiliation. A good many Americans, as Mr McNamara's yearly defence report to Congress has just shown, are afraid that any compromise at all will undermine their position in south-east Asia. In Vietnam one objective of American policy is now to show that "wars of national liberation" do not pay. Strictly defined, this would mean that negotiation is totally excluded. Whatever Mr Johnson thinks, the McNamara report shows the tenor of some of the advice he is getting

BONN & MOSCOW

Visit Where It Counts

IT used to be thought that Mr Khrushchev's fall from power was precipitated by other Russians' dislike of his plan to visit west Germany. But Moscow's motto seems to be that men may come and go but policy plodds on for ever. On Wednesday the west German government announced, with every sign of confidence in a favourable response, that it had invited Mr Kosygin to visit west Germany "in the next few months." For Herr Erhard to win votes by arguing with Mr Kosygin on behalf of German reunification, this must mean some time this summer at the latest. The Russians may agree with President de Gaulle about Vietnam; but, for all their anti-German propaganda, they seem to know where they must go to negotiate seriously about central Europe—the place is Bonn. Probably these particular talks will not get very far. For all that, a process seems to be under way that is leading to a new relationship between Russians and Germans. A few years ago, a visit like Mr Kosygin's would have been impossible. Now it seems almost routine.

SOVIET UNION

Hundred Flowers?

THERE is no more reason for *Pravda* to be consistent than any other newspaper, but its inconsistencies quite possibly reflect the indecision of Russia's leaders. In January it ran an admittedly unsuccessful campaign to keep Russia's restless writers in check. On February 21st, it published a major article on the party and the intelligentsia. Written by its new editor, Mr Rumyantsev, the article is, in the Russian context, a striking plea for intellectual freedom. In its condemnation of bureaucratic meddling and its insistence that various trends of thought must be allowed to coexist, it goes well beyond anything written on the subject when Mr Khrushchev was in charge. Indeed Mr Khrushchev, though not named, is taken to task in a passage explaining that intellectual freedom was limited by the existence of a "single leader," confident in his own infallibility, who acted as supreme arbiter on all conceivable subjects.

The gist of Mr Rumyantsev's argument is that the intelligentsia is a large and growing part of Russian society. Communism can be built in Russia only through rapid progress in the sciences and the arts. Such progress, however, cannot be achieved by decree, or through interference and bullying. It can flourish, Mr Rumyantsev concludes, only if there is freedom of expression, a right to experiment and a confrontation between various ideas, and between various schools of thought.

Admittedly, this proposed freedom is to be allowed within a marxist framework and under party supervision. In particular, the party is urged to beware of "bourgeois

ideology," though it is asked to approach even that dangerous beast with patience and tolerance. Russia has not been suddenly converted to western liberalism. Mr Rumyantsev's thesis is, in fact, reminiscent of early Bolshevik doctrine. Yet intellectual life in Russia in the 1920s was lively by contrast with the sterility of Stalin's and even of Khrushchev's period. So there is plenty of scope for progress. One article does not make a policy, and the zigzags of the present leadership will no doubt continue. Nevertheless, Mr Rumyantsev did say it all, and publish it all, for all to see. His article could be a landmark.

CZECHOSLOVAKIA

Peace with Rome

When Archbishop Beran arrived in Rome on February 19th to receive his cardinal's hat from the Pope, there opened a new and perhaps happier relationship between Czechoslovakia and the Vatican. After sixteen years in which the Czechs have imposed various degrees of restriction and imprisonment upon him, the archbishop's release was secured by the good offices of Monsignor Casaroli, the Vatican's intrepid negotiator in eastern Europe. Cardinal Beran's release is probably the first step towards a general settlement between the Vatican and the Czechoslovak government.

The cardinal will not return to Prague. An apostolic administrator, Monsignor Tomasek, has been placed in charge of the archdiocese by the Vatican; he will exercise effective power but Cardinal Beran will technically remain the Archbishop of Prague. Monsignor Tomasek has taken the oath of loyalty to the Czech state but with an important proviso insisted on by the Vatican: "*sicut decet episcopum*," which means that the oath is binding only in so far as it "befits a bishop." The Vatican will probably now proceed to fill Czechoslovakia's seven vacant bishops' seats, some of which are rumoured to have had priests appointed to them in secret.

Life looks like becoming easier for Czechoslovakia's substantial population of Roman Catholics, who have been torn between their loyalties to church and state. From the point of view of a government preoccupied by economic and ethnic problems, religious peace is valuable. The only losers seem likely to be the unfortunate "peace priests" who are anathema to the Vatican and are now an embarrassment to the communists with whom they co-operated. They will probably lose the government's patronage, and be disbanded.

BBC

Crotchet Castle

Having dithered eight months in making up his mind about the British Broadcasting Corporation's hierarchy, a period that has been filled with rumour, rumour, allegation and bitterness, the Director-General cannot complain if the defeat rush their story out first, as they did in Thursday's *Daily Mail*. It is a bad blow for a youngish man like Mr Donald Baverstock to believe he has been chucked out on his ear from a corporation that prides itself on having a career structure. To Mr Baverstock's cohorts in the corporation, based on the "Tonight" team at Lime Grove, his departure may seem a terrible blow to the BBC. But the hard truth is that after two years of Mr Baverstock the viewing figures of BBC-1 do not suggest imminent success in the attempt to fight back against ITV. While Mr Michael Peacock has not earned popular praise for BBC-2 either (largely because the new channel was ridiculously oversold by the corporation's publicists before it began), he must be counted much the better organiser of the two. So he gets his chance. As expected, Mr Huw Wheldon gets the nominally superior job of Controller of Programmes (Television), though just what this job is worth remains something of a mystery. After all, it was left empty for eight months. Mr Wheldon looked convenient when there were two young men sparring for it as well: now he has only Mr Peacock breathing down his neck.

It is bad luck for the BBC to be accused of a palace revolution (though one clearly bungled by Reithian standards) when it is still lobbying desperately for a £6 licence. The trouble with the corporation is simply that it has been built up as a monolithic palace. Personal rows split it from top to bottom. This one adds punch to the argument that it ought to be divided, frankly and openly, into its functional operating sections, both to break up the bureaucracy and even to give an extra flexibility to bright young men's careers.

ELECTORAL BOUNDARIES

The Right Balance

As we went to press on Thursday, the Opposition was moving a censure motion on the Home Secretary, alleging that he had cancelled an electoral ward boundary decision in Northampton, and ordered a new inquiry, under pressure from the local Labour party. Sir Frank Soskice's reasoning in last week's debate on the subject was that because the inquiry did not take into account political objections, it was based on a misconception, and was therefore invalid. He seems to have been wrong in practice but more right in principle.

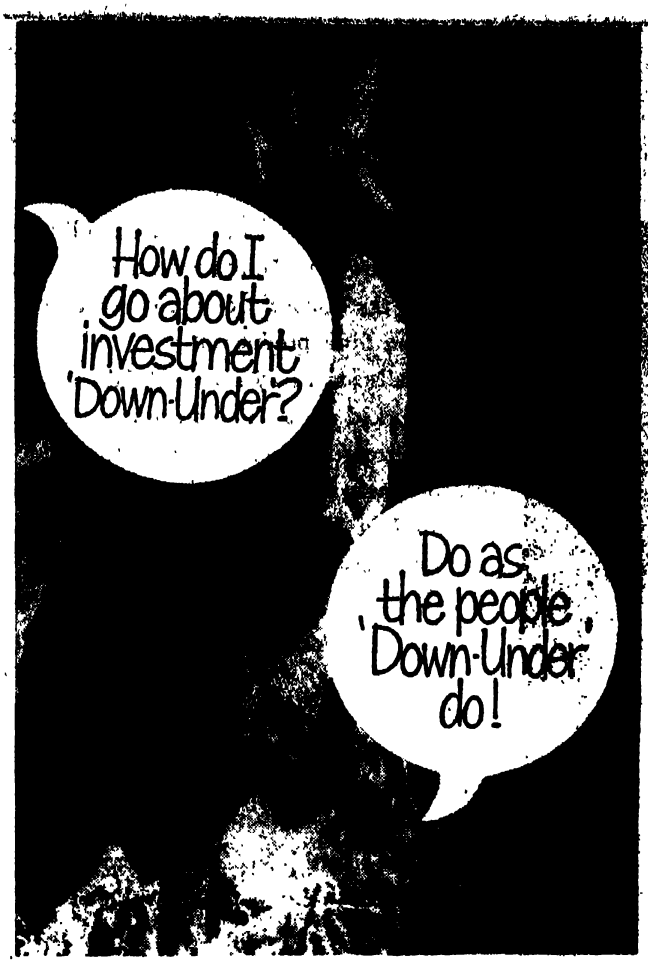
It certainly is unrealistic to say, as present regulations seem to imply, that boundary rearrangements necessitated by population changes should take no note at all of political implications. Indeed, perhaps the main purpose of ward boundaries should be to see that a borough will generally get a council of the political colour for which a majority of its citizens vote. But Northampton was a particularly tricky case, where a newly non-Labour majority rested on a single decision at the last local election about a spoiled vote. So this was not even a typically Labour borough with a safe majority doomed by slum clearance operations and the growth of Tory-minded suburbs. The official scheme, drawn up independently by the town clerk but rejected by the commissioner, would (it is said) have perpetuated a Labour majority; Labour councillors said the opposite about the rival Conservative scheme which the commissioner (and, at first, Sir Frank Soskice) accepted.

During the inquiry it was apparently in the interests of both sides to keep quiet about their political objections. The commissioner specifically noted that none had been raised; only later did this become translated into terms which suggested that no political objections existed at all. But nothing can be gained by throwing this all back to the beginning again. A system which requires adjudication between whatever schemes are presented obviously encourages the camouflaging of motives. It would be much more satisfactory to have some rough political guide lines drawn up along with the population rules. This could prevent too much unnecessary heartburning over the review of parliamentary constituency boundaries, too. It is likely to cause plenty as it is.

WHITEHALL

Power Complex

If the principle of Whitehall ferreting is not quite so novel as the *Sunday Times's* invention of a specific Whitehall correspondent, this more consistent attempt to probe behind the ministerial façades of British government is on balance a welcome one. The newspaper was right to say last week that this correspondent's first piece—alleging which civil servant connected with economic policy thought what—would have caused no surprise in Washington. But in concentrating this journalistic task in the hands of a specialist in power, as distinct from the separate hands of specialists in the departmental specialties from education to defence policy, two dangers need to be carefully avoided. The first is to substitute for the illusion of total ministerial responsibility the equal illusion of total civil service domination. There are cases—with strong ministers very frequent cases—in which civil servants express views even in private that are essentially and deliberately reflections of their minister's wishes. The second more subtle danger is to assume that because certain formal or personal relationships exist they must necessarily have been used. The Governor of the Bank of England may have an economic adviser who was in former contact with the Chancellor of the Exchequer, which is assumed to give him a personal motive to do down the Minister of Economic Affairs. The Governor of the Bank of England may also write his speeches himself.



Choose the Bank with the most experience · services · customers · locations

As the oldest and largest Bank in Australasia, the Bank of New South Wales is in a special position to advise on investment 'Down Under'. For those interested in Portfolio investment it operates a comprehensive service including full Nominee facilities throughout Australia and New Zealand. For companies considering expansion to Australasia and capital investment there it provides the fullest information and all international banking facilities. When you think of investing in Australia's and New Zealand's richly promising future – think first of 'the Wales', Australasia's first bank.

More Australians and New Zealanders choose the

BANK OF NEW SOUTH WALES

than any other Bank 'Down Under'

Main London Office: 29 Threadneedle St., EC2 · Travel Service: Sackville St., W1.
Australian Migrant Information Service: Television House, Kingsway, WC2.

Where in the world is NISSHO?

-just about everywhere in the world of international trade!

In the United States—Nissho has been the Japanese representative of the Boeing Co., since 1951, and has recently concluded negotiations for the delivery of more than ten Boeing 727 medium range jets to Japan's leading airlines.

In over fifty of the world's principal trade centers there are experienced Nissho trade experts ready to talk business with you —whether your business be ships, metals, machinery, textiles, foods or general commodities. Why not have a talk with your local Nissho representative sometime soon. It could well be the most profitable chat you'll ever have.

General Importers and Exporters

THE NISSHO CO., LTD.

Head Office: Higashi-ku, Osaka, Japan Cables: NISSHOCONY OSAKA Telex: OS 0[illegible]5481 Tokyo Office: Tokyo Boekikaikan Bldg., Tokyo, Japan Cables: NISSHO TK2233, TK2234, TK2460, TK2538 London Branch: 14 Finsbury Circus, London E.C. 2 Tel: LONdon Wall 9691/5 Telex: UK 28392 Cables: NISSHOCONY LONDON Overseas Office: Hamburg, Düsseldorf, Paris, Barcelona, Milan, Antwerp, Lisbon, Athens and 45 major cities throughout the world.

New light helper Toray make nylon faster at less cost

...tech is a way of life at Toyo Rayon (better known as Toray). Recent dramatic proof is the discovery of the PNC* Process in fibre production.

Specialists at Toray's research laboratories have worked out a "photo-energy" method utilizes the energy of light to produce caprolactam the intermediate for nylon 6.

This is a complete departure from conventional processes, cutting the production steps and leading to great savings in time and money.

Toray has also discovered an innovative new technique for making polyester, Toray TETORON, by a complete new direct polymerisation method. This has brought drastic reductions in production time and cost.

Success has made Toray become the world's third largest synthetic fibre manufacturer, with an annual production capacity of 103,000 tons and annual sales of £145 million. We make fibres for almost every purpose, as well as plastics, films and resins, and export to more than 100 countries.

**Photo-nitrosation of cyclohexane*

Toray

NYLON

TETORON
POLYESTER FIBRE

PYLEN
POLYPROPYLENE FIBRE

TORAYLON
ACRYLIC FIBRE

NYLON FABRICS
NYLEX

TETORON
POLYESTER FABRICS

FILMS and RESINS

Toray TOYO RAYON COMPANY, LTD. Tokyo, Japan

TAX REFORM

Sidelight on Exports

IN an apparently unpremeditated answer in the Commons this week, when question time had strayed rather unexpectedly from the matter of supply expenditure to queries about the stimulation of exports, the Chancellor of the Exchequer drew attention to the present small scheme of indirect tax rebates on exports, and added:

> A review is now taking place of other measures which, we have been told, cannot be put into force, but which we want to examine so as to satisfy ourselves about them, before we accept a policy of defeatism towards the further stimulation of exports.

This was not a very strong-minded statement, but it may have been a significant one. Many possible tax reforms may be propounded for the stimulation of exports. One of the most complicated of these, discussed in *The Economist* last week (page 796), has been put forward in a published book by the Chancellor's special adviser on taxation, Mr Nicholas Kaldor; it would involve the imposition of a turnover value-added tax in a decidedly novel form. We opined last week that it was a safe bet that some suggested schemes of this sort will have come thumping in the last few months on to Mr Callaghan's desk, and an almost equally safe bet that orthodox advisers at the Treasury will have said that such schemes are impossible. But it needs to be repeated, with vociferousness, that the coming budget will be relevant to Britain's needs only if it does include some large tax reforms for the stimulation of exports. Down with all defeatism.

SOUTH ARABIAN FEDERATION

No Conference

COMING to London for a constitutional conference is no longer the lure it was in far-off innocent days: the ingrates now want to know in advance which way the talk will go. Having had no luck in getting the Rhodesians to London (it is the British commonwealth secretary who is having to make the journey in reverse), the British government has now failed to tempt the South Arabians. The resignation on Tuesday of the Aden government has left the colonial secretary, Mr Greenwood, without any guests for the conference that was due to start on March 2nd. On Monday, Aden's main opposition party, the People's Socialist party, had dithered to a definite refusal. The invitation had come late, said the party leaders, and the agenda was not what they wanted at all. The day before, the rulers of the 16 states in the federation had found their own pretext for staying at home: they would come only if the states not in the federation were coerced into attending too.

One trouble is that despite the change of British government, and Mr Greenwood's new thoughts about turning the federation into a unitary state, next week's conference had looked altogether too much like a continuation of the sad affair last June. True, this time the guest list included the People's Socialist party. But there is no more reason now than there was then to believe that the shekhly rulers and the Adeni politicians were willing to talk the same language. It needed all Mr Duncan Sandys's forcefulness to get the shekhs to a plenary session at all; is Mr Greenwood even tougher?

But in fact it is fear, not tedium, that is keeping the South Arabians from London. The postponement of the conference is an undisputed triumph for Cairo. Without pausing to see if the new British government would do better than its predecessor, Cairo has been blowing hotly down Aden's neck. Its brain-child, the "national liberation front," has kept the heat up in Aden by its nasty reminders of reprisals; the shekhs have been intimidated into thinking that they would destroy all hope of passing as "nationalist" leaders if they set foot in London. Against this sort of pressure, Britain might do well, not necessarily to increase its own bid, but to make it openly. And this can be done only when Britain's defence experts decide, once for all, whether the military base at Aden is worth the political blackmail it involves.

HIGHLAND DEVELOPMENT

Lords and Crofters

THE main purpose of the Highland Development (Scotland) Bill is to set up a board with enormous powers and very little money to spend. The Highlands (which consist for these purposes of the seven crofting counties of Argyll, Caithness, Inverness, Orkney, Ross and Cromarty, Sutherland and Zetland) have an area of just under 9 million acres and a population of around 275,000. The Conservative government claimed it was spending about £25 million a year on development there, which works out at £90 a head of population. Labour will allow the board that it is establishing £150,000 for 1965-66, which will rise probably to around £1 million in three or four years' time—an additional £4 a head. The pledge in the Labour manifesto to do something about the Highlands therefore seems to be being implemented on the cheap. This is not necessarily a matter for criticism. Although the board may be able to do something to encourage small enterprises in the Highlands, and to extend facilities for tourism, any large injections of money to set up large industrial ventures in the area would be wildly uneconomic.

The board will, however, have plenty of teeth, including the power to acquire land and fishing rights by compulsory purchase if necessary. The fear that it may bite too hard could cause some difficulty in getting this Bill through the Lords. Some agricultural enthusiasts claim (pretty dubiously) that one million acres of land in the Highlands could be put to more productive use than in their present function of providing grouse-shooting and deer-stalking for landowners or their tenants (one of the landowners, incidentally, is the Scottish Department of Agriculture and Fisheries). The Scottish peers are hardly likely to give their enthusiastic support to a Bill which might conceivably be the instrument of their expropriation, if ever the board got any money (if it did have money, some of those same lords might be glad of the compensation). If the Lords do object, the Labour party is unlikely to be sorry. This may, indeed, prove to be a Bill too much for the development of the Highlands, as far as the development of a radical left wing election [illegible] in Scotland of [illegible]-1914 sort. Mr [illegible]son's father knew [illegible] George.

TURKEY

Off in Harness

TURKEY seems to have swapped governments more expeditiously than at first seemed likely. To judge by first appearances (that is, before the Turkish parliament has had its say) the new government has got off to a reasonably encouraging start. Mr Urguplu, the Independent prime minister, has managed to get into his cabinet all four of the parties that combined to bring down Mr Inönü. The Justice party has nine of the twenty-three seats, and its leader, Mr Demirel, who is not in parliament, is deputy premier; curiously, since his party is supposed to favour private enterprise over state planning, he is to be in charge of the State Planning Organisation. The leaders of the three smaller parties are not in the cabinet; but they, together with Mr Urguplu and Mr Demirel, are to form a special committee in order to ensure the "harmonious and integrated operation of the government"—in other words, presumably, to make sure that the four horses pulling the coalition cabinet do not rush off in four different directions at once.

The declaration of aims that the four coalition parties have accepted is based on the principles of Ataturk and the "legal foundations of the 27th May revolution." This, if taken at its face value, is significant and encouraging in view of the widespread suspicions that the Justice party did not accept the revolution carried out by the army in May, 1960. But in a tactful and rather roundabout way the declaration indicates that it does not expect any further interference by the army in political matters. In other respects, the new government's policies seem to be based fairly closely on those of its predecessor, even to the extent of endorsing the controversial Land Reform Bill which had got bogged down in parliament just before Mr Inönü fell. In foreign affairs as well, little change seems to be contemplated. In particular, since the new foreign minister, Mr Hasan Isik, comes straight from the post of Turkish ambassador in Moscow, the aim of improving relations with Russia seems likely to be maintained. In his new post, however, Mr Isik's main test will be Cyprus. It may well be his government's as well.

See the U.S.A. on $16 a day.

See the skyscrapers of New York at night from a lazy ferryboat.

Or the hills of San Francisco from a tiny cable car.

Watch history being made by Congress in Washington.

Or shrimp creole being made in the kitchens of New Orleans.

$16 a day is all it will cost you.

That includes the best hotels (mostly Hilton, of course). Air-conditioned Greyhound Bus transportation. And sight-seeing wherever you go.

You can spend 7 days (6 nights) in the eastern United States for as little as $96. Or 22 days (21 nights) seeing the whole beautiful country for as low as $336. There are short tours, long tours, tours for people on budgets, and tours for people who think budgets are some kind of bird.

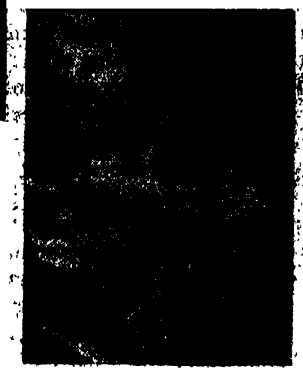
For more information on how you can see the U.S.A. on $16 a day, contact any American Express or Greyhound Bus office, any Hilton hotel or Hilton Reservation Office—or call your Travel Agent.

Hurry. Do it while you're still young enough to enjoy it.

HILTON HOTELS

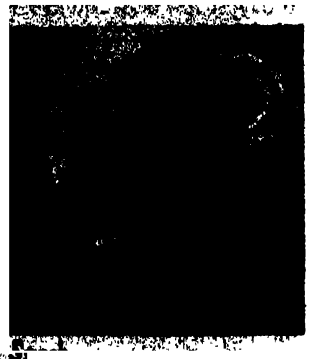
THE WORLD IN INTERNATIONAL REPORT

Schuman



Adenauer

de Gasperi



Monnet

Capital of Europe

Founding Fathers of Europe

BY OUR SPECIAL CORRESPONDENT

IN the streets of Brussels, the hoardings do not allow you to forget that you are in "the capital of Europe." Until a short time ago, many other cities had similar pretensions, from Luxemburg and Strasbourg to Milan and even Nice, and no one believed it of any of them, nor for that matter of Brussels itself. Quite apart from the number of claimants, and the suspiciously commercial look of their glossy brochures, there was reason to doubt that "Europe" was yet of a nature to have a capital. True, ministers of the six common market countries met 36 times in Brussels in 1964, and the European Commission employs 3,000 international civil servants. But was a customs union, which was what "Europe" consisted of, enough to warrant a capital? Was the European Commission, whose occupation was to propose plans to an all-powerful Council of Ministers, anything like a government? The French, at least, confidently denied it.

By one of those ironies that shroud the common market in what Voltaire called "a confusion of clarities," the French themselves, in their pursuit of an agricultural common market to match the industrial customs union tightly scheduled in the Treaty of Rome, have finally done more than anyone to turn the institutions of Brussels, collectively, into something beginning to resemble a government. If the incomprehensible saga on agriculture that has filled four years of the common market's life with sound and fury had ended in nothing, it would have been the end of European integration. But when, last December, it ended with an agreement on cereal prices to go into effect throughout the common market on July 1, 1967, it pulled off a trick that no international organisation has been able to achieve before. The successful establishment of an agricultural common market has given the European institutions the most protected, and therefore the most state-controlled, sector of the economy to administer.

As Leon N. Lindberg, of Wisconsin University, pointed out in an admirable paper on "Decision-making and Integration in the European Community," read to the American Political Science Association meeting in Chicago last September, "national officials estimate that 75 per cent of the major political decisions of vital importance to agricultural policy (and indeed to general economic policy) have been taken out of the exclusive control of national governments and made the subject of bargaining in the community institutional system." The result is that

> within ministries of agriculture almost all officials involved in basic policy find themselves directly concerned with the common agricultural policy and obliged to go to Brussels and participate in the community system. It has become impossible to draw a line between community policy and national policy. Whereas, in 1958, community matters were put in divisions having responsibility for international relations, by 1964 most of the Six had reorganised so as to distribute community responsibility to all operating departments.

The collective system binds the national governments even more than this suggests: community decisions are often taken without consultation because of their urgency or their technicality, and once taken they are difficult to reverse since they are the result of a painful compromise among the Six. Thus the national governments are no longer in sole charge of their farm policies. However, this does not mean that the European Commission has simply taken over from them. The balance of power between Brussels and the national capitals is much more subtle and delicate than that.

As the European managed market is based on support prices, the essential policy decisions are about the levels of prices that are to apply to each major product throughout the common market. These are firmly the responsibility of the Council of Ministers, who also have to take the decisions on any change in the system, such as the legislation due to be passed this year on the billion-dollar fund to finance farm policy. But the very fact that large sums of money are beginning to be involved induces the governments to scrutinise each other very closely indeed; and this strengthens the position of the only possible umpire in the game, the European Commission. The commission's power is officially only to propose policies to the ministers. But, in fact, its original

proposals on agriculture, though they have taken upwards of two years to be pushed through the machine, bear a striking resemblance even in detail to the system finally adopted. Thus a national government is not simply caught in the coils of a collective system of many nations, but also in one where the spring is provided by the supposedly powerless European Commission.

Moreover, to make the highly protected market work from day to day, it has been found necessary to convert the European Commission, from something like a supplicant at the ministers' door, into the principal administrator. The market is run by a series of management committees, on which representatives of the national ministries and market organisations sit, under the chairmanship of the European Commission's delegate. The committees meet monthly or fortnightly to administer the elaborate levies that cushion the market against imports, to see that trade flows freely across frontiers among the Six themselves (until, in 1967, the common market is truly a unit), and to supervise the way in which the harvests are bought up and the farmers paid.

Here again, there is constant discussion between the commission and national representatives, but the commission has the last word and its decision can be reversed only by a majority of 12 out of 17 votes in the Council of Ministers itself. In practice, this means that the commission need only drum up support from two countries (as long as one is big and the other not Luxemburg) to confirm its stand. This gives the commission a very strong position. Out of more than 200 decisions it has so far taken in the management committees, only three have been subject to appeal.

Thus, though the decisions of the management committees are taken within a relatively narrow range, the commission has considerable discretionary powers. For instance, it has recently decided, though there was no majority for this in the management committee, to authorise export rebates for the sale of frozen poultry to eastern Europe until April 5th. The purpose is to let the French get rid of 5,000 tons of frozen chickens which would otherwise glut the French market. This decision casts an ironic light on the chicken war of 1963, in which exporters were fighting for a way into the common market. But that is an old story. More practically, it means that the European Agricultural Fund, financed mainly by France's partners, will be paying out rebates to France. Unless there is a majority in the Council of Ministers *against* the commission, the decision will stand. It is therefore natural for the farmers' organisations to look, as they already do, to the commission as the fount of decisions that affect them from day to day.

The main function left predominantly in the hands of national administrators is investment in rural improvement schemes, and the concentration of smallholdings in fewer plots. Though a third of the European Agricultural Fund is earmarked for "structural" reform, this will cover only part of the total bill. The national governments are free, for the rest, to pay whatever their taxpayers will stand for. The national market organisations also remain the arms and legs of the European farm system. The farmer will still sell his wheat to the national purchasing agencies, though their criteria of payment will be fixed in detail from Brussels.

Any other system would offend against the balance of power between Brussels and [illegible]onal capitals. It would also inflate [illegible]ural division of the European Commission to monstrous proportions. Today, despite virtual under-staffing, the division already has 350 officials. The alternative to having a huge staff would be for the European Commission to work more directly through farmers' organisations specially created for the purpose. This is a method the Dutch have used and the commission would like to adopt it, to begin with, for fruit and vegetables. But the governments must agree.

The balance of power in European farm policy, then, is something quite new, not easily to be compared with any existing definitions in the political scientist's lexicon. It is true to say, as Dr Mansholt said after the last farm decisions in December, that "henceforth the big decisions on agriculture will be taken in Brussels." It is not yet true to add that this [illegible] national system, even though the European Commission [illegible] the functions of a European ministry of agriculture. But farm agriculture typical of the working of the common market in other fields where Brussels's control is much looser. In fact, some of the [illegible] heads in the commission are worried that "things are going too much our way" and that ministries of finance do not send high enough officials to the management committees. They vaguely fear that while the farmers, aiming at protection, and the commission, aiming at more influence, have a common interest in the managed farm market, too much success might boomerang, especially if a reaction against the price of farm surpluses were to develop.

But what the progress in agriculture has done is to convince everyone that the common market will not be stalled (as the High Authority of the Coal and Steel Community was) at the tricky moment when the free trade aspects of a union are more or less settled and the far harder task of getting the governments to agree on common economic policies begins. For agriculture the common market has, or soon will have, a collective policy. The French sired it. Fourteen million farmers are backing it. Though the world's food exporters may not love the results, Europe now has a rock-bottom political foundation.

A second article is to follow describing the forces impelling the common market towards unity in new fields. Also next week an article will analyse how the agricultural system works.

Triumph for Europe's farmers

At yet another of their all-night sittings in Brussels, the ministers of agriculture of the six common market countries managed, early on Wedesday morning, to take an important step in setting up the common agricultural market. They agreed on the system that will apply for fruit and vegetables, and they agreed to narrow the price range within which the Six will be able to fix their beef and milk prices during the next farm year.

This success is important to the European ministers; it is a triumph for the farmers. The direction the ministers took is resolutely protectionist. Because the Italians, with inflation at home, have been increasingly worried about competition in fruit and vegetables from other Mediterranean countries and from the United States, the Six have extended the levy system (which gives the European Commission a potential stranglehold on imports) to the one sector where a more liberal import system seemed, a year or two ago, to be hopefully in the making.

Because Belgian elections are in the offing, and the Belgian government is anxious to make concessions to its small farmers, the spread of milk prices among the six nations of the community has been kept fairly open. This is implicitly to give scope for the Belgians if they decide to increase prices to the high, and hitherto entirely exceptional, Italian level. But, in fact, this does not really suit the agricultural policy-makers of the Six; it increases the incentive to farmers to produce cattle for milk instead of for beef—and it is beef that is in extremely short supply.

The decision will be even less pleasing to the negotiators grappling with the "Kennedy round," through which it was hoped to achieve a sweeping reduction of tariffs and the removal of other obstacles to trade. It was already clear from the decisions taken at Brussels last December that there would be little room for any negotiation in the "Kennedy round" on fruit and vegetables, the original white hope of the Americans. Wednesday's all-night sitting produced agreement, but it confirms this doubt.

the product is only part of the deal

Unseen to most users of electronic apparatus is a galaxy of parts commonly called . . . components. But these are components with a difference. For the majority are complex devices, scientifically designed and manufactured to critical standards of performance and reliability.

And yet, to the equipment manufacturer, it is not the components alone which are all-important. He sees them only as part of a service which should provide him with research and applications know-how, technical data and assistance in many forms, and a willingness to share his problems before and after he has purchased the products.

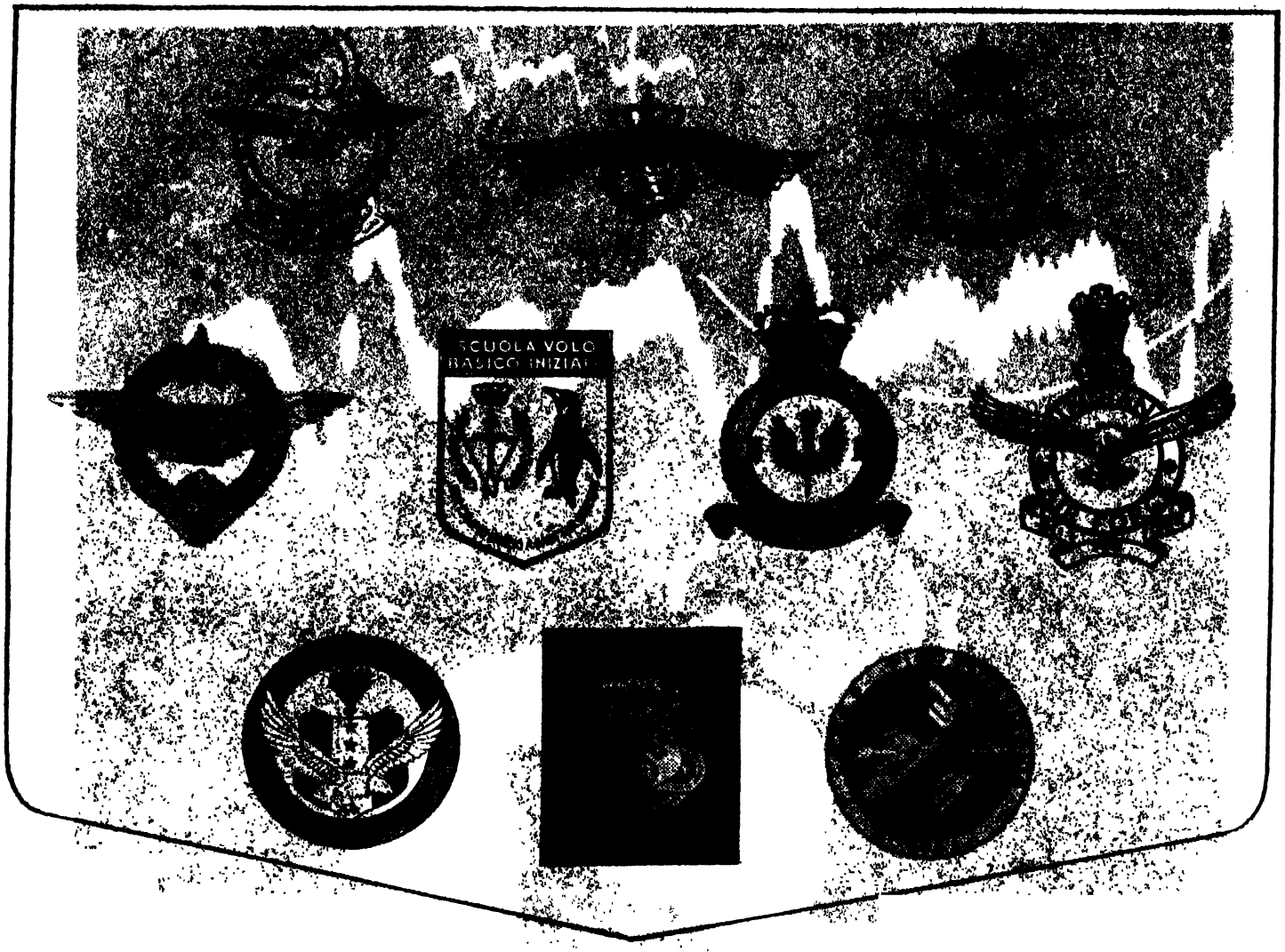
This is the kind of service that goes with Mullard products, and typical of it is Applications Engineering. At Mullard, teams of applications engineers are helping customers to use components to the best effect; liaising with research laboratories to achieve still higher performance; anticipating the needs of tomorrow.

Users of Mullard products benefit from this knowledge and experience in countless ways; indeed the whole of this great research organization is virtually working for them.

If we are not serving your Company already, please let us know if we can help you.

Mullard

MULLARD LIMITED · MULLARD HOUSE · TORRINGTON PLACE · LONDON · W.C.1



Ten schools

with the same instructor

The air forces of nine nations* and the Italian airline Alitalia have chosen Bristol Siddeley Viper-powered jet trainer aircraft for their pilot schools.

To withstand continuous use by a succession of trainee pilots calls for exceptional ruggedness, ease of handling and reliability on the part of an aircraft engine.

The Bristol Siddeley Viper has demonstrated these qualities during more than 400,000 flying hours. The engine now powers four different types of jet trainers, the Italian Macchi MB326, the Yugoslav Soko Galeb, the Indian Hindustan HJT 16 and the British BAC Jet Provost.

This background of experience has now been brought to the new generation of executive jets such as the Viper-powered Hawker Siddeley 125 [illegible].

Bristol Siddeley also supply the power for helicopters, ships, air cushion vehicles, rockets, missiles and turbo-generators.

Bristol Siddeley Engines Limited. Executive Office: Mercury House, 195 Knightsbridge, London SW7, England.

* *Sudan, Kuwait, Ceylon, Yugoslavia, Italy, Great Britain, India, Iraq, Venezuela.*

BRISTOL SIDDELEY SUPPLY THE POWER

COVENTRY, NORTH LONDON AND BRISTOL

UNITED NATIONS

The Great Debate Begins

Mr Budo's finest hour

MR MICHAEL STEWART'S announcement on Tuesday filled out—though not as fully as it might have—the intentions the Labour government had already indicated about a British commitment to support future United Nations peacekeeping forces. As the foreign secretary himself admitted, there were still some reservations in the offer. He hoped to make it more precise when (he shunned the word "if") the new UN committee on peacekeeping decided what the "general structure" would be like. Meanwhile, it may be important to note the more cautious words in the offer as it now stands. Italics might help. Britain is pledged, *subject to national commitments*, to *help* to provide logistic backing for a force of *up* to six battalions. This *could* include engineer, signal, transport, ordnance and ambulance units, and short-range aircraft. *If it were desirable*, units would be "earmarked." The government *hopes* to provide some long-range transport aircraft too.

However, Mr Stewart was justified in rebutting the leader of the opposition's claim that this was no advance on the previous government's position. It was, at least, a timely gesture of encouragement. Very naturally, the announcement was also labelled as timely in another context—as a timely sop to those in the Labour party who, only a few hours earlier, had found the white paper on defence too nuclear and too expensive-looking for their taste. In fact, the announcement on peacekeeping support would have been made two weeks before the white paper came out, if the prime minister had carried out his original plan to visit the United Nations early in February.

Mr Wilson was criticised for cancelling his New York visit, even by some who recognised that it was asking a lot to expect him to make his debut on this international stage when the show was on the point of folding. These critics contended (with a certain anglocentricity) that a gallant British intervention might have, somehow, rescued the General Assembly, which they tended to see as an anguished maiden being held to ransom by two wicked uncles (Uncle Sam and Uncle Vanya). The suggested role of knight errant, spurned by *perfide Albion*, was seized instead by Albania.

For three days Mr Halim Budo enjoyed what was surely the finest hour of his service as the permanent representative of Albania at the United Nations and, de facto, the provisional representative of communist China in the same organisation. There is ample evidence that he stirred many sympathetic feelings among the delegates when he urged them to resist the "collusion between the American imperialists and the Khrushchevite revisionists, who together trample on small states' rights and seek to make the UN a mere tool of two great powers"—as the Tirana newspapers put it. He forced the assembly to uphold its agreement not to vote by violating that very agreement—by voting, in fact. The embarrassment this meant for both Americans and Russians gave quiet pleasure to many delegates who had grown restive during the long weeks of deadlock since December 1st.

But, much as they relished the sight of Mr Budo twisting the two super-powers' tails, they all (except gallant little Mauretania) declined to follow his lead. To revert to normal procedure, as Mr Budo demanded, meant, in existing circumstances, to jump out of the frying-pan of painful deadlock into the fire of an immediate showdown. The jump was refused. On February 18th the doughty Albanian was at last gavelled into silence, and the assembly adjourned itself until September 1st—with the possibility of an earlier recall if the course of events in its new committee, which is to report by June 15th, necessitates this. The only thing that has enabled the assembly to get off its hook at all is the arduously achieved agreement to hand over to this committee the task of reviewing all aspects of peacekeeping operations, past and future. And a share of the credit for this modest achievement may fairly be given to the British delegation.

The chances that the new committee (which has yet to be formed) can give the United Nations a new start are neither good nor easy to assess. But the elements of what may emerge as the only possible kind of solution have begun to take shape. In this sense, the Secretary-General, in his speech on February 20th, was paradoxically correct in saying that a great debate was now starting. The central issue, U Thant argued, was whether peacekeeping was exclusively a job for the great powers "in unison in the security council" (which is General de Gaulle's thesis, and has hitherto been Russia's), while the assembly acted merely as a "glorified debating society," or whether there should be a rational division of functions between the two organs. Mr Thant—clearly acting to some extent as a spokesman for the mass of smaller states—bluntly described as outdated the charter clauses that gave the council primary responsibilities for maintaining peace.

Clearly, President de Gaulle's formula will never be acceptable to most of the nations. Equally clearly, the great powers will not let the UN be relaunched into the peacekeeping business with unlimited authority in the grasp of an assembly majority. A promising basis for compromise was offered by the Americans last September; rejected by Russia then, it may now be revived as part of a more acceptable package. It suggested that, if the council (which would always have "first bite") failed to cope with any clear threat to peace, the assembly should have the right to act, but only on the recommendation of a new committee of twenty-odd members in which those countries that make really solid contributions to UN peacekeeping work would be strongly represented. In essence, this would amount to a more sophisticated, more rational and more effective version of the existing "uniting for peace" procedures, the rejection of which by Russia and France is the core of the present crisis.

What many observers have noted is that Russia and France have not been able to prevent these procedures from being followed. They have assailed them with words, and refused—logically enough—to help pay for peacekeeping operations of which they disapprove. Meanwhile, the Cyprus precedent has nourished the idea that, at least for some time to come, peacekeeping operations will be frankly based on voluntary financing. Mr Adlai Stevenson has conceded that future arrangements could not ignore the Franco-Russian view that to try to force a reluctant major power to help pay for a UN operation was not realistic.

The shape of things to come, then, if anything is to come at all, looks like a package deal that would embrace: abandonment of the attempt to enforce payments for past operations (though some token payments by the defaulters might be a necessary face-saver); agreement that future operations will be financed by voluntary contributions; and acceptance by the great powers of the assembly's right to a defined but substantial authority in regard to peacekeeping, on the lines of last September's American formula. A further point to which growing importance is being attached is the need to avert the risk that a system of voluntary financing might mean disproportionate dependence on the good will of one

or more rich countries. The Congo operation has shown all parties the dangers in any such lopsided dependence. The lesson drawn is that, if future financing is to be voluntary, contributions by major powers would have to be limited to a modest percentage of the total costs; and the "middle powers," in particular would have to pay up (as they could easily do) enough to ensure that UN operations will never again become vulnerable to a "financial veto" imposed by one or more of the big five.

Nations large and small have alike learnt—the hard way—that, if great powers are left to pay the lion's share of peacekeeping costs, they may either be tempted to play the lion's role, or be surprised at playing it rather say, an operation that vitally needs to be purely non-partisan can end up looking partisan. But, if this danger can be avoided, the UN's hopes of a new lease of active life should be encouraged by a more cheering lesson it has learnt: that if minor powers are not required either to pay for an operation or to vote formally in support of it, they can often tacitly accept it and let it go forward. The value of this kind of silent consent may be the most important discovery made during the new "great debate."

RHODESIA

Not in front of the children

FROM OUR SPECIAL CORRESPONDENT

Salisbury, Wednesday

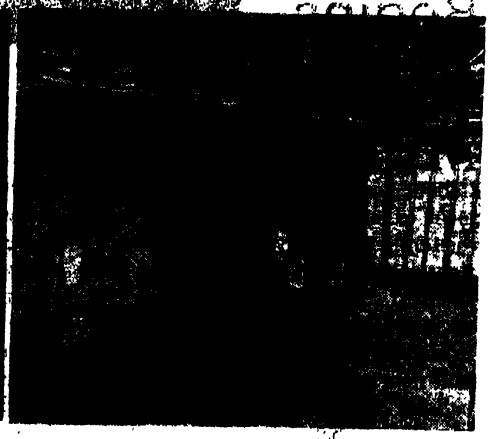
"WHEN in doubt, indaba." The British commonwealth secretary, Mr Arthur Bottomley, whose attempts to use local proverbs to break the ice on his ten-day tour of Rhodesia met a surly response from 600 chiefs and headmen on Tuesday, has fought shy of quoting the indaba slogan. It is an old one: it has been resurrected at most of the critical moments during the 75 years of white settlement in Southern Rhodesia. But Mr. Bottomley has acted on it. As an informal kind of round-table conference, these indabas became respectable as soon as Cecil Rhodes sat on a rock in the Matopos and talked peace with the Matabele. Since then the pattern has been followed each time Rhodesia has reached a turning point.

Now, the whole ten-day visit of the commonwealth secretary and the Lord Chancellor, Lord Gardiner, is one prolonged indaba. But most people gloomily predict that the fear of a possible white nationalist rebellion will remain after the talking has to stop on March 3rd.

Lord Gardiner and Mr Bottomley got much-simplified advice on how to solve the Rhodesian problem from the handful of chiefs and headmen who uncharacteristically, almost insultingly, lectured them on Tuesday. In words that echoed the views of Mr Ian Smith's government the chiefs declared that Britain was to blame for separating them from their "children" who had formed political parties, filled themselves with theoretical nonsense and were now wrecking the country with arson, murder and intimidation. Either Britain should "cut the strings" and leave the chiefs and the Europeans to sort out the country's problems after agreed independence or (as one Matabele chief nostalgically suggested) they might have to "call out the impis."

Later in the week Mr Bottomley was due to meet "the children"—Mr Joshua Nkomo and, in default of the imprisoned Mr Ndabaningi Sithole, his lieutenants. The attitudes of these African nationalist leaders have been equally simple: hold tight to the strings, convene a constitutional conference and stride on to majority rule. But between these two extremes, the British ministers have received a procession of worried visitors—three former prime ministers, lawyers on the constitutional council, tobacco growers and industrialists—who argued that the situation was more complex.

Mr Smith and Mr Bottomley start talking



Mr Nkomo waits

If, as more Rhodesians are coming to believe, Mr Smith is now resolved to take independence unilaterally as soon as it seems opportune, then this whole indaba is a sad sham. Talk of British economic sanctions in reprisal for any unilateral declaration seems less of a deterrent to unilateralists than it did last year: while their opponents conjure up the wolf of future poverty, the unilateralists concentrate on present proof that Rhodesia did much better last year than anyone predicted at the time of the break-up of the former federation of Rhodesia and Nyasaland. Instead of an adverse trade balance, there was an export surplus of £35 million in 1964, even though the imports, at £109 million, were higher than estimated.

Although an oil refinery is the only large new industry to be established since the end of federation, the government argues that its most successful achievement has been to restore confidence among Europeans. The main sanction in Britain's hands has been the threat to ban Rhodesian tobacco, which could lose Mr Smith £25 million in sales to the Commonwealth. The edge of this deterent has been blunted, however, because the tobacco farmers have, by a voluntary control scheme, succeeded in reducing their total acreage by nearly a fifth, so that they can expect a crop eighty million pounds lighter than last year's; it should thus command far better prices. This would make the Rhodesians less vulnerable to a Commonwealth boycott and meanwhile they hopefully see larger sales to France and Japan, not to mention the communist countries. Ironically it is believed that some Chinese buyers will appear on the auction floors next month; the Russians and the east Germans are already old-timers.

But if it is assumed that the die is not finally cast on the issue of independence, what can come out of the indaba? Mr Wilson and Mr Bottomley are concerned to show progress towards majority rule when they face the Commonwealth leaders in June. Both the United Nations and the British government have dangled carrots in the form of educational aid, but the Rhodesian Front government has not budged.

Nevertheless there are some carrots the Rhodesian government would nibble at: Sir Cornelius Greenfield is at present in London on behalf of the Rhodesian treasury exploring the possibilities of a loan. The best that Mr Bottomley and Lord Gardiner could achieve before June might be a three-way agreement by which, in return for some development millions (to the Sabi Limpopo irrigation scheme?), Mr Smith is persuaded to release Mr Nkomo and the 2,500 others from restriction or detention. The African nationalists, for their part, might be persuaded to abandon hopes of an imminent conference and instead enrol every possibly supporter as a voter under the present constitution. The alternative is the end of all indabas and dreary years of hatred and bloodshed.

PARLEZ-VOUS FORTUNE?

SPRECHEN SIE FORTUNE?

PARLA FORTVNE?

The language of FORTUNE is the language of international business and the businessman. Long the most important management publication in America, FORTUNE has become a major channel of management communication throughout the free world.

FORTUNE International, printed in English, contains the same editorial and advertising as in the domestic edition. But it differs from the domestic edition by offering a special section of international advertising.

Evidence of how FORTUNE's values are recognized abroad can be found in the quality of the 27,000 executives outside of the U.S. and Canada who choose to read the magazine.

More than 60% are in top management—chairmen, managing directors, corporate owners, and partners. The majority of these top managers is in manufacturing, where industrial buying is centered.

For more information on how you can translate FORTUNE International into profits, contact:

In Europe: Robert Dumper, Time & Life Building, New Bond Street, London W.1, England . . . In Japan: Ichiji Kuribayashi, FORTUNE, Time-Life International Asahi Building, 3, 6-Chome, Ginza Nishi, Chuo-ku, Tokyo, Japan . . . In the United States: Thomas Curtin, FORTUNE, Time & Life Building, Rockefeller Center, New York, New York 10020.

FORTUNE International—The Magazine of Business Leaders Around the World

Just when the U.S.A.'s the most fun, we'll take you there for £104.13s.

PAN AM

Here's what's going on.

Everybody's in a do-something mood just when Pan Am's lower 14/21 day summer Jet Economy fares are in effect. And there's so much new to do in the U.S.A. In New York there are new shows on Broadway. A hundred thousand shops to browse through. New art shows, fashion shows, restaurants. Grand opera and great concerts. And the fabulous New York World's Fair, which reopens April 21. This is only New York. There's lots going on in the rest of the country too. Niagara Falls is roaring. San Francisco is luring people from all over the world. Cities everywhere have trade fairs. There's majestic Washington. The Grand Canyon. And a thousand and one other sights. We have straight-through flights to 15 U.S. cities, coast to coast. 127 flights a week from Europe—58 from London alone! More than any other airline.

Here's how much it costs.

We have travel bargains for you—everywhere. New York, 3 days (including hotel, sight-seeing, and a World's Fair admission) £7.18s. Hotel bargains in other cities too. And tour bargains! 16-day tour of New York, Montreal, Boston—from £146. Most important: our U.S.A. fares have never been lower. You save up to £65.19s over the peak season fares. Just pick your city, then join us. You'll have a good feeling, knowing you're flying with the very best there is. There's no feeling like it.

These are the round-trip fares from London

TYPICAL U.S. DESTINATIONS	14-21 Day Jet Rainbow Economy Fare
NEW YORK	£107.3s.
BOSTON	£104.13s.
PHILADELPHIA	£114.8s.
WASHINGTON	£118.18s.
DETROIT	£124.2s.
CHICAGO	£133.19s.
LOS ANGELES	£210.1s.
SAN FRANCISCO	£210.1s.
SEATTLE/TACOMA	£178.19s.
PORTLAND	£187.13s.
DALLAS	£166.12s.
HOUSTON	£172.5s.
ATLANTA	£142.13s.
NEW ORLEANS	£159.14s.

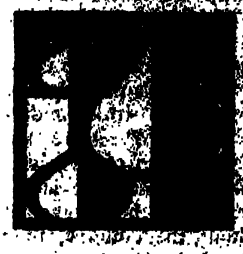
Valid most days of the week except during certain peak periods.

Call your Pan Am Travel Agent. Or call us.
193 Piccadilly, W.1 Tel: REG 7292

World's most experienced airline

FIRST ON THE ATLANTIC
FIRST ON THE PACIFIC
FIRST IN LATIN AMERICA
FIRST ROUND THE WORLD

COMMUNIST WORLD



How many to Moscow?

On Monday, March 1st, the preparatory commission for a world communist conference is due to meet in Moscow. Uncertainty about whether it will actually do so may last almost up to the last minute. The meeting was originally scheduled by Mr Khrushchev for December 15th; its postponement was not officially announced by *Pravda* until December 12th, although it was widely assumed beforehand that the men who had taken over from Mr Khrushchev two months before would call it off.

This time the meeting seems equally likely to be an embarrassing flop, but no easy assumptions about its postponement are possible; the rumours that have been coming out of Moscow, mostly via Belgrade, have been contradictory. That the Russians themselves have refrained from making any publicity for their conference, even on occasions when it might have seemed appropriate, might be a sign that the meeting is again being quietly dropped. But on the whole it seems rather more likely that it will go forward. To postpone it a second time (and this time Mr Kosygin and Mr Brezhnev cannot disclaim responsibility for fixing the date) would involve the Russians in too much loss of face and demonstrate too clearly how weak their control over the communist movement has become. The delegates, however, are not likely to be very high-powered.

If the meeting is held, how many of those invited will turn up? Here again there is a good deal of uncertainty. Invitations went out to [illegible] communist parties, including the [illegible] they include [illegible] Thirty [illegible] said they are [illegible] signified the [illegible] of the party. The [illegible] party of the *United States* will probably come; so will the pro-Russian wing of the *Brazilian* party. The *Poles* have doubts about a world communist meeting, but will almost certainly send a delegation to Moscow. The *Italians* definitely disapprove but are going to Moscow to put forward their views. The *British* want the meeting postponed, but may go to Moscow for the same reason as the Italians.

The *Cubans* are wavering. The *Rumanians* have said they will not go unless everyone else does, which amounts to a refusal. In the Peking camp six parties will stay away—*China, Albania, North Korea, North Vietnam, Japan* and *Indonesia*. Conceivably, but improbably, the Vietnamese might change their minds.

Thus, to summarise, if the Russians are really unlucky, they will collect only about fourteen parties round the table; if they are really lucky they may get 19 or 20; on present form, 17 or 18 seems the most likely figure.

Probably the greater part of those who agreed to go to the original meeting, in December, did so with grave misgivings. Whether their misgivings are any less depends on how successful the Russians have been in persuading them that the object of the meeting is not what Mr Khrushchev originally intended it to be. In other words, its object is not to perpetuate the split in the world communist movement, but to find ways of papering over the cracks. Mr Khrushchev's successors clearly cannot face with equanimity—as Mr Khrushchev apparently could—the accusation that they have made the split in the communist movement permanent. They have placed the greatest emphasis on communist unity, although in North Vietnam Mr Kosygin did admit that setting up a world communist system and stabilising "really comradely relations" was "a complicated and long process."

It is not clear how this process would be helped forward by holding a meeting which the Chinese violently and bitterly oppose even if its original object, as a preliminary to a third Chinese-Russian [illegible] conveniently forgotten. This is a point to which the delegates themselves will no doubt demand the attention. In the view of the influential Italians, as expressed by Signor Berlinguer in a report to his central committee last week, inter-communist meetings should not amount to more than "consultations and exchanges of view on the situation in the workers' movement." Most delegates would probably agree with this attitude. It will not pacify the Chinese—nothing short of complete capitulation would, it seems, do that—but it looks better than an open ganging-up against them.

Any attempt, however, to institutionalise these inter-party consultations will be stoutly resisted. This is what Mr Khrushchev was suspected of wanting to do as a means of re-establishing Russian control over the communist movement. Whether his successors have the same designs is not clear. One suspects that here, as in other directions, they do not see their way clearly ahead, and that for the moment they would be content simply to extricate themselves as gracefully as possible from the predicament in which Mr Khrushchev landed them. If they do go ahead with the meeting on Monday, it will not be because they think it will help them to deal more successfully with the Chinese, but simply in order to try to prevent their slipping control over the communist movement from slipping any further. It seems unlikely that they will try to reassert their pre-eminence very positively, or that, if they do try, they will have much success.

ISRAEL

Know your enemy

FROM A CORRESPONDENT IN ISRAEL

At least Mr Levi Eshkol now knows the strength of his opponents inside Mapai, Israel's ruling party. At the party's annual convention which ended on February 22nd, 41 per cent of the delegates supported Mr Ben-Gurion's demand for a judicial enquiry into the "Lavon affair" (that is, to try once more to find out whether or not Mr Lavon, as minister of defence, was responsible for a disastrous security incident in 1954) and 37 per cent of the delegates supported Mr Ben-Gurion's attempt to end the projected electoral pact between Mapai and the left-wing Achduth Avodah party. The prime minister won through all right, but the size of the minority group surprised even its own leaders.

Mr Eshkol steadily pushed forward with his own plans, rejecting all compromises proposed by the dissident faction. Above all he refused to allow a separate vote on the question of electoral reform. Mr Ben-Gurion has long been seeking a way to modify Israel's system of proportional representation and he has strong support for this inside the ruling party. But his proposals are fiercely opposed by the smaller parties—including Achduth Avodah.

In the end, the convention was asked to choose between Mr Eshkol's proposed electoral agreement with Achduth Avodah and a carefully worded alternative proposal that negotiations should continue between the two parties on condition that Achduth Avodah conceded the electoral reform issue. What this proposal amounted to was, in fact, a bid to cut off relations.

At one point in the convention, Mr Ben-Gurion attacked Achduth Avodah as a small faction riven with sectionalism that would be "especially dangerous in Histadrut, where there is more demogogy than anywhere else." Elections for Histadrut (the general federation of labour) are due in May; their result will do more than anything else to decide the direction that Mapai takes in future.

CHINA

Snakes and ladders on the farm

FROM A CORRESPONDENT RECENTLY IN CHINA

About the state of Chinese agriculture there is an almost complete dearth of hard facts, but a horde of pseudo-facts that reveal almost nothing except some activity of some kind. The superficial evidence of one's eyes, however, suggests that after two decent harvests Chinese agriculture may be over the worst.

In the cities people seem to be adequately fed. There are shortages of cooking-oil and sugar, but grain rations are said to be more than adequate for most, milk and butter prices were cut last spring, and the shops are crammed with fruit and vegetables at prices that seem moderate when compared with current wage levels in the factories. Even in the villages standards seem quite high by Asian reckoning. There is indeed a marked difference between town and country, and between the fur collars of the rural party officials and the blue denims of the ordinary peasant, but the difference is not gross. Standards seem to be slowly rising in those communes that can be visited, and, so far as one can gather, conditions are much the same through the country.

Foreign observers suggest that the commune as a method of organising agriculture has virtually been abandoned. This may be true, but the brief experience of your correspondent suggests a more varied pattern. Certainly the very large commune has gone, and with it the dreams of a new social order; so, apparently, has the idea of integrated local agricultural and industrial development. In some areas, the brigade (or work team) may now overshadow the rather weak commune to which it belongs but in others it is still the commune that seems to be the key unit through which to exercise party control, obtain vital supplies, undertake public works and so on.

In one commune, for example, although the brigade was responsible for accountancy, the accounting was in fact based on tasks determined and controlled by the commune. This particular commune had begun a variety of non-agricultural activities, ranging from supplying various internal needs, including a machine workshop, to setting up industrial enterprises with the aim of providing ancillary services for local urban industry. These enterprises drew on commune labour in slack seasons but generally operated as independent units which happen to be set up in the commune.

Careful inquiries failed to elicit much information about the seven per cent of commune acreage set aside for private plots; and requests to visit a rural market to witness the sale of private produce were always politely evaded. But the generally more conservative policy now being followed, including the warning to party militants to "learn from the peasant," does not seem to stretch as far as any significant revival of a private economy. Nor was it possible to guess whether labour was still scarce in the harvest season. Students from Shanghai and young people from other cities still dutifully troop out to the countryside to help at harvest time. No doubt they are more trouble than they are worth—particularly when, as one commune director said, they put in only a token stint of one or two days. But this is probably more of a psychological exercise to suppress factious tendencies, or an attempt to relieve educated unemployment, than evidence of the need for rural labour.

The extension of rural services goes on—schools (full-time for children and part-time for their parents) radio, clinics, cinemas and so on. Travelling by night through the countryside one does not see many lights—apart from four powerful searchlights playing games with a mock U2. This may be due to peasant frugality rather than lack of fuel or power. But the scale of the agricultural problem remains immense. The small strip fields of the south have still to be merged into more manageable units. In Kwangtung which remains one of the most difficult provinces to handle, tough party organisers have to be drafted in from outside to control the situation.

Mechanisation has hardly begun to make any impact, despite [illegible] claims. All the immense water conservancy works undertaken since 1949, partly to restore the ravages of nearly a generation of civil war, have only marginally decreased the land's tragic vulnerability to another wave of disasters. Throughout the country, food stocks have to be low in order to maintain the current level of consumption; there will be nothing to spare if next year's crop is even slightly below average.

Estimates by foreign observers of the actual increase of farm production last year range from 3 to 8 per cent. (Officially, the year was the "best since liberation.") Wheat, particularly the early crop, seems to have done best; the rice crop was adequate; but cotton did not do so well and raw cotton imports will have to make up the deficit if China is to continue expanding its textile exports. Still, the experience of the last two years suggests that progress is being made, very slowly, towards an agriculture that will expand just ahead of the population increase and thus provide the necessary equilibrium for industrial growth.

SUDAN

His own good name

Were the Sudanese not, at core, a steady people, they might have been knocked into silliness by the two disappointments that hit them on black Thursday, February 18th. High hopes had been pinned on a conference, arranged to begin that day at Juba between the Arab northern Sudanese and the black southern ones. Then came the double blow. The conference was postponed, and Mr Khalifa's transitional government collapsed.

Of the two major issues involved, that of north-and-south reconciliation is much the more profound. But it is a chronic problem, while the government crisis was acute. There was therefore a measure of relief when, after several unsuccessful castings, Mr Khalifa was able to announce on February 23rd that he had formed a new government. It is not to everyone's liking, but at least it is a government. And as the Sudanese know, so long as there is no government—even a week without one was unnerving—the country is in danger of either a political take-over by the Mahdi's Umma party or a fullblown coup by the army.

The new team of ministers is based on existing political parties and not, as the former one was, on a big happy family system of representatives from all walks of life. The effect is to have shorn the government of those communists or near-communists who held their posts by virtue of their professional or trade-union standing. With seven posts between them, the Islamic Charter Front (the Umma, National Unionists and Moslem Brothers) predominates; but the bias towards religious conservatism is, up to a point, corrected by the presence of three southern ministers and the middle-of-the-road prime minister himself. The communists refused the single seat they were

Sirr el Khatim el Khalifa

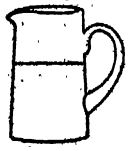
It's fine ripe barley that gives character to Johnnie Walker, the best-selling Scotch whisky under the sun

BORN 1820—STILL GOING STRONG

PURE, CLEAR BURN WATER, 3,000-years-old peat, and ripe, golden barley: it's all there, magically blended, in the bottle of Johnnie Walker.

It wouldn't be possible without men like Peter Robertson. He's 79 years old, and he's spent most of them growing barley.

It's all good barley he grows. But only the pick of his harvest goes to the local distillery to be made into malt whisky that will be blended into Johnnie Walker. The character of Johnnie Walker depends on this sort of choosiness. Perhaps that is why Johnnie Walker is the most popular Scotch whisky in the world.



Taking it straight. Know the secret of getting to the heart of Johnnie Walker? Add water, fifty-fifty. Taking it straight is fine if you're rushed, or cold. But water brings out its distinctive character to perfection. And it costs no more.

It's all a matter of taste, of course. Johnnie Walker is unmistakable by itself, or with water, or with any one of the dozen things it shares glasses with these days.

When you've got the best barley, there's no sense in spoiling it. The barley in the Johnnie Walker distillery is steeped in water and allowed to germinate on the malt floor. Here it is turned with a wooden 'shiel', not a metal shovel.

Metal could damage the sprouting grain. When you've got the finest barley, you handle it very gently indeed.

Buy it here, or anywhere. Johnnie Walker sells in 165 countries . . . Its familiar square bottle means Scotch whisky in just about every language.

Wherever and when you buy Johnnie Walker, you can be sure *you* will like it. Better still, you'll know your friends will like it, too.

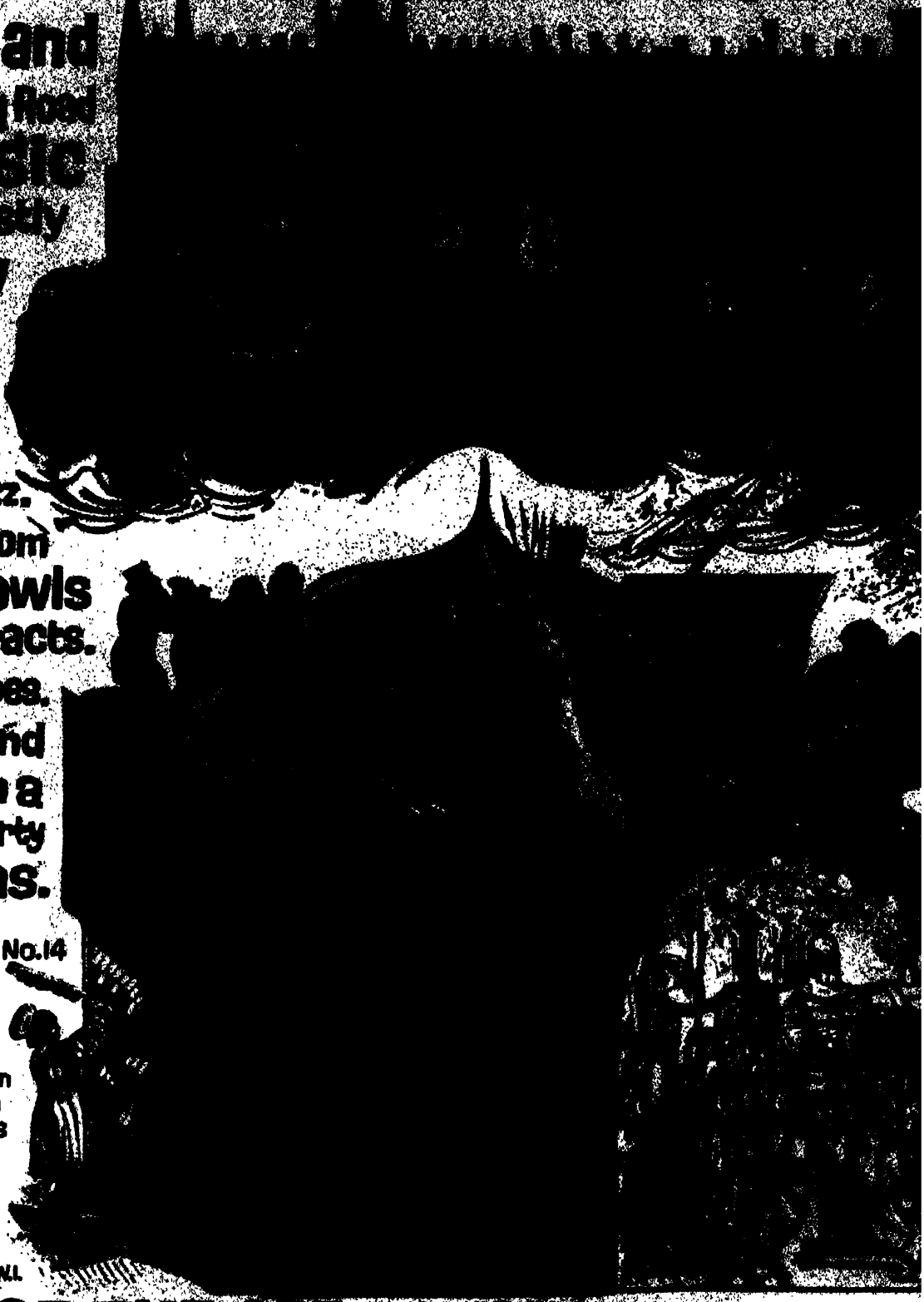
Because Johnnie Walker is liked by more people in more countries than any other Scotch whisky. Which is saying something.

Say Johnnie Walker—you'll like it

'Red Label' Bottle 46/6d., ½ Bottle 23/9d., ¼ Bottle 12/11d., Four-ounce 7/11d., Miniature 4/6d., Giant (3 Bots) 133/6d. (U.K. prices.)

BP VISITS ST. PANCRAS FESTIVAL

The gothic and greystone Euston Road – for music mostly. And mostly music rarely performed. Unfamiliar. Unmissable. Plus poetry. Plus jazz. Plus painting, from roses-in-bowls to angry abstracts. All tastes. All types. Bearded ones and bowler'd ones, on a once-a-year party in St. Pancras.



B P Festivals Series – No. 14
St. Pancras Festival of the Arts: Mar. 1-26. Specialising in musical fare unfamiliar even in London. Highlights to include five operas, the London Bach Society performing in St. Pancras Church, readings by 'the Barrow Poets'. Full programme and details from: The Borough Librarian, St. Pancras Town Hall, Euston Road, N.W.1.

BP

BP FOR THE CAR IN YOUR LIFE

Powerfor 500 million years

[illegible]

[illegible] 100 kW, 500 kW [illegible] of less output.

And this is only a small part of the AEG program.

Power up with AEG.
AEG leaves absolutely

AEG

ALLGEMEINE
ELEKTRICITÄTS-GESELLSCHAFT
(founded 1887)
West Germany
Berlin · Frankfurt

USA!
TWA!

NO OTHER AIRLINE SHOWS YOU MOVIES ACROSS THE ATLANTIC

You're sweeping toward America in TWA Royal Ambassador First Class when the purser slips a wide screen into place. A special, hidden projector silently comes to life—on goes a first-run movie—and you enjoy the fastest hour and a half you've ever experienced in a transatlantic jet! Full-length films by Inflight Motion Pictures are an exclusive on all TWA flights to the U.S.A. Mostly in color, they're great entertainment—an exciting addition in the renowned tradition of our dining and service en route. And just a dollar in Economy! (If you want to work or nap, go ahead—without our earphones you won't hear the sound.) Next trip, take in the show on the only airline serving Europe, Africa, Asia and 70 major U.S. cities. Call your Travel Agent and specify TWA—Trans World Airlines!

Worldwide depend on TWA

offered, and the People's Democratic party (which is the Umma's religious rival) would not take part.

Mr Khalifa would have liked to include two seats for workers' organisations, but the parties stoutly objected. He has got himself a more homogeneous government than the previous one, and the army is said to approve of this. But he has had to leave out in the cold the left-wing groups who contributed greatly to bringing down the military regime last October. A lot of professional people, who made up the heart and soul of that effort, feel bewildered. The small hard core of real communists have staged minor riots in Khartoum and some provincial towns.

It was the resurgent Umma—whose stalwarts from the country, pouring into Khartoum ostensibly for Queen Elizabeth's visit, have been a cautionary spectacle—that forced these government changes. The party was angered by communist attempts to get elections delayed. The outgoing left-wing ministers had been badgering Mr Khalifa to give up all thought of elections before solving the southern problem. This could have meant an interminable wait and the wrecking of the government's true mandate—which is to arrange elections as soon as it possibly can.

Even if there had been a successful north-south conference at Juba, it is doubtful whether the south could have been jacked up for elections by the date the new government still aims at—April 21st. The northern registers, with new women voters attached to them, are still far from complete. Southern registers do not exist. But there has always been the alternative solution of reserving seats for the southerners that they could fill later on when they were ready.

The Juba conference did not materialise mainly because the Anya Nya southern terrorists refused to respond to an appeal by the southern leaders of the Sudan African National Union (Sanu) to lay down their arms. In addition, there was a split in Sanu itself about whether, after all, the conference was a good thing. Finally some northerners got qualms of their own, and, in a bicker of second thoughts and mind changing, the whole project went to dust.

In the ordinary way a transitional caretaker government would not be expected to solve so gigantic a problem as that of the north-south dispute. Certainly Mr Khalifa's reputation as a fair-minded one who is trusted by the southerners, that has ever encouraged the belief that a settlement was within his reach. But any government may now make best progress by insisting on its caretaker character and going straight for its necessary target—the holding of elections for a new constituent assembly, which, if set up at least in the north, would give the south the confidence of dealing with a legalised authority.

The government has a rough ride before it. The communists will try to exploit the country's economic difficulties. Through the general political unsettlement, trade has taken a sharp dive downwards and cotton, Sudan's mainstay, is in a bad way. Not a single bale has yet been sold this year. The crop has been allowed to take second place to excited political activity among the tenants and workers. To get them back on the job again, and to allay their political grievances at having no place in the government, will take all the prime minister's dexterity. Their confidence, like that of the southerners, will now rest almost exclusively on the force of his own good name.

MALAYSIA

Red experiment

FROM A CORRESPONDENT IN SINGAPORE

IN 1957, on the eve of Malaya's independence, Mr Chin Peng, the secretary-general of the Malayan communist party, emerged from his jungle hide-out to assure Tunku Abdul Rahman, who was then chief minister, that his "liberation army" would lay down its arms once Malaya became independent. He was as good as his word; after twelve years of bitter guerrilla fighting against the British, the communist revolt came to an end and Chin Peng and his army retired discreetly to the Thai frontier. He knew that to continue the battle would mean civil war on a racial basis since the Malayan communist party is almost exclusively Chinese.

Since then, until this month, there has been no direct action by the communists in Malaya or Singapore. But on February 13th, communist demonstrators, using the opposition Socialist Front, appear to have deliberately challenged the police in Kuala Lumpur. From the way they did it, it is likely that their aim was to probe public and police reaction to a controlled defiance of authority. They wanted to find out how much the Tunku's regime was disliked, and they wanted to find out how efficient the government might be in handling unruly crowds. They knew, or at least the older ones did, how the British behave; they did not know how the Malaysian authorities would react. They know now, and the knowledge can bring them no comfort.

The pretext for the riots was the government's last-minute refusal to allow the Socialist Front (which shelters many communists without officially including the communist party) to stage a demonstration marking the anniversary of the arrest of a former leader. It is not at all infrequent for suspected communists to be picked up by the police and imprisoned without trial; over the years at least 25 senior front officials have been arrested. In the past month or so, relations between the front and the Tunku have got much worse: on January 20th, the Tunku warned the Labour party of Malaya (the stronger, and mainly Chinese, faction in the front) that if it went too far in its anti-Malaysia campaign "we will attend to them." The front decided to meet this challenge.

On the morning of the chosen day, after a meeting at the Socialist Front headquarters in Kuala Lumpur, some of the front leaders tried to call the procession off. But by then they were no longer in control. From the front's offices, hundreds of red flags and banners were tossed to the crowd below. "Unity is strength," yelled somebody over a loudspeaker. The night before, the capital had developed a mysterious rash of home-made posters denouncing Malaysia, new taxes and many other grievances. A ragged procession began to form.

Soon came the police with their tear gas. The soldiers set up road blocks. The army chief of staff and the inspector general of police observed the scene from a helicopter. Within three hours the police claimed that they had the situation under control. About 345 people had been arrested.

But most of the demonstrators were allowed to go home after paying a small fine. The significant fact about these "riots" was that there were no casualties and no struggle between the police and those arrested. Above all, there was no sign that the public was willing to have its feelings whipped up to violence.

True, there are genuine grievances and tensions. The Tunku and Singapore's prime minister, Mr Lee Kuan Yew, are continually reminding each other of the dangers of communalism. But at the Kuala Lumpur demonstration there were no clashes between races. This, together with the evidence of the smooth working of Malaysia's law-keeping machinery, was the salutary lesson for Malaya's communists. This is not to say that they will not try again, and try harder, another day.

European Trends

The second issue, just out, includes:

- A GUIDE TO THE LATEST EUROPEAN TARIFF CUTS
- AN ACCOUNT OF THE CEREALS PRICE AGREEMENT
- AN ARTICLE ON THE EEC AND SOUTHERN EUROPE
- DETAILED FIGURES OF INTRA-EFTA TRADE

besides information on other key developments and regular statistics

Further details and subscription rates from:

THE ECONOMIST INTELLIGENCE UNIT

Spencer House 27 St. James's Place London SW1
Telephone HYDe Park 6711 ext 27

60 East 42nd Street New York NY 10017
Telephone Murray Hill 7-6850

The way into over thirty different countries

There are over 100 of these doors in more than 30 different countries all round the world. In Europe you will find them in London, Amsterdam, Athens, Brussels, Frankfurt, Geneva, Milan and Paris.

Think what this means for your overseas business. Each branch is staffed by experts who will keep you posted on local conditions. And, even more important, their advice will be geared to your own specific trading problems. They will furnish you with lists of prospective agents and buyers, and help solve your collection and transfer problems. In fact you can have a complete staff of experts in every part of the world to help your overseas business.

The two branches in London which are your entry to this international service are at 117 Old Broad Street, E.C.2 (LON 1221) and 17 Bruton Street, W.1 (MAY 6600). Drop in and talk things over—we'll be delighted to see you.

FIRST NATIONAL CITY BANK

NEW YORK

INCORPORATED WITH LIMITED LIABILITY UNDER THE NATIONAL BANK ACT OF THE U.S.A.

THE WORLD AMERICAN SURVEY

Volunteers Against the Deficit

WASHINGTON, DC

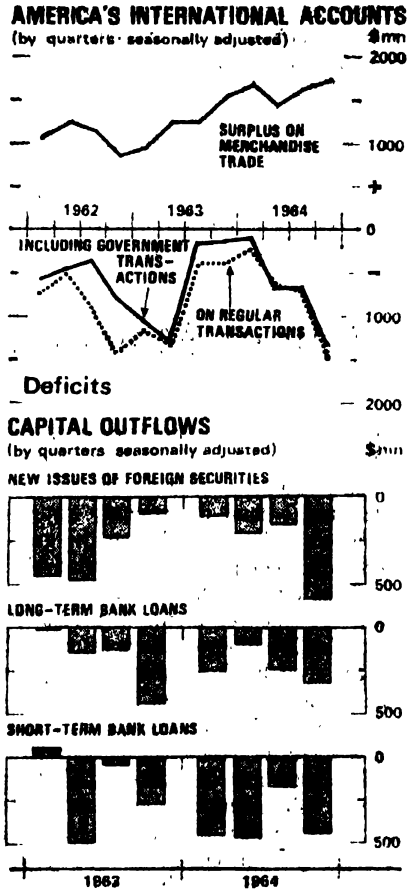
JUST as the balance of international payments of the United States is in many respects unique, so are the measures President Johnson has just proposed to correct the deficit on these accounts. Never in recollection has a voluntary programme to curb outflows of capital been so detailed and comprehensive. It amounts, in fact, in some ways to a kind of disguised exchange control. For example, each bank with customers abroad is being told that it will be a sinner if at the end of the year the amount outstanding on its foreign loans, including even those directly connected with American exports, is more than 5 per cent higher than it was at the end of last year. Banks are told to treat kindly borrowers from the less developed countries and also those from Canada, Japan and the United Kingdom—but all within the 5 per cent target. If a bank has already expanded its foreign loans in the first six weeks of this year to the target figure or higher, that is just hard luck. It need not cut off all new lending, but repayments must still bring it to the target figure by December 31st. Should all banks attain the target, the outflow of capital on bank loan account would drop from $2 billion in 1964 to $500 million in 1965—or enough in this sector alone to cut in half 1964's deficit on the balance of payments.

As for industrial corporations, the four to five hundred doing a sizeable amount of international business are being asked to draw up their own individual balances of payments. Regardless of whether a firm is a net earner of dollars, through exports, by returns on investments or by other means, or a net spender of dollars, it is asked to show an improvement in its own balance of payments of 15 to 20 per cent over the year. This can come in a number of ways and is by no means limited to curbing direct investment abroad; thus it is possible that the United States could improve its balance of payments sharply without any significant let-up in the corporate "invasion" of Europe that has so annoyed General de Gaulle and others. The new Secretary of Commerce, Mr John Connor, has no intention of barring firms from getting into foreign markets where they feel such a move is necessary to keep them competitive. But some of the outlays, other than direct investment, on which corporations are asked to save could prove painful abroad. For example, they are urged to use American shipping and insurance, presumably regardless of cost. They are told to keep their outstanding liquid balances abroad at a level no higher than that of the end of 1964 and preferably to bring them down to the level of the end of 1963.

In short, this programme is a far cry from the generalised attack by exhortation, particularly to export more, that Britain has been used to for years. The President and his advisers have not only spelled out in detail what is required. They have also said explicitly that the programme will mean "passing up a few opportunities for profit" and will "involve some pain." As it appears, however, the pain will not be great—or, at least, not for large firms. It will scarcely shake an international oil company to the roots to invest some idle cash in United States Treasury bills at the sacrifice of the extra three-eighths of one per cent in interest which is available in the Euro-dollar market, though it may shake the pride of the corporate treasurer. As for the banks, the larger ones, at least, may be quite happy to curb their foreign lending somewhat. Some recent loans had been made mainly to avoid losing a customer to the competing bank across Wall Street. From now on there will be an exemption from the anti-trust laws to ease the problem of doing what these banks wanted to do anyway—that is, to turn down a given foreign borrower jointly.

What, then, is to be made of this extraordinary programme? The first thing to be said is that, in spite of some initially sceptical reactions both at home and abroad, no *a priori* reason exists for assuming that it will not work. The public comments from leading businessmen and bankers have been almost uniformly favourable, or at least not critical, although some of them would have preferred the remedy of higher interest rates and tighter money, even at the risk of shutting off the boom at home. Many and loud would have been the cries of "interference with business" if Presidents Roosevelt or Truman, or possibly even President Kennedy, had put forward such a programme. But the confidence of businessmen in Mr Johnson is far greater than in any Democratic President in this century. What is more, there is widespread recognition that the payments deficit simply has to be eliminated and that direct controls will probably follow if the present programme fails to work.

Assuming that it does work, the improvement in the balance of payments is likely to be dramatic. The outflow of private capital in all forms last year was $6.3 billion, up $2 billion from the year before, and was the sole reason why a big increase in exports failed to achieve a corresponding reduction in the deficit. It is true, of course, that in the past improvements in one sector or another have been thwarted by an unexpected deterioration in some other sector; this year a big drop in capital outflow might in part be offset by a reduction in the trade surplus. There is no guarantee that the new programme will balance the international accounts altogether this year. But if it works, as now seems reasonably likely, it might achieve this and would certainly reduce the deficit sharply.



The programme does raise two related questions which have only begun to be asked in Washington. The first is the old-fashioned one about interference with free markets. If a British insurance company is able to offer better coverage at cheaper rates for international

freight, is the "free enterprise" system served best by having the insurance buyer for the Dupont chemical company or the Ford motor company "buy American"? True, compromise with the principle of lowest cost has already gone far. It almost takes a decision by the Secretary of Defence to permit a naval ship to buy a new ribbon for an Olivetti typewriter. Pakistanis are reluctantly using American steel products in spite of their cost because American aid is available only for the purchase of American products. The system of fixed exchange rates and of the dollar as a reserve currency has taken its toll of the market principle and is now exacting an additional "voluntary" price. The fact remains that there is a profound contradiction between the labours of the American negotiators in Geneva for freeing trade in the Kennedy Round of tariff reductions and the equally fervent labours of the Commerce Department and the Federal Reserve Board for restricting exports of capital and invisible foreign transactions through the voluntary balance of payments programme.

The related question is how long this interference with the profit motive can be expected to last. Naval supply quartermasters and Pakistani financial officials can comply because they have orders to do so. Probably American businesses will fall into line for a while, partly from respect for the national interest, partly because they do not want to be singled out as sinners and partly because they fear something worse, even though compliance may put a financial strain on some of the smaller companies. But one day, presumably, the dyke will burst: once the fellow down the road has broken the rules, it becomes "moral" to break the rules oneself. This is a comment, not on morality, but on the profit system; it may not be easy to live for long with a halfway profit system, even if the amounts at issue are not all that large.

And yet, given the forbidding choice of options that so often face governments, the President's programme is at least understandable. It is the programme of a country that, as everyone knows, is competitive in most goods and services, believes in free markets, abhors direct exchange controls, spends much money on helping other countries and defending the free world, has enormous long-term assets to go with its still large stock of gold and is in no serious sense inflating at home. Its liquidity, as everyone also knows, is declining and the country is trying to stop the decline in a way that no classical economist would approve. The people who do approve, or at least do not disapprove violently, are those, both Americans and foreigners, who would suffer by a real exertion of power in Washington.

Without Malcolm X

NEW YORK

THE assassination last Sunday of Malcolm X, the articulate black nationalist leader, seems to have come straight out of Hollywood's gangster films: the victim a perfect target on the platform, a loud diversionary struggle between two men in the crowded audience, and then the guns blazing away from at least three different points, all at relatively close range. In life, which at times imitates the cinema with uncomfortable faithfulness, the next sequence of events is predictable; retaliation and revenge. Malcolm X's followers have assumed that the killers were members of the rival Black Muslims, an important Negro nationalist movement with headquarters in Chicago. Presumably the destruction of the Black Muslim mosque in Harlem on Monday was the first of a series of retaliatory measures. Now, if the cinema is any guide, members of Malcolm X's Organisation of Afro-American Unity will attempt to even the score by eliminating the Black Muslims' leader, 67-year-old Mr Elijah Muhammad, perhaps at the group's convention in Chicago this weekend. However, Mr Muhammad, flanked by his own guards, has assured the press:

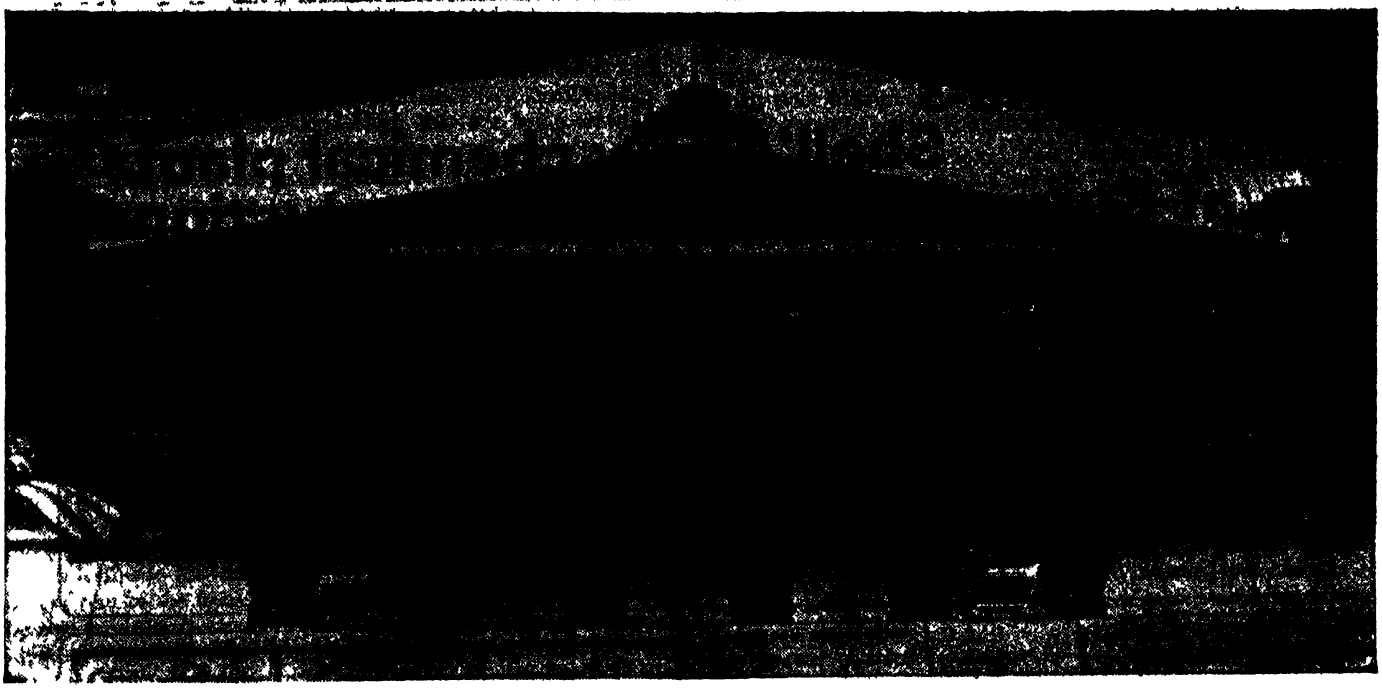
"I don't have any knowledge of anyone trying to kill Malcolm. We have never resorted to no such thing as violence."

If the dispute between the two factions is to be measured in terms of power, there is no real contest. Mr Muhammad's Black Muslims, who for tax purposes are classified as a religious organisation, are said to number more than 100,000. They publish a newspaper, *Muhammad Speaks*, broadcast on local wireless stations, run a variety of small retail businesses and enjoy a fat, tax-exempt bank account. Mr Muhammad's hold over his followers, embracing temporal as well as spiritual matters, is all-encompassing. By comparison, the Organisation of Afro-American Unity is negligible. It has almost no funds and fewer than a thousand members. Yet, to the Black Muslims, Malcolm X was a decided threat.

First of all, as Mr Muhammad's former deputy he had been privy to many of the Muslims' secrets. He could refute the sham religious nature of its Mohammedanism and it was rumoured that he had collected unsavoury data about Mr Muhammad's private life. Furthermore, once Malcolm X had defected, his eloquence and his shrewd intelligence made him a serious potential competitor. Threats were made on his life and several of his supporters were attacked by loyal Black Muslims. But, most important of all, he was intent upon using religious fervour for political ends. By and large the other Negro leaders in the country speak the middle-class language of white officials. They have all been trained in the same schools and are governed by the same aspirations. It is precisely because of this that they cannot penetrate the urban masses in the North, the Negroes who, because of their lack of education and skills, are cut off from the white community. These are the people the Black Muslims often reach with a mixture of religiosity and Negro nationalism.

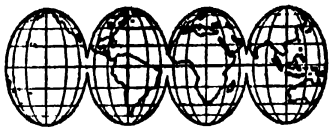
These are the people Malcolm X might have reached also. He had been the leading public figure in the Black Muslims, responsible for converting to the cause no less a figure than Mr Cassius Clay, the boxing champion. Moreover, Malcolm X commanded a national, indeed an international, audience. His call to violence and his political extremism, were exactly what was likely to appeal to young militants among Negro intellectuals as well as to Negro criminals. His credentials were impeccable. He had been a narcotic addict, a ponce and a thief, but he also had a spell-binding presence on a platform. His advantage over the other Negro leaders lay in the very fact that he was unencumbered with the principles which the educated man, black or white, never questions.

Malcolm X was in this sense potentially dangerous. The Negro leaders in the civil rights movement were apprehensive lest he hitch part of the movement to his own violent engine. At the same time they recognised that the threat of action by the Negroes who have literally nothing to lose was a useful weapon to brandish at the white political leaders who urged patience and understanding. Soon a day may come when orthodox Negro leaders will miss Malcolm X sorely. For he might have been able to harness the political energy of the Negroes in the North. He was a revolutionary; the civil rights leaders are still reformers.



Our headquarters are in Chicago.

Our operations cover the world.



Where in the world are *you?*

No matter, we're nearby.

Coming from a bank between New York and California, this may surprise you.

But then again, our entire international operation is pretty surprising.

For one thing, we do more international business, and we have more overseas facilities, than any other Midwest bank.

Two branches in London and one each in Tokyo and Osaka. We also have a representative office in Zurich. And, for your convenience, a subsidiary in New York, Continental Bank International. Our activity in foreign exchange trading and short-term investing makes us a major factor in the world money market.

Add to this our 3,100 correspondent banking connections and what have you got?

A bank that can serve you anywhere in the world.

That's the extent of it.

CONTINENTAL BANK

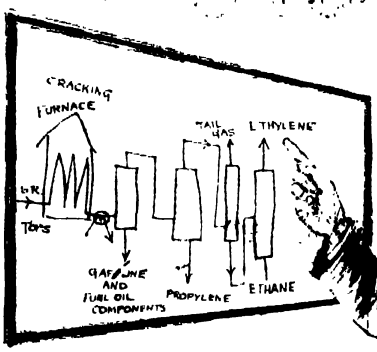
Continental Illinois National Bank and Trust Company of Chicago

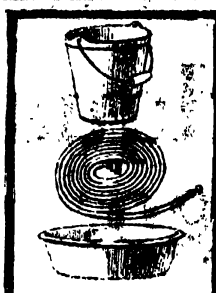
231 South La Salle Street, Chicago, Illinois 60690 • Member Federal Deposit Insurance Corporation

MEETING THE DEMAND FOR MODERN CHEMICALS

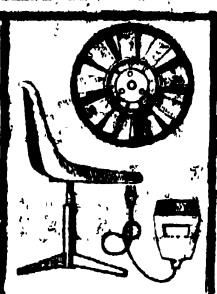
'Ethylene 3'
Shell's new chemical plant at Carrington will double production

The ethylene produced by 'ethylene 3' will be converted into polyethylene and ethylene oxide. Another important product will be propylene for conversion into polypropylene and propylene oxide...

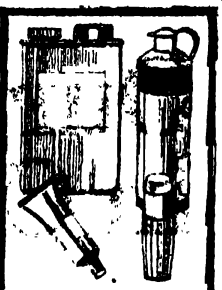




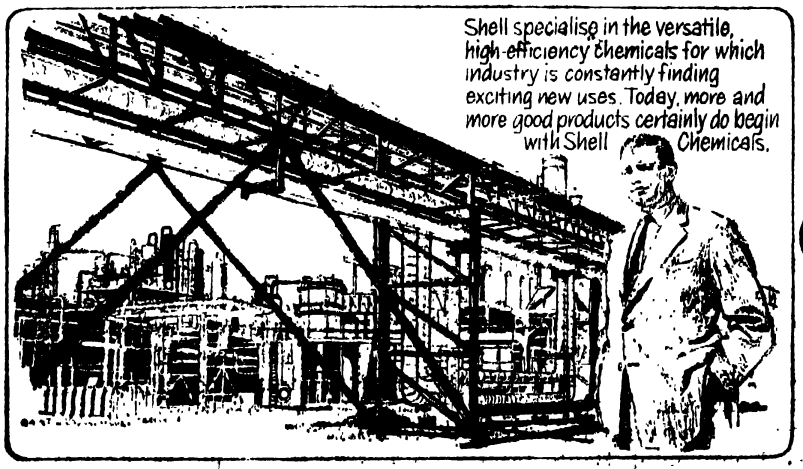
POLYETHYLENE - High density and low density polyethylene are used in a vast range of industrial and domestic products.



POLYPROPYLENE A new breakthrough in plastics progress, already taking over from earlier plastics in many fields.



PROPYLENE OXIDE, ETHYLENE OXIDE Versatile derivatives of propylene and ethylene, important for the manufacture of many chemicals that go into a host of everyday goods



Shell specialise in the versatile, high-efficiency chemicals for which industry is constantly finding exciting new uses. Today, more and more good products certainly do begin with Shell Chemicals.

Shell Chemical Company Limited and Petrochemicals Limited are wholly-owned subsidiaries of the Royal Dutch/Shell Group. Shell Chemical Company's three operating divisions are: Industrial Chemicals, Agricultural and Plastics & Rubbers. Marketing through Regional Offices offers the friendly service usually associated with a small company—and all the advantages of dealing with a big international group.

*The Plant Manager featured in this advertisement is based on an executive at the Carrington Works of Petrochemicals Limited. He is 36, married with 4 children, and has a degree in Chemistry from King's College, London. He has a staff of 115 people.

Can Shell chemicals help you?

Write to the Information Officer, Shell Chemical Company Limited, Shell Centre, Downstream Building, London S.E.1

Shell Chemicals

Good News About Taxes

THE news of fresh tax concessions for business was released, with some adroitness, just before its representatives met President Johnson to discuss the sacrifices which they are being asked to make on the altar of the balance of international payments. But the underlying reason for treating depreciation of new plant and equipment more liberally for tax purposes is the desire to avoid any drop in business spending on new facilities at home. Without the new regulations taxes on business would have risen this year by over $600 million. In 1962 President Kennedy encouraged businessmen to modernise their facilities by allowing them to write off new plant and equipment more rapidly for tax purposes. For example, if the "useful life" of a $100,000 machine had been fixed at ten years (allowing its owner to claim a deduction of $10,000 in each year) this "life" might have been cut to five years, permitting deductions of $20,000 a year for the shorter period. During a three-year transitional period, which for most firms ended this year, no checks were made to see that businessmen were actually replacing their facilities as rapidly as they claimed to be doing on their tax returns.

Studies made for the Treasury suggested, however, that some 60 per cent of the firms claiming the larger deductions would not be able to justify them under the existing rules. These rules have now been relaxed so that there will be no increase in taxes this year for 95 per cent of the firms involved; in effect the transitional period has been extended by about twelve years although the rules will be tightened a trifle more each year. Some businessmen, looking this gift-horse in the mouth, complain that it is too complicated; others would like Congress, instead of the Treasury, to regulate deductions for depreciation.

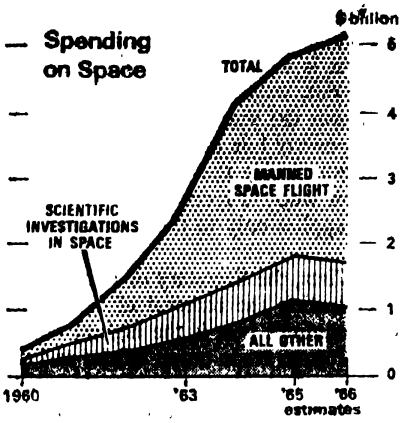
Congress is more susceptible to outside pressures. One of the reasons why the Administration is so secretive about what excise taxes are to be cut on July 1st is to discourage the lobbyists from industry, already buzzing about the Capitol like bees around a jam-pot. The ostensible reason is that if people knew that cars, for example, were to be cheaper, they might hold off buying new ones. All that the Administration has proposed so far is a reduction of $1.75 billion in taxes which now bring in about $5 billion a year; it will not grieve too much if Congress increases the cut to $2.5 billion. Indeed it is urging Congress to work out in advance a scheme for reducing income taxes temporarily if this should become necessary to prevent a recession. One final morsel of good news for the economy is that taxpayers are not going to end the tax year owing the Treasury as much as had been feared. Last year's tax cut was spread over two years, but Congress cut the withholding rate by the full amount in March. Prudently, many taxpayers did not take advantage of this, so that only about an additional $500 million—not $1.5 billion—will have to be extracted from them on April 15th.

Dust Bowl in the Sky?

ONCE it was argued that a man should be sent to the moon to find out what the surface was actually like. Now the photographs taken last week by Ranger 8, the camera-laden moon rocket, suggest that the secrets of the lunar surface may have to be understood fully before a man will be able to land there. Even the design of the actual landing craft must await further news on whether the moon's covering is hard and porous or soft and dusty. That may be forthcoming when Ranger 9 makes its journey this spring or later when Surveyor, a device which will remain intact after hitting the moon, reports back on the composition of its landing field. Yet while scientists are arguing about the interpretations to be put upon the excellent pictures turned in by Ranger 8 after its dazzling performance (only 15 miles off target after a 234,000-mile journey), the *New York Times* took the occasion to moralise that, since instruments were performing so well, there was all the more reason to go slowly on lunar flights that risk human lives.

No doubt about it, Project Apollo is making haste slowly. It is about eighteen months behind the schedule originally thought necessary to meet the deadline set by President Kennedy in 1961—an American on the moon by the end of the decade. The tenacious Mr James Webb, head of the National Aeronautics and Space Administration, insists that the target date may still be kept—as long as Congress does not go in for any more of the drastic cutting which last year put a halt to the previously dizzy rate of growth of NASA's budget—about $1 billion a year for several years. In fact, NASA's request for funds for the year beginning on July 1st is a brave attempt to keep the moon race going while accepting that Congress and the public are losing interest and that the President is counting pennies. The agency has asked for $5.3 billion for 1966, only $10 million more than it received for the current fiscal year which began last July. Yet some analysts of space politics think that NASA has pruned just those projects which Congress will be most eager to restore—programmes to develop a large solid-fuelled rocket, for example, and small nuclear reactors for space.

Because of its self sacrifices, NASA has been able to scrape together funds for the beginning of an enormous new undertaking this year—Project Voyager—to land scientific instruments on Mars by 1971 (at an eventual cost of $1.25 billion). A foretaste of this venture may be had, if all goes well, in July when Mariner IV will pass the planet and relay photographs back to earth. Meanwhile even apart from Ranger, NASA has chalked up several other accomplishments this month, notably a winged satellite called Pegasus hurled by a powerful Saturn I rocket (predecessor of the Saturn V, which will send the manned capsule to the moon) into an orbit where it can capture and measure micrometeoroids, a possible hazard in space travel.



Presenting the Arts

UNLIKE Britain's Arts Council, America's National Council on the Arts, first proposed by President Eisenhower in 1955, pressed by President Kennedy, accepted finally by Congress last September and provided with 26 members by President Johnson this week, is a purely advisory body. But if Mr Johnson, bent on improving the quality of life for all Americans, has his way, the council will soon be supplemented by a National Arts Foundation. This will offer the same sort of financial encouragement to the arts, and maybe to the humanities as well, as has been available for the sciences since the National Science Foundation was set up fifteen years ago. Members of Congress, conscious that the post-sputnik panic led to an over-emphasis on science in American academic and cultural patterns, are now much more sympathetic than they used to be to the suggestion that government funds

should support not only the study of poetry, music and painting but also the actual performance of plays, symphonies and ballets; legislators are even prepared to consider federal subsidies for individual writers, composers and artists.

Sceptics may question the need for such support from Washington when the number of symphony orchestras has more than doubled since the war—there are now 1,400 in the United States—and when new museums are being set up at the rate of one every three days, with twice as many people visiting them as go to football games. But the enthusiasm of the voting public for culture has much to do with Congress's new readiness to finance it with public money. Some guarantee that this money will not be wasted on artistic goose chases is provided by the appointment of Mr Roger Stevens, President Johnson's adviser on the arts since last May, to head the National Council on the Arts. He is a successful Broadway impresario and also a property developer; his particular interest lies naturally in the performing arts, in building centres for them all over the country and in fostering audiences for them. Some people may wonder if Mr Stevens has the imagination and restraint needed to handle sensitive and touchy artists; but for the present it is more important that he should be able to handle Congress.

Poverty's Minimum Wage

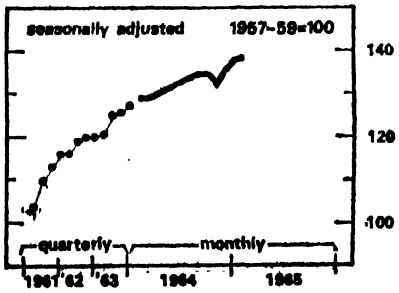
A BIG trade union drive is on the way to increase the federal minimum wage from $1.25 an hour to $2.00. The American Federation of Labour and Congress of Industrial Organisations also hopes to persuade Congress to extend the coverage of the Wages and Hours Act, to reduce the basic workweek from 40 to 35 hours and to raise the payment for additional hours of work from time and a half to double time. Of labour's aims the one which appears to enjoy the most public support is an increase in the minimum wage. As the AFL-CIO points out, wages of $1.25 an hour give a man who is employed throughout the year an annual income of only $2,600—below the official poverty line of $3,000 a year for a family. Moreover, a recent dispute inside the Administration has underlined the fact that plenty of workers receive less than $1.25 an hour; the federal minimum applies only to those employed in interstate commerce.

The dispute arose when Mr Wirtz, the Secretary of Labour, ran afoul of the AFL-CIO by demanding the removal of his Under Secretary, Mr Henning. Mr Henning's post is the highest one in the government to be held by a former trade union official and the President owes a big debt of gratitude to the unions for their help in the election campaign. Mr Wirtz was persuaded to retain Mr Henning, at least for the present, but not before it emerged that one of the questions on which they disagreed was whether young people being given some experience of work under the poverty programme should be paid the full federal minimum wage. The Department of Labour administers the Neighbourhood Youth Corps scheme which arranges socially useful jobs for adolescents who have dropped out of school but have not been able to find employment. The jobs are provided by hospitals, public agencies, schools, libraries and other non-profit-making organisations which are not covered by the Wages and Hours Act.

Mr Henning spoke for the trade unions who feared that, unless these young people were paid $1.25 an hour, they would undercut existing wages and take the jobs of adults. On the other side it was argued that members of the Corps only do work which would not be done at all without this scheme; the federal government pays 90 per cent of the cost. Moreover, $1.25 an hour is often a higher rate than is paid to the men who are training these young people (though they are never paid for a full week's work). Finally, the higher the wages the fewer the opportunities for work. But the trade unions carried the day though there have been many local protests. The result is that in Virginia, to take one example, members of the Youth Corps are paid $1.25 an hour but work only ten hours a week instead of fifteen. This year the Department of Labour hopes to give 150,000 boys and girls a taste of work and, perhaps, a desire for more schooling.

INDUSTRIAL PRODUCTION

The output of America's mines and factories went up again in January even though the motor and steel industries, which had been responsible for the sharp rises in the two previous months, did not provide any more impetus; both were already working to capacity.



Unicameral Nebraska

FROM A CORRESPONDENT IN DENVER

NEBRASKA'S State Legislature, the only one to consist of a single house, has attracted national attention since the Supreme Court ruled that seats in both houses of the Legislatures in other states must be apportioned on the basis of population. The usual pretext for having two chambers is that one is needed to represent people, the other to represent geographic areas and economic interests. In fact, the main beneficiaries are the spokesmen for special interests, who find that it is easier for them to frustrate any action when there are two houses.

Nebraska's unicameral Legislature was adopted by popular vote in 1934, largely at the urging of the state's great Senator, Mr George Norris, who was also the father of the Tennessee Valley Authority. All Senators, as members of the Legislature are called, are elected as nonpartisans; only in private life are they Democrats or Republicans. Committees have extraordinary powers and, in effect, provide the balance of a two-house system, but they are not all-powerful. All Bills go to them but none can be sent to the floor until public hearings have been held. A majority vote on the floor can call a Bill from a stubborn committee and any member can secure a roll-call on any measure. This Legislature operates in the light; all votes are recorded, even those in closed committees.

Lobbyists are kept strictly off the floor (in some Legislatures they outnumber the members there). This Legislature does not suffer, either, from the time limits which make it possible in other bodies for much doubtful legislation to secure approval in the last hectic hours of a session. The fifty members are paid $200 a month and serve for four years, with half of them being elected every two years. The Legislature has been a fine training-ground for state officials. Originally the districts from which members were elected were equal in population. But, as the cities grew, the Legislature became less representative and in 1963 six new districts were created in cities and suburbs. This reform was insufficient to satisfy the courts and further "redistricting" is underway which will give urban legislators a majority over the rural ones.

What has this unique Legislature accomplished? For one thing, it costs only about a third as much as bicameral Legislatures in comparable states. It has certainly reflected the popular will in a state of simple economics, largely based on agriculture. Nebraska still has no income or sales taxes, being unique in that respect. In 1963 state and local taxes a head were lower than those in thirty-six states. Most expenditure is for education.

On the whole the people seem well satisfied. They have resisted all attempts to alter their Legislature, including efforts to do away

Where in the world are you going?

Where you go, SAS goes too:—

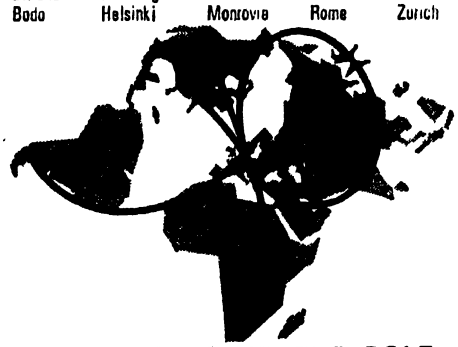
Aalborg	Brussels	Istanbul	Montevideo	Ronne
Aarhus	Buenos Aires	Johannesburg	Montreal	Santiago
Abadan	Cairo	Karachi	Moscow	Sao Paulo
Alta	Calcutta	Khartoum	Munich	S. Stromfjord
Amsterdam	Chicago	Kirkenes	Nairobi	Stavanger
Anchorage	Cologne	Kiruna	New York	Stockholm
Andenes	Copenhagen	Kristiansand	Nice	Stuttgart
Athens	Damascus	Lisbon	Norrkoping	Teheran
Banak	Dubrovnik	Los Angeles	Oslo	Tel Aviv
Bangkok	Dusseldorf	Lulea	Palma de Mallorca	Tokyo
Barcelona	Entebbe	Madrid	Paris	Tromso
Bardufoss	Frankfurt	Malaga	Prague	Trondheim
Beirut	Geneva	Malmo	Rio de Janeiro	Turku-Abo
Bergen	Gothenburg	Manila	Rome	Vienna
Billund	Hamburg	Milan		Warsaw
Bodo	Helsinki	Monrovia		Zurich

FLY

SAS

SCANDINAVIAN AIRLINES SYSTEM

Call your SAS authorized agent or London Regent 4020, Bristol 292139, Birmingham Central 8806, Manchester Deansgate 8431, Newcastle 21544, Glasgow City 5832



SAS—FIRST OVER THE POLE

Progress is the ability to make ideas work

Marriage of convenience

A versatile general-purpose boat is now plying the lakes, waterways and harbours of the world.

Join any two together by their squared-up sterns, and you have a single craft. Link two pairs together with a superstructure and you have a ferry.

And for easy transportation overland just separate them again and fit them one inside another.

These robust, corrosion-resistant boats are made by Saro (Anglesey) Ltd., a Hawker Siddeley Company which specialises in all types of craft up to 350 tons displacement.

Boat-building is just one of the many activities of the Hawker Siddeley Group. Today the skills and resources of this group are achieving technical leadership in aeronautics, missiles, space probes, electronics; in diesel and electrical power generation, diesel-electric locos, heavy electrical plant; and in a wide range of mechanical and structural engineering products.

Success in these fields is matched by growth: from a turnover of £68 millions eleven years ago to a current £336 millions - proof that the Hawker Siddeley Group is geared to meet the growing demands of a technological age.

HAWKER SIDDELEY

18 ST. JAMES'S SQUARE, LONDON S.W.1.

with its nonpartisan character. This is its most controversial feature, though one which has been honoured to an extraordinary extent within the Legislature itself. In a state that almost always goes Republican in a national election (1964 was the first exception to this rule since 1936) the unicameral, nonpartisan Legislature seems as safe as the statue of the Sower above the golden dome of the Capitol, which so well expresses the character of this prairie state.

New Challenge at Berkeley

FROM A CORRESPONDENT IN SAN FRANCISCO

THE new causes, new coffee shops and new movements all vigorously aboil show that the University of California at Berkeley has achieved the first goal of its new young chancellor, Dr Martin Meyerson: a solution by February of the year-end clash between students and the administration. Political activity on the part of the students is simply no longer an issue. The complete reversal of administrative tone is best conveyed by the admonition of one member of the staff: "Those who wish to advocate should get busy and advocate." Over 700 members of the students' "Free Speech Movement" are being tried in the courts for illegal "sit-ins" during the winter's disorders at the university, the largest in the world. But attention is now focused on the longer range challenge: a serious attempt to rescue undergraduates from the lonely anonymity which was partially responsible for the mass demonstrations.

In frank response to the student movement, indeed in stride with it, Dr Meyerson promises bold innovations to dispel the "factory" climate of which student rebels complained. He hopes to entice great minds among the staff out of their research laboratories and libraries for more personal contact with undergraduates. He hopes that full professors can provide the intellectual spark needed by young students who are still novices at scholarship; up to now they have been left largely to harassed graduate students who are given a pittance to act as "teaching assistants." In place of the present loud-speaker lectures in halls jammed with 700 to 800 students the university hopes to institute small seminars for the first formative encounters with the academic life.

Dr Meyerson, the vigorous and articulate 42-year-old dean of the university's College of Environmental Design, a newcomer to California from Harvard, where his reputation as a city planner was impressive, is only "acting chancellor" and has been less than two months in the post. But he is already one of the most creative forces in California's academic life. Instead of prolonging the anguish over miniscule "how and where" regulations to deal with political activity by students, Dr Meyerson has plunged the university into a wide-ranging argument over the purpose of education and means of improving its own internal communications. The ferment has forced the businessmen who are the university's administrative regents into their first direct discussions with professors and students. There is a sense of common crusade for the restoration of a human perspective to modern university life. Amazingly, throughout the entire episode, politics have been kept at bay. Largely through the insistence of the Governor of California, Mr Brown, who is chairman of the state university's regents, investigation by the State Legislature has been staved off. The university is meeting its own crisis.

Dr Meyerson argues that it must take advantage of its vastness by creating smaller units which will let students seek out their own kind: halls of residence where young people are drawn together not by chance but by common interests; eating clubs formed to bring professors face to face with students; debating societies and "honour clubs." Individual faculties are being encouraged to experiment. A map of new coffee houses is springing up as off-campus meeting places. The central issue is what a university ought to be in our time and how to reconcile good teaching with bigness. The debate will have a far-ranging impact. The new chancellor, quite aware of this, said recently:

> In Britain today, many concerned with the place to increase sharply the numbers attending university point to the University of California as proof that a democratic state may maintain excellent universities without limiting admission to a small potential *élite* as Britain has done up to now.

But he added: "We are aware that we are only at the beginning of the effort to combine excellence and numbers." What attention this effort will have is not yet clear. Meanwhile thousands of students is being added to other branches of the far-flung University of California, particularly at Los Angeles. The two newest branches, Irvine, near Santa Ana, south of Los Angeles, and Santa Cruz, in a wooded coastal area a hundred miles south of San Francisco, both scheduled to open in September, stem in part from Berkeley's ferment. Santa Cruz, in addition, proposes to meet the problem which Berkeley is seeking to solve by trying to be an "Oxford among the redwoods," a cluster of small colleges, each with no more than 600 students. Yet Irvine, as Berkeley, already at its ceiling of 27,500 students and thus taking advantage that the student-staff ratio is 16 to 1, that the benefits of bigness are most likely to be experienced once the disadvantages have been overcome.

SHORTER NOTES

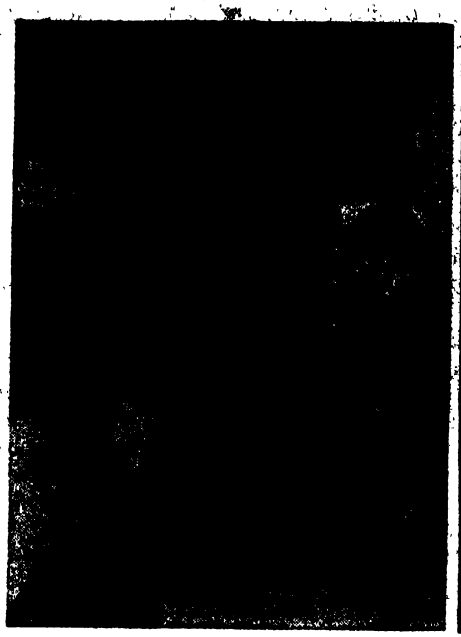
With this year's fall in gold reserves, already more than three times as large as the total loss for the whole of 1964, Congress has made no difficulty about increasing that reserve; it is now below $15 billion for the first time since March, 1939. Only three weeks after he had requested it, President Johnson received the Bill which eliminates the requirement that Federal Reserve Banks maintain gold certificate reserves for 25 per cent of the commercial bank deposits which they hold. This will free nearly $5 billion in gold and thus gives the Administration more time in which to develop its attack on the deficit in the international accounts.

* * *

In Ohio coal firms which use the opencast method of mining are now compelled to return the land to useful purposes. One firm has just contracted to plant some of its acres with elderberry bushes for a jam and jelly company whose supply of the wild berries has been reduced sharply by the use of insecticides along roads—a good example of killing two birds with one bush.

BRITAIN

Manchester Making Good



FROM the basement of a monolithic Victorian warehouse comes the rattle of a roulette wheel, the squawk of a juke-box. The time: 2 a.m. The place: the middle of Manchester only a few hundred yards from those monuments of its nineteenth century glory, the Town Hall, the Free Trade Hall and the Royal Exchange. For a city so heavily dominated by its awe-inspiring past, Manchester has collected a surprising amount of twentieth century flotsam in the way of spec-built offices, Chinese restaurants, strip clubs and gaming rooms. Its proud new landmark is the 400 foot tower of the Co-operative Insurance Society.

But, until quite recently, it seemed that the city which launched the Victorian fashion for civic-inspired grand design had no interest in its modern equivalent. Suddenly, this has changed. Manchester today is full of schemes which, if effectively realised, could recover for it the national status which it never likes to admit it has lost. More important, they could make Manchester and its surrounding region a far better place to be in. There are people with power, responsibility and money—or the promise of money—determined that this should be so.

The city has been forced to think hurriedly by two inescapable realities. The first is the proposed huge expansion of its facilities for higher education right in the middle of the city. The second is the predictable new wave of population growth which means that, unless Manchester can export half its slum dwellers to overspill estates as quickly as possible, they will have all their babies first and make the whole problem still worse than it is already. Administrative innovations in several directions are oiling the machinery which must move swiftly to make the most of the opportunities created by these obligations. The political drive is there too; Manchester's Labour council has fairly recently acquired enough of a majority to get a real move on. It owes a lot to a group of civic minded professional and business men, several of them (like the two MP brothers, Harold and Leslie Lever) Jewish lawyers who, for community and professional reasons, are among the few middle class people who both live and work in the middle of Manchester. (Most of the descendants of the great immigrant families who made and were made by Victorian Manchester now, if they have not moved away all together, live in Cheshire commuter-land.) The Labour group is fortunate in its present leader on the council, Alderman Morris Pariser, a solicitor whose quiet firmness has won him wide respect and a key place in much that the city is doing.

This week's government White Paper on aid for the arts holds out promise for one of Alderman Pariser's most ambitious and favourite schemes (to which Miss Jennie Lee is already known to be sympathetic), that of an arts centre, on a metropolitan scale, in the middle of Manchester. Mr Sydney Bernstein of Granada Television has said he will support a commercial theatre, Manchester's fourth, as part of this scheme (which he might have been less prepared to do as an isolated venture); in return he could reap considerable benefits for his Manchester-based television network. The most daring part of the project is an opera house. Nobody pretends this could possibly pay; to get it off the ground at all would demand large rate-borne subsidies as well as whatever the central government could offer. Mr Pariser rightly feels that Manchester would in this, as in many other ways, be supplying a regional facility which should have support from other local authorities. This must mean their approval as well, perhaps through the establishment of a regional association of the arts to spread the risk as well as the prestige and to include industry as well as local authorities.

If this costly risk is worth taking—and it should be—Manchester is a good choice. It has a long tradition of classical music, even if this has become in some ways rather a self-satisfied tradition. It has plenty of night-life of an uncultural kind and more than a trace of the strictly intellectual society which flourished in the nineteenth

century. Many people whose homes are outside Manchester are prepared to travel several miles and spend a lot of money for an evening in a country club; they might come to feel an expensive evening out at the opera was a smart alternative. Whether all these disparate elements can together constitute a cultural renaissance, no-one could safely predict—but at least a gamble of this magnitude should appeal to modern Mancunians.

Focus on Education

The one thing which should make most difference to the character of Manchester in the future, and the sort of life that is led there, is its growth industry of higher education. It is around this that a most important piece of co-operative planning is now going on. In response to the Robbins report the university is increasing its numbers by 75 per cent to 10,500 students between 1963-64 and 1971-72; an eventual target of 15,000 is envisaged. With rather more assurance, the College of Science and Technology intends to grow from 2,280 to 3,400 in the same period; it will eventually have to go beyond 5,000. Under Lord Bowden the college embarked on a well-designed expansion scheme, whose buildings so far are mostly in telling contrast to the chaotic agglomeration of bad architecture put up by the various university faculties. The upgrading of the college to university status has meant that the city of Manchester's own technical colleges must take more pre-university level students; these colleges need to rebuild, anyway, along with the new Northern College of Music and other local authority educational buildings. The proposed national business school allotted to Manchester also claims its space. Finally, the entire group of Manchester hospitals, including one undergraduate teaching hospital and five other hospitals, are all to be rebuilt on one 70-acre site just beyond the university. All these programmes could total £120 million of building.

With unusual foresight the city got together with all these institutions and agreed that one plan uniting everybody's schemes should be made. This is being regarded as a unique opportunity of combining what will eventually be a vast community of at least 38,000 students, dons and other staff into one "education precinct," which should be integrated with the rebuilding of the huge acreage of slum property around it. One of the most important aims of all is that buildings should be shared as much as possible between all types of students—the site of a new university maths block has already been altered, and a study by the consultants will discover the most rational grouping of faculties with this in mind. The principle is intended to extend to communal buildings as well, even (though there may be some opposition to this) to living quarters. As far as the city colleges are concerned, shared facilities are a just *quid pro quo* for some of the fine free services, such as the city reference library, which are so heavily used by all types of students.

An idea which sounds so fine and reasonable naturally has some rough corners in practice. An outline plan was published last September by the appointed consultants, Messrs Hugh Wilson and Lewis Womersley. It was immediately clear that the long, narrow education precinct, extending about a mile and a quarter from the edge of Manchester's central area, was in fact a series of separate segments sliced through by existing major roads or still more major proposals by the city engineer. A four-lane elevated ring road, first planned in 1945, is now in process of cleaving its way between the College of Science and its intended "student quarter." The university has grown up on either side of the busy Oxford road; closing this to through traffic is clearly necessary. But the whole concept of integrating town and gown by attracting residents into shops, restaurants, theatres and open spaces within the education area could be nullified by current plans for enlarging the flanking roads. Expensive decking might overcome this; so indeed might the necessary new look at Manchester's traffic planning in the light of the survey of the whole conurbation. There are few things that go on within the compressed boundaries of Manchester itself that can be solved satisfactorily without reference to most of the 100 other local authority areas within roughly twenty miles of its centre.

Other warmly debated aspects of the education precinct plan include the amount of parking to be provided within the site (how motorised will students of the future be, and should they be treated any differently from other car-users in the city?) and the related question of how much accommodation to allow on the spot. The plan allows for 50 per cent of students to live within the precinct, which seems both wasteful and unnecessary; not only has the university separate expansion plans for its new and very successful "student village" in south Manchester, a short bus ride from the campus, but it also cherishes and would like to extend its good relationship with numerous local landladies. The city may build some houses in the adjacent redevelopment areas with extra rooms for student boarders; this seems as sound a way as any of providing cheap student lodgings as well as integrating the town with its huge future student population.

The Building Gap

The acres which will contain these houses and their related shops and schools include the open mud flats which slum clearance has created between the present rim of the university and the edge of the town centre. Passers-by are right to wonder why these should remain so flat and so muddy for so long. The truth is that very serious organisational and staffing problems have been created by the decision to step up Manchester's slum clearance drive so as to demolish in about ten years the 50,000 houses which, in March, 1964, still remained of the 68,000 scheduled as unfit as long ago as January, 1951. A further 17,000 have been listed since.

The slow progress of the 'fifties was not entirely Manchester's fault. It is engaged in perpetual strife with Cheshire's commuter communities, swollen by Mancunian middle class refugees, who dread the thought of working-class overspill estates next to their own spec-built equivalents. Manchester has fought and lost many battles for new towns; this week's Ministerial decision to provide a site for one near Leyland, Lancashire, is welcome news. Slum dwellers, however, cannot move to new towns unless they happen to hold the right job. But half of them at least must live outside the city, since in the redevelopment areas there is seldom room for more than one new dwelling for every two demolished. Manchester has only just amassed the sites needed for its clearance programme.

Now that sufficient elbow room has been found, the clearance and parallel rehousing drive is posing enormous problems in the understaffed town hall. Moreover the city is still searching for the staff to form a separate development group to tackle comprehensive rebuilding as distinct from repeats of standard house types. The reason for the city's 200 acres of cleared but empty sites is that it just does not have the staff it needs to translate into builders' terms the fine models for whole slabs of inner residential district made by its new planning department. Little is known about all this in the city generally, least of all by the citizens (and Labour voters) hustled out of their condemned homes at six weeks' notice, who see the bare ground still there six months later. Manchester's planning committee, chaired by an energetic young sales executive, could do a bit more in selling itself.

More people could live as well as work in central Manchester if its considerable area of ancient warehouses could be converted into housing sites. There is no conceivable scope for them all to be rebuilt as office skyscrapers; but the owners believe they can do this, and hold out against offers for the sites at the price paid for housing land. This uncertainty delays any satisfactory plan for that section of the central area which joins the education precinct; part of it would be an ideal position for the proposed arts centre. Meanwhile bold comprehensive schemes have been drawn up for three other sections of the central area covering 100 acres in all. They include its main shopping street, Market Street. Unfortunately, because central Manchester is back to back with central Salford, with only a narrow filthy river between, there is no room for the intended (1945-vintage) ring road except by cutting off a slice of the centre, including Manchester's cathedral, from the rest. Salford, incidentally, has its own large shopping redevelopment scheme, already under way. But you can hardly expect Manchester to take any notice of that.

EDUCATION

Wiser and Wiser

THE Robbins report on higher education, published sixteen months ago, laid down its lines of policy so persuasively, and with such weighty argument, that having been rightly accepted by the government of the day they came to look more like tram-lines than a flexible, modern bus-route. But various things in the world of higher education have in fact changed since Robbins; indeed Robbins itself did much to change them. In particular the willingness of universities to grow rapidly has increased; and the advantages of large universities—in cost, in staff, in bricks and mortar saved, and above all in faculties strengthened—have been more fully recognised. There should therefore not be much controversy about the short-term effects of the statement made on Wednesday by Mr. Crosland, the new Secretary for Education.

The Government now accept the medium-target of the Robbins report for 1973-74, for 218,000 places in universities, 122,000 places for trainee teachers, and 50,000 full-time places for non-degree courses in post-school education. But they intend that there should be no more new universities now; the university target should be reached within the institutions that already have or will shortly have university status (with one exception—a new technological university on the north east coast, where one is sorely needed). What is more, the Government have decided against the Robbins proposal to single out five of the technological universities for specially favoured treatment, under the name of SISTERS: they will concentrate spending on the existing technological universities in London, Manchester and Glasgow, but not deliberately impart a sense of inferiority to the others by giving them an inferior name. Even after the concentration of the effort of expansion in a few places, Britain's universities will still be very small indeed—an average of 5,000 undergraduates apiece in 1973-74. If the demand for higher education goes on rising as expected, and if the nation can by then afford the vast expense in money and in teaching manpower that is needed by brand-new universities, their building can be started over the coming years. But for now the Government, in accepting the Robbins target and choosing the most efficient way of attaining it, has taken the right step forward.

A Little Lee-way

WHITEHALL this week loses one of its minor illogicalities. The Ministry of Public Buildings and Works surrenders one junior minister to the Department of Education and Science: Miss Jennie Lee, who by an innovation of this Government has general oversight of the arts. In exchange, Mr Boyden, formerly Parliamentary Under Secretary in the Ministry of Education, switches over to Public Buildings and Works. This is perfectly sensible. Moreover, Miss Jennie Lee, who takes responsibility for the arts with her to the Department of Education, is accompanied by a white paper setting out the policy she would like to follow.

Miss Lee's white paper is, however, one that would have benefited from the editorial hand of the Department of Education's formidable civil servants. It is long on aspirations but short on argument. However, there is a bit more money for the Arts Council—from £2,150,000 this financial year to £2,815,000 next. A quarter of a million pounds of this increase is earmarked for helping local authorities with the housing of the arts—something that the council has been pleading for for years. The purchase grant for local museums will be doubled next year, to £108,000. This is probably money well spent. Now a single ministry has the oversight of how government money is handed out for the promotion of the arts. The traditional system of committees, buffers, councils and intermediaries—whose former use was that there was somebody to put a case up to the Treasury—seems pretty ramshackle now. But does one really want a *genuine* Ministry of Culture?

Not Clubmen

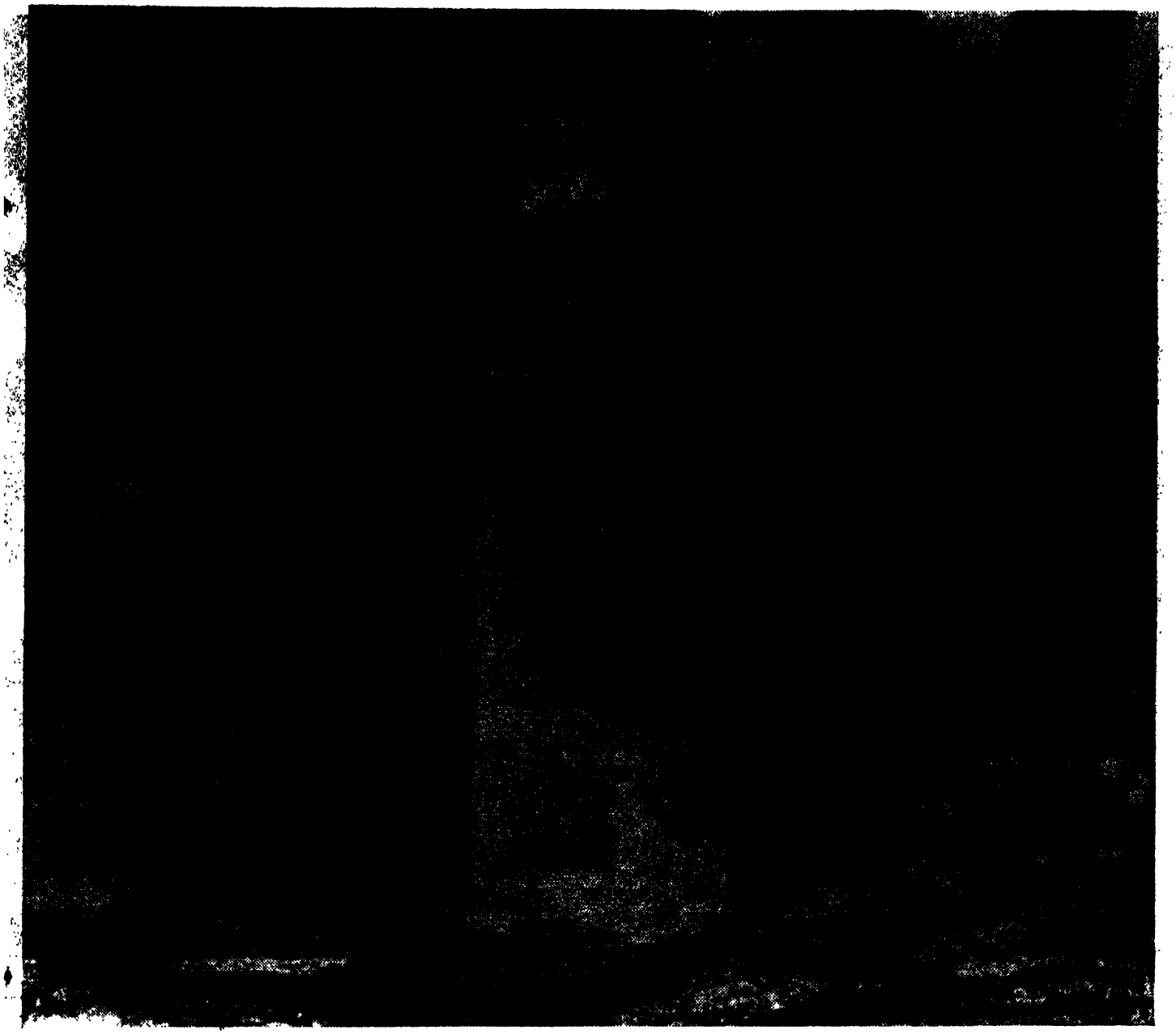
THE inventor of the espresso coffee machine must have done more for the British population between the ages of twelve and twenty-one than all the youth club leaders put together. This is the inescapable if unintentional conclusion to emerge from a study carried out for the National Association of Youth Clubs, as a follow-up to the Albemarle report, to find out what was wrong with the three-quarters of young boys and girls who do not belong to such clubs. The smug assumption in the jargon title*, the sinister message of the sullen young faces on the cover with eyes blanked out criminal fashion, is that there must be something the matter with someone who does not care to attach him or herself to one of these institutions.

Happily, the insights of the three young social workers whose long and lonely task it was to get to know, anonymously but closely, some of these boys and girls make up staunchly for the prejudice of their terms of reference. What emerges is far more than an adolescent problem case book. As the author bluntly puts it "It became clear . . . that some local communities . . . suffered such social and cultural deprivation that even rebellion was preferable to an apathetic acceptance of existing conditions." Of the three places most closely studied—a seaside resort, a country town, and an industrial town in the north—the latter was by far the worst and its young correspondingly desperate, bored, bewildered and delinquent (though the same tokens were to be found everywhere). Anyone seeking a reason for the drift to the south need read no further than the passage where a social worker, who had a job as coffee bar waitress, went to open shop on a freezing Sunday afternoon and found about fourteen boys bunched outside with nowhere else to go.

The casual benefits conferred by a swimming pool, a coffee bar, a minibus to take village boys into the nearest town for the evening, loom as incidents of such enormous importance that they should cause youth service leaders to think very hard about the best ways to spend their money. The rule that aid is normally only given to a "properly" constituted youth club can put paid to more informal opportunities which may be a much more attractive and normal way of finding one's feet. All youth club leaders should read and mark the words of the girl who said she would much rather have the place run by a businessman who provided what you wanted and then left you to get on with it.

But this is not all that is needed. This book does bring out most strongly how much it meant to many of the most insecure young people (many of whom had no effective communication at all with their parents) to be able to talk to someone more adult but not many years older than themselves, whom they did not feel to be condescending in any way. Teachers seem to have failed badly in this respect. This book is already making Mr Denis Howell (who has governmental responsibility for the youth services) and his advisers think very hard about the type of person and type of service which could really help the young in ways that the young want.

* The Unattached. By Mary Morse. Published by Penguin Books. 226 pages, price 3s. 6d.



This bottle has just completed 200 round trips.

This means that it has been chinked, bumped and clunked hundreds of times.

It's been rattled around conveyor systems. Whizzed through washing machines.

It's had quite a life.

We knew before it made its first trip that it would stand up. It was checked and inspected and measured and weighed by our quality control people.

(We employ over 300 quality control experts working round the clock.)

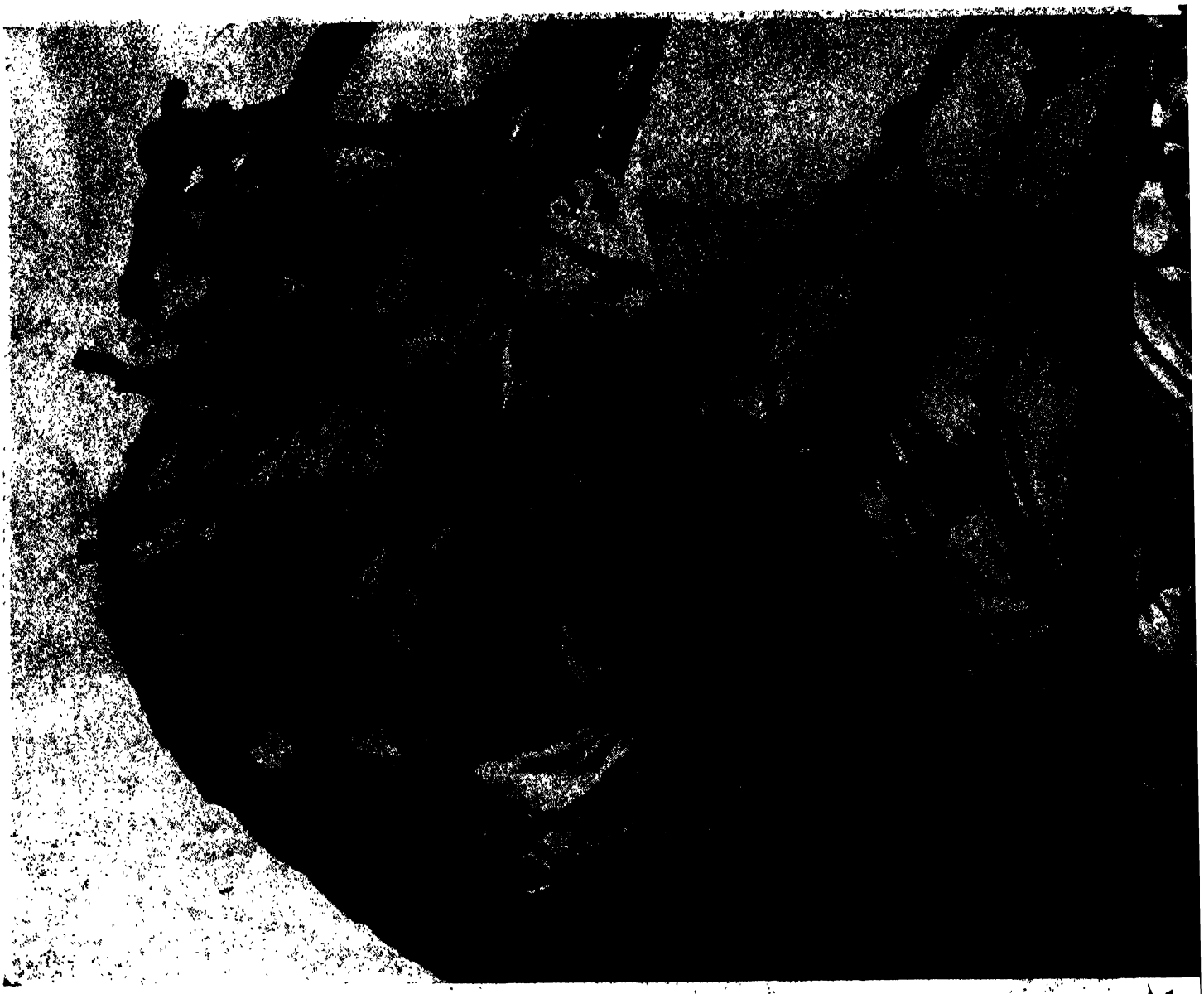
When you buy a container from United Glass, you know it will perform the way it was intended to.

Quality control is only one of 10 good reasons why so many packagers come to United Glass.

Give us a call and we'll tell you about the other 9.

UNITED GLASS

United Glass Limited, Kingston Road, Staines, Middlesex. Telephone: Staines 51321 (30 lines). Telegrams: Glaspak, Staines, Middlesex.



net

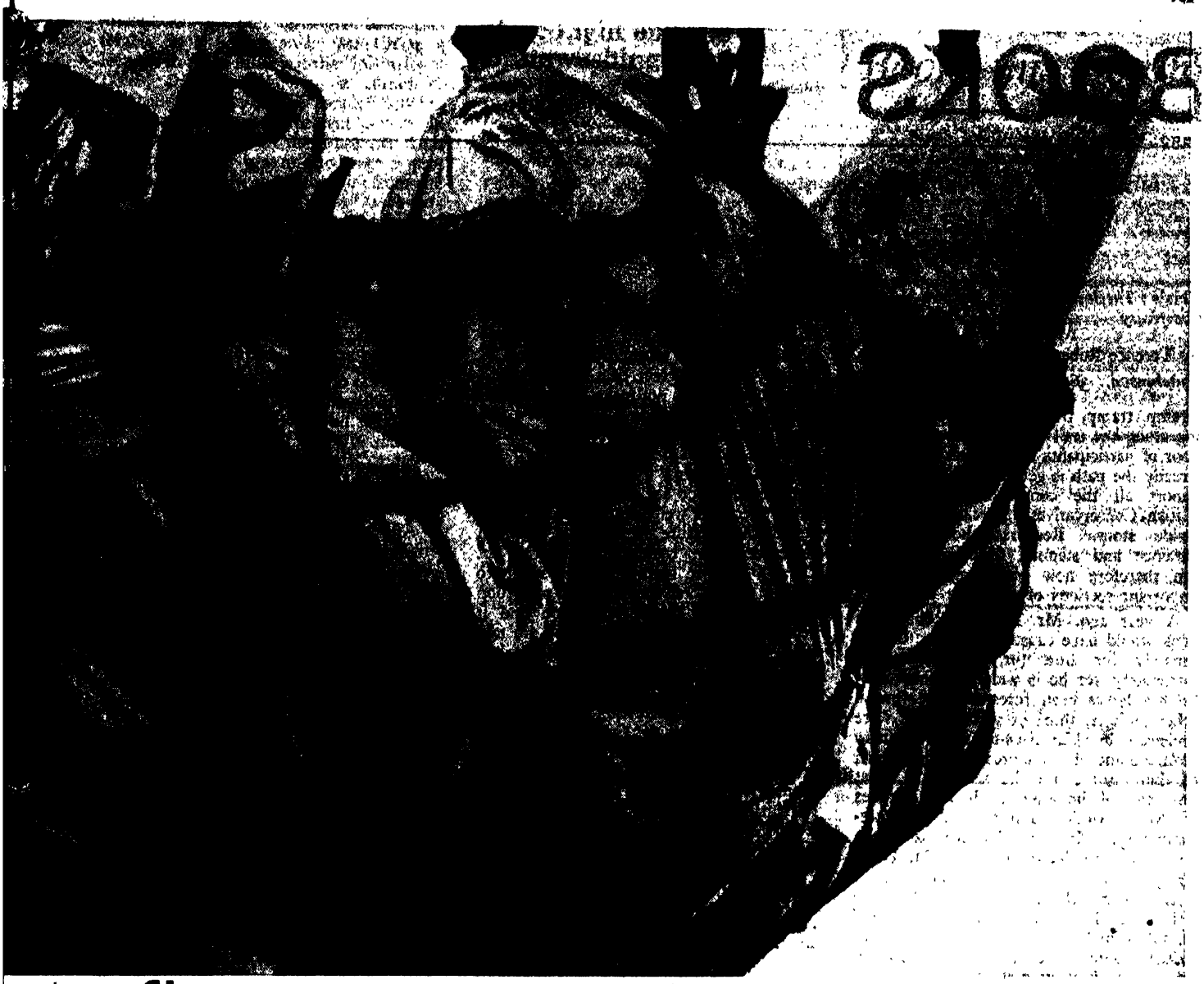
Rolls-Royce marine diesels for main generating duties are so compact that they can be installed on flats in the main engine room of the ship. In this way, new ocean-going freighters have been provided with up to 73,000 cu. ft. of extra cargo space. Net profit! And as Rolls-Royce also provides guaranteed, factory-reconditioned engines as part of a service exchange scheme, there is no need for major overhaul at sea.

Rolls-Royce diesels for main propulsion of work boats and fishing vessels show the same kind of unexpected bonus; for they not only cost less than the customary low-speed engines but are cheaper to install, need about half the usual space and have an overhaul life of 10,000 hours.

VERSATILE, RELIABLE, SMOOTH

The sheer versatility of Rolls-Royce diesels in itself has considerable economic importance. In an oilfield, for example, Rolls-Royce engines can be used for drilling rigs, stand-by generators, air compressors, work boats, heavy tractors, locos and trucks. They enable an operator to standard-

There are excellent opportunities at Rolls-Royc



profit

ise on one make of engine with common spares and common operating and servicing techniques.

In fact, not only diesels but all Rolls-Royce engines have qualities which provide often unexpected profit for their operators. Even reliability can become a surprising benefit when carried to Rolls-Royce lengths; as it has been so notably in the 'B'-range petrol engines, with 25 years of continuous development behind them. And it was the operational *reliability* of the Dart propjet that led to the early commercial success of turbine-powered airliners.

The traditional smoothness of Rolls-Royce engines and the confidence which they establish has great commercial importance, giving the Hawker Siddeley Trident, the B.A.C. One-Eleven and the Vickers VC 10 much of their tremendous passenger appeal—and the Silver Cloud and Bentley a quality of effortless power that remarkably removes the tension of road travel.

All these extra advantages spring logically from the thoroughness and patience of Rolls-Royce engineering.

ROLLS ROYCE

for qualified technical and professional staff.

BOOKS

More Ado about Suez

Crisis: *The Inside Story of the Suez Conspiracy*

By Terence Robertson.
Hutchinson. 365 pages. 50s.

Tramp, tramp, tramp the boys are marching along the trail that leads from door to door of participants in the Suez crisis, and already the path is getting well worn. For almost all the conspirators except the British Conservatives are ready to tell an inside story. Readers who have the patience and stamina to collate the lot can therefore now piece together many important sections of the Suez jigsaw.

A year ago, Mr Terence Robertson's book would have caused a furore. Unfortunately for him (or, in one sense, fortunately, for he is widely corroborated) he has lately been forestalled by several other authors, three of whose books were reviewed in *The Economist* of January 16th. Some of his sources were unknown to them, some are the same; the most important of the latter are the long tongues of MM. Mollet, Pineau and Bourgès-Maunoury. In particular, Mr Robertson bears out the details given by M. Henri Azeau in his "Le Piège de Suez" about French help with Israel's defence, about the British civil servants whom Eden and Selwyn Lloyd let into the secret and about British collusion fixed during an Anglo-Franco-Israeli meeting at Sèvres on October 23rd-24th. The combined evidence makes nonsense of several contemporary British statements—Eden's to the House of Commons on October 30th that he was urging "restraint" on Israel; Selwyn Lloyd's answer to a question about Israel's action in the House next day that "there was no prior agreement between us about it," not to mention all the vague protestations that were made both at the time and four years later by Sir Anthony Eden in "Full Circle." Mr Robertson also bears out from the United Nations end much of the evidence that was given from the Cyprus end by Mr A. J. Barker in his "Suez: the Seven Day War".

Parts of the story, therefore, are already known. Other parts are new because, being a Canadian and an admirer and confidant of Mr Lester Pearson's, he has had access to Canadian as well as French memories, as well as to some hitherto inaccessible Canadian documents. Important titbits, therefore, emerge. One such (on Pineau's evidence) is that a first French suggestion about collaborating with Israel was made on September 23rd, and that, in Pineau's estimation, "Eden showed a great deal of interest, Lloyd a great deal of reticence." (Maybe Pineau did not make himself clear.) Next there was a Pineau-Eden tête-à-tête about the use of force on October 3rd, which the former, and the author, see as "the hinge of the crisis." (This Eden almost certainly did not see in the same light.) Later, there is a well substantiated description of the pressure exercised on Eden on November 5th, by Mr St Laurent of Canada, more in sorrow than in anger, to get him to call off the intended paratroop drop. "We still regret that you find it necessary to follow the course you are taking," he cabled, at the very hour when Eden's messenger, Anthony Head, was in Cyprus agreeing with the French to carry on. Lastly, some interesting light is thrown into the crannies of Conservative party loyalty. Everyone knows that there were several shades of opinion within the British cabinet; here some of them are set out. For instance, on September 19th the late Lord Monckton confessed to Mr Lester Pearson that he shared the latter's anxieties about the use of force, adding that though Eden, Macmillan, Salisbury and Head were all for it, Selwyn Lloyd was "only intermittently for strong action." Again, on the night of October 31st, at the end of a dinner to some Norwegian official visitors to No. 10, Mr R. A. Butler told one of them that he was "not at all happy about Eden's decision to participate with the French in a sudden action against Egypt" but that "while he had grave reservations the best immediate policy was to keep the government intact for the crisis."

The biggest lacuna in the book is its lack of comment on or quotation of Israeli opinion. For instance, nothing is said about Israel's known annoyance at being deprived of single-handed victory by Anglo-French landings that did not happen until twenty-four hours after it had officially announced (November 5th) that "the campaign in Sinai is over . . . and there is no more fighting." A much more serious fault is that the book draws no distinction between quotations from official or published sources and quotations from hearsay. One reason for this shortcoming is that some of the information comes from sources the author cannot name, but this handicap is no excuse for failure to give any indication of the weight to be attached to the words quoted. What is one to think, for instance, of remarks quoted without attribution from within the doors of an "acid" British cabinet meeting? Thus the book, while a excellent meal for the interested layman, is of mediocre value to the historian; the latter is bound to be further irritated by its reproduction in *oratio recta* of conversation ("'Oh, I don't think that's the case, Krishna,' said Pearson") that no one can possibly remember verbatim.

The author, though highly critical of British policy, is not entirely one-sided. At one point he sets out—through the mouth of Sir Ivone Kirkpatrick, head of the Foreign Office, to Mr Norman Robertson, Canadian High Commissioner in London—as good a presentation as can be made of the Eden case. He is over-fulsome about Mr Lester Pearson's contribution to the Suez settlement, though undoubtedly this was very great. But, all told, his chief contribution to the picture as at present known is to show the British statesmen involved in an even less favourable light than their critics had imagined—Selwyn Lloyd alive to the drawbacks of the course chosen, yet lacking the courage to be honest with himself, and so tagging along like a lackey, and poor pitiful Eden looking knave as well as dupe as he cracks under the pressure that he brought on his own head.

Peasant Leader?

Mao and the Chinese Revolution

By Jerome Ch'en.
Oxford University Press. 428 pages. 42s.

Does Mao deserve an ism of his own? Chinese communists are torn between claiming to be the fount of marxist-leninist orthodoxy and giving Mao his due as the innovator of a new model of revolution. Western students of Mao's China are divided as to the degree to which Mao has developed a new ideological synthesis, but most agree that, in adapting marxism-leninism to an underdeveloped agrarian society, he has made significant contributions to the theory and practice of revolution.

Mr Ch'en accepts the definition of "Maoism," first put forward by Professor Benjamin Schwartz of Harvard, as a strategy worked out through revolutionary experience and consisting of four major elements: a strong mass base in the peasantry; a strong leninist party; a strong Red Army; and control of a strategically

located self-sufficient territorial base, preferably in a border area. Mr Ch'en, a lecturer in Asian history at the University of Leeds, tries to stake out a corner of originality by drawing a parallel between Mao's revolution and peasant revolts in traditional China. In the sense that both "relied on poor peasants to wage a protracted war against the authorities from one or several revolutionary bases," Mao was "the leader of a new generation of insurgent peasants."

If Mr Ch'en sees Mao as a latter-day peasant general, Mao himself condemns the peasant rebels as "vagabonds" and "roving insurgents." From his Yenan stronghold in 1938, Mao reminded his guerrilla warriors that "it is more than ever an entirely groundless illusion to attempt to win victory after the fashion of the roving insurgents . . . [because of their erroneous view] that base areas are neither necessary nor important." After 1949 Chinese historians began to interpret peasant revolts more favourably as they sought to establish a Chinese revolutionary tradition, but whereas today most communist writers exalt this Chinese "lumpenproletariat," they still blame "vagabondism" as the prime cause of their defeats.

Unfortunately, as Mr Ch'en himself concedes, he has only stated a proposition, and with the major thesis unargued, his book becomes little more than a chronicle of events in China from Mao's birth in 1893 to his victory in 1949. The principal value of this book to the specialist is its comprehensive distribution of early communist and Kuomintang leaders on the Chinese political map of the twenties and thirties. However, the same detailed lists of names and places prove an obstacle to the lay reader since they are so often inadequately identified. Writers of Chinese political history might take a lead from modern editions of Chinese cast-of-thousands novels by providing capsule biographies on a pullout page.

Mr Ch'en largely succeeds in his effort to maintain a dispassionate attitude towards his subject, although he is clearly a great admirer of Chairman Mao. Nevertheless one must suspect him of considerable naivety when he offers, as grounds for his praise, testimonials by Mao's Chinese communist colleagues. Moreover, incomplete sentences, repetitions and inaccurate dates damage the volume's reliability.

The political biography is supplemented with thirty-seven of Mao's poems, translated by the author with Michael Bullock. Most of the poems have previously been published in English by the Chinese and in another western biography. The Ch'en-Bullock translations, while differing only slightly from the official versions, do convey "that vigorous, almost violent and distinctly staccato quality which one would expect from such a forceful combative personality as Mao's."

More Light on Brainwashing

Inside the Black Room: *Studies of Sensory Deprivation*

By Jack A. Vernon.
Souvenir Press. 227 pages. 21s.

This account of physiological and psychological experiments carried out in Princeton on student volunteers could hardly be bettered. For $20 a day these young men lay in a completely dark and sound-insulated room for up to 96 hours; fed and watered, of course, monitored, and periodically taken out for physical and psychological tests. They had a panic-button for use when they could take no more; in fact, one in five used it and was permanently released.

To the uninitiated some of the results will be surprising: the long initial period of sleep; the total disruption of time-sense; the resentment of interruption; the unimportance of tobacco to smokers; and the inaccuracy in identifying foods. Most of the students dreamed more and had perceptual distortions, and their suggestibility was heightened. During a short period of confinement their ability to do simple tasks of learning improved; but more complex learning and constructive thinking suffered.

The Russian trials and Chinese methods of brainwashing stimulated this kind of research, which in fact began at McGill University in 1951. There, Dr Hebb and his colleagues worked on student volunteers who wore goggles that transmitted only a dim unpatterned white light and earphones emitting white noise. A series of papers in 1953 and 1954 encouraged others, mostly Americans, to make similar experiments. At a symposium at Harvard in 1958 (the proceedings were published only in 1961—"Sensory Deprivation," edited by Solomon and others) it was clear that the different groups of research workers were using different methods of deprivation: almost total as in this one, unpatterned as in the McGill study, with or without restriction of movement, in a respirator, in water and so on. The differing results were perplexing, and the elaborate theorising is consequently shaky.

The relevance of this research to brainwashing, and particularly to resistance to it, is plain. If offered, after some time in the extreme monotony of the black room, the alternative of switching on a single talk on a subject they approved of or a variety of political talks they disapproved of, most people would plump for variety. But the various intelligence services can be assumed to be well aware of all this, and their scientists have presumably gone much farther in work that has not been published.

Some of Dr Vernon's subjects became not only confused but also hallucinated. Research of this type should therefore shed light on high altitude flying, night driving, the effects of operations for cataract, and even on the phenomenon of flying saucers. So far, however, it has proved, like the hallucinogenic drugs, unrewarding as an

Books this month

E. F. Nash; edited by Gavin McCrone and E. A. Attwood
Agricultural Policy in Britain
A selection of papers dealing with the economic aspects of agricultural policy by one of the foremost contributors to the development of thought on this subject.
University of Wales Press 21s.

Joseph Alsop
From the Silent Earth
A political reporter looks at the Greek Bronze age. 'As good a simplified account as can be given . . . excellently printed and illustrated.'—*The Economist*. 'An impressive achievement.'—Sir Denys Page.
Secker & Warburg 45s.

The British Economy: Key Statistics, 1900-1964
New and improved edition. 14 tables cover all main sectors and a special table of 17 statistical series relates to the U.S.A. Prepared by the Department of Applied Economics, Cambridge University.
The Times 10s. 6d.

Chiao-min Hsieh
Taiwan-ilha Formosa: a geography in perspective
A comprehensive study of Taiwan in which its strategic significance is evaluated in terms of its physical, economic, political and cultural structure.
Butterworths, 88 Kingsway, W.C.2. 82s. 6d.

John Stuart Mill:
Principles of Political Economy
Introduction by V. W. Bladen, Textual Editor John M. Robson
Probably the most important single work of John Stuart Mill. Volumes 2 & 3 in the *Collected Works*.
Routledge & Kegan Paul 1,230 pp. 8 gns. the set

Guy Wint
The Third Killer: Meditations on a Stroke
'Humanly and medically fascinating.' Alex Comfort in *The Guardian*.
'Of enormous interest.' Claud Cockburn, in *The Sunday Telegraph*.
Chatto & Windus 30s. net

Nicholas Kaldor
Essays in Economic Policy—Vols. I and II
Third and fourth volumes in the uniform collection of Kaldor's reprinted papers: each with a long new introduction by the author.
Duckworth each volume 50s.

Douglass Cater
Power in Washington
President Johnson's Special Assistant answers a compelling question: how much power does the President really have? 'An admirable book, by far the clearest description of behind the scenes in Washington I have read.'—*Drew Middleton*.
Collins 30s.

Editor : W. B. Reddaway
The London and Cambridge Economic Bulletin
A quarterly report on the vital statistics of the British economy and an analysis of their significance. Prepared by a committee from Cambridge University and the London School of Economics.
The Times Subscriptions, 30s. 0d. p.a.

Judith Banister
An Introduction to Old English Silver
A comprehensive guide by the editor of the Proceedings of the Society of Silver Collectors, who has traced the English style from the middle ages to the nineteenth century.
Evans 50s.

English Literature :
A Portrait Gallery
The best portraits of a hundred English writers from Chaucer to Orwell together with brilliant concise biographies by OLIVER WARNER.
'A really splendid idea.' *The Times.*
Chatto & Windus 25s. net

G. W. Keeton
Lord Chancellor Jeffreys and the Stuart Cause
'Professor Keeton seeks to rescue the Villain of the Bloody Assize from the clutches of Macaulay . . . dramatic reading.'—*The Times.*
Macdonald & Co. (Publishers) Ltd. 70s. net

All books advertised in The Economist can be obtained from

THE ECONOMISTS' BOOKSHOP
Clare Market, Portugal Street, W.C.2
Catalogues free on request

Just Published

A CERTIFIED ACCOUNTANTS PUBLICATION

SOURCES OF CAPITAL

This booklet contains a detailed survey of information available about traditional and lesser known sources of capital.

Sections are devoted to permanent capital and long-term borrowing, special finance institutions, short-term finance, Government assistance for industry, agriculture and fishing and finance for exports and housing.

The names and addresses of the organisations mentioned in the booklet are detailed in an extensive appendix.

PRICE
4s 6d
plus postage 6d

PREPARED BY THE TAXATION AND RESEARCH COMMITTEE OF THE ASSOCIATION OF CERTIFIED AND CORPORATE ACCOUNTANTS
22 BEDFORD SQUARE · LONDON WC1

instrument for studying the hallucinations of schizophrenics.

This book is so entertaining and readable that, despite the author's own reservations, the reader may still need to be warned against drawing too many conclusions. Both author and publishers deserve a black mark for failing to provide an index or a bibliography.

In the Steps of the Master

Dickens : *From Pickwick to Dombey*
By Steven Marcus.
Chatto & Windus. 389 pages. 35s.

The Flint and the Flame : *The Artistry of Charles Dickens*
By Earle Davis.
Gollancz. 333 pages. 32s. 6d.

When a great writer at last receives serious critical approval after the typical decline when only the general public admires him, this is the time when some of the most interesting work on him may be done. The loving amateurs, the less than top critics, have not yet been frightened off, nor has the writer become an enclave for only in-group activity. Such, at present, is the condition with Kipling, and still, though to a rapidly lessening extent, with Dickens. Such books as these two by American professors, though less rigid than we must expect when full critical austerity sets in, both bring useful contributions to what will eventually be the body of received opinion.

That by Professor Marcus, which deals only with the first seven novels (a second volume is planned), is the more perceptive and valuable. When Professor Marcus observes and appreciates, he is often excellent; indeed he is prepared to accept, *pace* much contemporary critical opinion, enjoyment and love as proper criteria for goodness in a novel, even to the now unusual extent of distinguishing (but surely rightly) between the deaths of little Paul and little Nell, and offering what must surely be the first commendation for a long time of the former. On "Barnaby Rudge" and on "Martin Chuzzlewit" he is unusually helpful, though to call "Martin Chuzzlewit" a great comic work seems inappropriate praise. His comment on the coincidences in "Oliver Twist" is delightful: that since its world consists only of people involved in the plot, it is inevitable that they should meet—"in a world where there is no accidental population, no encounter can be called a coincidence."

It is where he interprets rather than observes that Professor Marcus is often annoying rather than enlightening. Certainly we know that Dickens was constantly disturbed by his father's failure to play a proper paternal role, and certainly many of his novels figure father-son or parent-child relationships; but to see Dickens's own situation reproduced or compensated for in almost all of these is unnecessary and unhelpful. Nor are we convinced by the frequent presentation of disparate characters as a single whole—Jonas Chuzzlewit as Tigg's *alter ego*, Carker as Dombey's. On Dickens's real idealisations, Professor Marcus is good: on Oliver and Nell and Florence as unstainable children of grace; on the hope and the failure of hope for the pastoral society; and on the duty of living charitably in society. But Dickens's idealisations are always incomplete; his ideal characters are always immature conceptions, his best made characters incomplete human beings, and to create full men in parts does not seem to have been his intention.

Professor Davis's book is less well written, and in literary perceptions far less compelling; one may compare his treatment of, say, Paul's death or of Dickens's use of Romantic Nature or of "filler" stories with Professor Marcus's. What he has principally to offer is useful background material, and this especially on Dickens's language, with pregnant quotations from Smollett and Fielding and from the "monopolylogues" of the popular entertainer, Charles Mathews, whom Dickens first saw in 1828. The chapter on the influence of Carlyle is also interesting, but the whole question of Dickens's politico-economic views must surely soon receive large-scale treatment.

What Price Drugs ?

Drugs In Our Society
Edited by Paul Talalay.
Johns Hopkins Press. London: *Oxford University Press.* 319 pages. 48s.

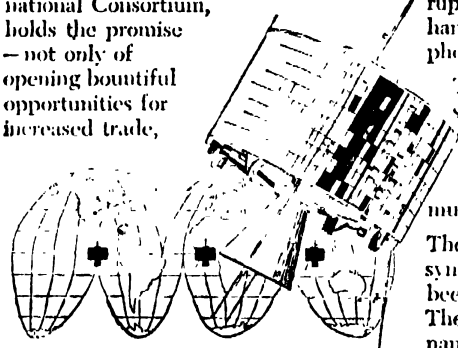
This book is a record of the papers delivered at a conference on drugs held at Johns Hopkins University in November 1963, together with a thoughtful summary by the editor of the conclusions reached. All the contributors are American with the exception of three from Britain: Professor Gaddam, who writes on pharmacology; Professor Titmuss, who discusses some of the sociological effects of the therapeutic explosion, particularly its effect on the doctor-patient relationship; and Professor Pickering, who helped with the summary.

The revolution in therapy that has taken place in this century has thrown up a large number of problems which extend far outside the confines of medicine however broadly defined. The multi-professional approach that this book exemplifies is a necessary and very valuable preliminary to solving them. Are the methods of testing drugs before they are released to the public sufficiently thorough? What safeguards should there be if drugs are to be used experimentally on people and what are the ethical considerations? Even if one freely admits that the pharmaceutical industry spends enormous sums on research and has been mainly responsible for the spate of efficient new drugs, are its profits too high, are some of its methods—molecular manipulation for the sake of a new patent,

New Multi-Billion Dollar Trade Routes To Be Opened By Satellites "Parked" 22,300 Miles Above The Earth

The story of trade is the story of communications. The Early Bird communications satellite will write a new chapter when it is positioned over the Atlantic. It can make direct links to any nation within its "view" practical and economical.

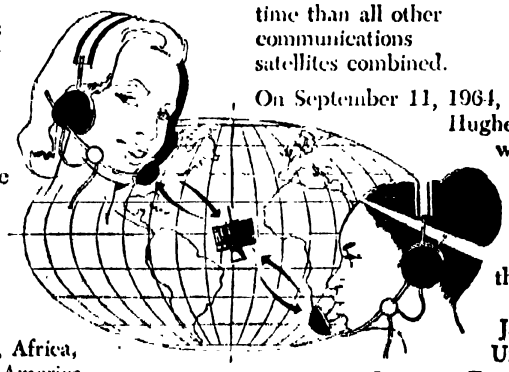
Today, there are many smaller and "emerging" nations eager to realize their full potential for growth. Early Bird, developed by Hughes Aircraft Company for the Communications Satellite Corporation and the International Consortium, holds the promise — not only of opening bountiful opportunities for increased trade,



but also of building greater understanding between peoples.

Early Bird can promise this progress not simply because it is a satellite. But because it is a *synchronous* satellite — offering unique advantages in global communications.

This synchronous satellite is totally different from other types of communications satellites. Rather than being visible for only short periods of time, Early Bird will be like a "hanging star" — *always* looking down on Europe, Africa, North and South America.



One can visualize it as sitting atop a fantastically tall pole — 22,300 miles tall. As the earth turns, so does the satellite — held in stationary orbit by a combination of gravity and centrifugal force. This means that it can be used at any time, and without interruption. Early Bird will be able to handle television programs or telephone calls 24 hours a day.

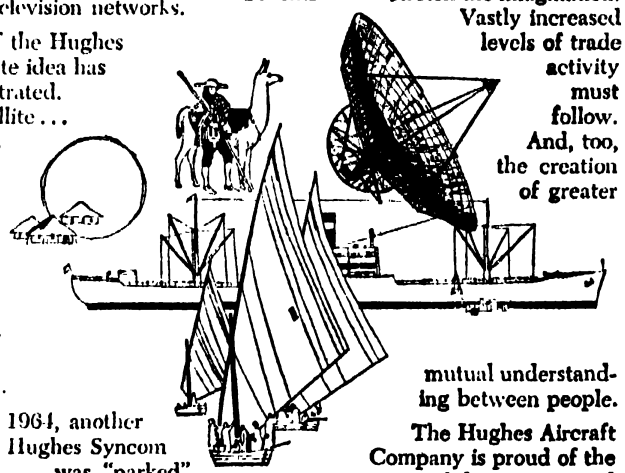
This is of particular interest to the smaller and emerging nations. Since they need only establish comparatively simple and inexpensive ground stations to join the communications and television networks.

The practicality of the Hughes synchronous satellite idea has been well demonstrated. The first such satellite... named Syncom... was launched on July 26, 1963 and is still operating today. Since that time it has amassed more communications time than all other communications satellites combined.

On September 11, 1964, another Hughes Syncom was "parked" over the Pacific Ocean. It brought the Olympics "live" from Japan to the United States. In turn, European viewers saw high-fidelity television transmissions of the Games many hours earlier than ever before possible.

Early Bird will be history's first "Public Satellite" — available for you to use. It will be able to bring you important events on television as they happen, and without interruption at any time. It will also virtually double trans-Atlantic telephone capacity.

But most important, it represents the type of satellite which will enable all nations to enjoy uninterrupted communications with each other. The benefits stretch the imagination. Vastly increased levels of trade activity must follow. And, too, the creation of greater



mutual understanding between people.

The Hughes Aircraft Company is proud of the success of the Syncom and the trust placed in the coming Early Bird satellite. They represent achievements which reflect the company's role in applying science to the service of man.

HUGHES

HUGHES AIRCRAFT COMPANY

exaggerated therapeutic claims, price-fixing —questionable?

Some surprising facts emerge. It has been estimated, we are told, that the average medical practitioner in the United States receives 4,000 "promotional pieces," and that upwards of $1,000 is spent by drug firms on him, in a year.

Lawyers and advertising men contributed to the conference as well as scientists and doctors, and the book even contains a defensive paper by the president of Merck and Company. He believes that American government patent policy is driving a wedge between the drug firms and scientists in universities and research institutes by insisting that any inventions, to which those who receive a grant from government funds have contributed only a very small part, should not be allowed to be patented. Like Professor Chain, who helped to make penicillin a practicable drug, and who has expressed his views elsewhere, he is anxious not to break up that fruitful partnership between academic scientists and the pharmaceutical industry which has largely been responsible for this century's revolution in therapeutics.

The British government is adopting different methods in curbing Britain's drug industry and has recently won a victory in the House of Lords, but there is nothing, of course, about this in the book. Nor is there any reference to the problems of addiction. That would need another conference and another book. This one has quite enough meat for one volume.

Law for the Layman

The Future of the Law
By D. C. M. Yardley.
Cresset Press. 252 pages. 30s.

Dr Yardley is an Oxford don who in previous books has established a reputation as a clear expositor of the law for students. In the present volume, intended for the general reader, he turns his attentions to the question of law reform. He ranges widely over the whole field of the law, criminal law, contract and tort, planning law, as well as the system of courts and the structure of the legal profession. The scholar or the specialist will not find much of interest to him here, but the layman should find the book useful.

In his general approach Dr Yardley is cautious, preferring to set out the arguments on controverted topics rather than coming down in favour of particular solutions. His standpoint is that of a moderate progressive: he favours abolition of the death penalty and the implementation of the second part of the Wolfenden report. He discusses divorce law reform but comes out against Mr Leo Abse's proposal for a right to divorce after a period of seven years' separation on the grounds that it would cause injustice to the innocent party. On the other hand he welcomes the new three-month reconciliation period in which the couple can attempt to resolve their differences without losing their legal rights to apply for dissolution of the marriage. A minor reform which he puts forward is for the abolition of the need for discretion statements.

Dr Yardley is rightly concerned about the present illegitimacy rate, now running at about 50,000 births a year. As one way of countering this he proposes that the legal age of marriage should be reduced by a year to 15. This would entail adjusting relevant parts of the Sexual Offences Act, which punishes intercourse with girls under 16 even if this takes place with consent.

The least satisfactory part of the book is the chapter on planning law, which hardly gets to grips with a complicated subject. Dr Yardley's advocacy of a system of price control for land begs a great many questions. More sensible is his support for greater restriction on urban extension and restrictions on the growth of conurbations which destroy rural amenities. Here the solution lies in more new towns and the intensive development of land at the centre of existing cities. Dr Yardley is sympathetic to this approach. Altogether his is not a stimulating or arresting book, but it sets out fairly the arguments for and against changes in the law, which will be found helpful by those who want to make up their minds on the present law reform controversies.

PAPERBACK SELECTION

The selection which was begun in the issue of February 13th is concluded below:

Literature and Literary Criticism:

SHAKESPEARE AND ELIZABETHAN POETRY: A Study of his Earlier Work in Relation to the Poetry of the Time. By M. C. Bradbrook. 253 pages. 12s. 6d. (Peregrine.) ITALIAN SHORT STORIES: Racconti Italiani. Edited by Raleigh Trevelyan. 197 pages. 3s. 6d. (Parallel Texts.) THE NIBELUNGENLIED. Translated by A. T. Hatto. 403 pages. 7s. 6d. (Classics.) NEW ENGLISH DRAMATISTS 6. Introduced by John Russell Taylor. 235 pages. 5s. THE POEM ITSELF: 150 European Poems Translated and Analysed. Edited by Stanley Burnshaw. 380 pages. 9s. 6d. (Pelican Original.) SELECTED POEMS. By Apollinaire. (Translated by Oliver Bernard.) 88 pages. 3s. 6d. (Modern European Poets.) *Penguin.*

THE EPIC OF RUSSIAN LITERATURE: From Its Origins through Tolstoy. By Marc Slonim. 374 pages. 13s. 6d. (Galaxy.) *Oxford University Press.*

FRIAR BACON AND FRIAR BUNGAY. By Robert Green. (Edited by Daniel Seltzer.) 127 pages. A KING AND NO KING. By Beaumont and Fletcher. (Edited by Robert K. Turner.) 184 pages. BARTHOLOMEW FAIR. By Ben Jonson. (Edited by Edward Partridge.) 207 pages. 7s. 6d. each. (15s. clothbound.) (All Regents Renaissance Drama Series.) *Edward Arnold.*

A HANDBOOK OF GREEK LITERATURE: From Homer to the Age of Lucian. By H. J. Rose. 467 pages. 15s. (University.) *Methuen.*

SIX FAMOUS PLAYS. By Anton Tchekoff. (Translated by Julius West and Marian Fell.) 331 pages. 10s. 6d. (Paperduck.) *Duckworth.*

Politics and Current Affairs:

THE PULLMAN STRIKE. By Almont Lindsey. 396 pages. 21s. PAST AND FUTURE. By William H. McNeill. 229 pages. 12s. 6d. (THE MILITARY IN THE POLITICAL DEVELOPMENT OF NEW NATIONS: An Essay in Comparative Analysis. By Morris Janowitz. 141 pages. 10s. 6d. MARXISM: An Autopsy. By Henry Bamford Parkes. 307 pages. 17s. (All Phoenix Series.) *University of Chicago Press.*

THE LAW OF INTERNATIONAL INSTITUTIONS. By D. W. Bowett. 365 pages. 22s. 6d. (University.) THE AMERICAN SYSTEM OF GOVERNMENT. By Ernest S. Griffith. 166 pages. 12s. 6d. (University.) *Methuen.*

"MAU MAU" DETAINEE: The Account by a Kenya African of his Experiences in Detention Camps, 1953-60. By Josiah Mwangi Kariuki. 224 pages. 4s. 6d. (African Library.) *Penguin.*

AUSTRALIAN GOVERNMENT AND POLITICS: An Introductory Survey. (3rd edition.) By J. D. B. Miller. 239 pages. 15s. (Paperduck.) *Duckworth.*

MODERN CHINA. Edited by Albert Feuerwerker. 202 pages. 16s. (40s. clothbound.) (Asian Civilisation Series.) *Prentice-Hall International.*

THE ROAD TO FREEDOM. By Percival Griffiths. 207 pages. 6s. (Ampersand.) *Allen and Unwin.*

Sociology and Psychology:

DISCRIMINATION AND POPULAR CULTURE. Edited by Denys Thompson. 198 pages. 5s. (Pelican Original.) GROUP PSYCHOTHERAPY: The Psychoanalytic Approach. By S. H. Foulkes and E. J. Anthony. 280 pages. 4s. 6d. (Pelican Original Re-issue.) *Penguin.*

ON CULTURE AND SOCIAL CHANGE: Selected Papers. By William F. Ogburn. (Edited by Otis Dudley Duncan.) 382 pages. 21s. (Phoenix.) *University of Chicago Press.*

FRIENDS OF FATHER JOE: Pages from his Diary By Joseph Williamson. 128 pages 4s. 6d. *Hodder and Stoughton.*

THE INTELLECTUAL VERSUS THE CITY. By Morton and Lucia White. 271 pages. 75 cents (Mentor.) *New American Library*, New York.

Miscellaneous:

MATHEMATICS IN WESTERN CULTURE. By Morris Kline. 494 pages, illustrated. 13s. 6d. (Galaxy.) *Oxford University Press.*

INCAS AND OTHER MEN: Travels in the Andes By George Woodcock. 268 pages, illustrated. 10s. 6d. *Faber.*

Marketing in Europe

A monthly research publication on consumer goods and retail distribution, included in the current issue

- SAMPLE SURVEYS IN THE COMMON MARKET
- THE BELGIAN
- CONFECTIONERY MARKET
- CONSUMER CREDIT
- Dairy Products, Meat, Fresh Fruit and Vegetables

Further details and subscription rates from:
THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St. James's Place London SW1
Telephone HYDe Park 6711 ext 27
60 East 42nd Street New York NY 10017
Telephone Murray Hill 7-6850

BUSINESS BRIEF

Further signs of recession in France : order books are declining and an increasing number of companies report stocks above normal. So France may now be imposing a double restraint on economic expansion in the west : through a weak domestic economy as well as by exploiting the external strength of its currency.

Despite this the French bourse staged a modest recovery and most European bourses inched ahead ; Italy particularly was active. Wall Street recovered from its Vietnam jitters, London investors were selling on fears of a tough budget.

Britain's decision to cut its import surcharge from 15 to 10 per cent on April 26th has healed the quarrel in Efta : and will probably make nonsense of the next two British trade returns.

Substantial buying of gold continues. But Washington seems unruffled.

AMERICA'S BOOM: STEEL TRIPWIRE

Most American economic indicators go on hitting new peaks ; but poised on this crest, the economy becomes more vulnerable to internal as well as external jolts. And as the Council of Economic Advisers said last month: "Conditions in the steel industry present the chief visible threat to prospects for a balanced pattern of quarter-to-quarter advance."

Once American industry decides it can cease stockpiling steel for fear of a strike, it will stop buying too much steel and order too little. And this exaggerated downturn could hasten the timetable of a broader readjustment in the American boom. During the last few weeks, the rate of stockpiling has quickened. Last week's output from the steel mills was the highest ever.

There is talk in Pittsburgh and elsewhere that the haggling over the steelworkers' union presidency may postpone the strike deadline beyond the scheduled May 1st. It is still not clear who won the union election ; whether the courts will have to intervene ; or what the eventual victor will do about the contract. But while the United Steelworkers of America are leaderless, there is little hope of any agreement with management.

Delaying the strike deadline would mean that steel stocks would go on rising by 2 million tons a month. The largest motor manufacturers have already built up 60-90 days' supplies. Admittedly, laying in extra steel while regular consumption is high is not easy. Less canny customer industries are now having to wait until May or June for supplies from steel companies with fully-committed production schedules. Some of the stockpile, therefore, is still on paper. Nevertheless, stocks are already high.

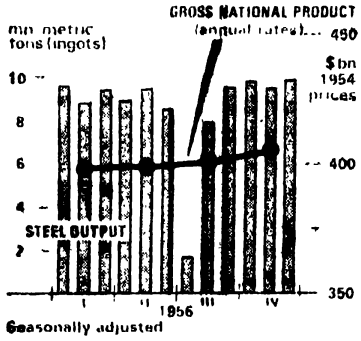
The longer they go on rising, the sharper the readjustment, once it comes in the summer, will be. Even without a strike shutdown in steel, there is liable to be a violent swing in output.

American steelmakers have a pretty good idea of what may be in store : the industry has had nine stoppages in the past twenty years. Not all producers agree that the build-up is as fast as it was before the 116-day strike in 1959 : others anticipate an even larger stockpile by May 1st. All agree on one aspect : there will be more imported steel this time.

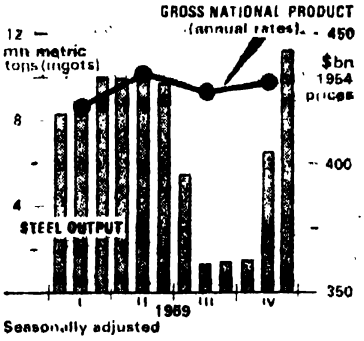
In 1959, America imported about 4.4 million tons of foreign steel, about 6 per cent of total domestic supplies. This level of imports was not reached again until 1963. But last year it was as high as 7.5 per cent. And this year, the opening of the St Lawrence Seaway early in April is expected to see the start of **exceptionally heavy imports from European steel producers.**

"A steel strike of significant duration would have unfavourable effects on over-all income and production, as the economic annals of 1956 and 1959 demonstrate."

Council of Economic Advisers.



1956 steel strike started end-June, lasted 34 days, cost users 9 million tons of steel, brought about a 6½% price increase.



1959 steel strike started mid-July, lasted almost four months, was ended by court injunction.

Barclays Foreign Branches

Your links with the World

Over the past two years Barclays Bank has opened eight new Foreign Branches, the two most recent being at Luton and Bristol. Barclays now have fourteen specialised Foreign Branches in important trading centres of the country, each one staffed by experts in foreign business.

In these days, when the development of overseas trade is so vital, this can mean a great deal to you. If you are trading, or wish to trade, abroad the services of these Foreign Branches are at your disposal, either through your local branch, or direct.

London: Chief Foreign Branch, 168 Fenchurch Street, EC3
West End Foreign Branch, 1 Pall Mall East, SW1

Foreign Branches also at Birmingham, Bradford, Bristol, Cardiff, Ipswich, Liverpool, Luton, Manchester, Newcastle upon Tyne, Nottingham, Reading and Southampton

BARCLAYS BANK

Money is our business – throughout the world

What's peculiar about a Kakapo?

—its peculiarity to New Zealand! A once-prolific ground parrot that frequented forest areas, the KAKAPO has been so consistently preyed upon by imported animals that it is now unhappily very rare. We know this because we are the National Bank of New Zealand. As such we have nearly 200 branches and agencies through which we provide a complete banking service in the North and South Islands. And in providing it we have gained over the years an expert knowledge of many subjects that extends far beyond the scope of banking. Any of it is yours for the asking, if you're thinking of doing business with New Zealand. So when you want to find out more about our country—

ask

The National Bank

OF NEW ZEALAND LIMITED

Established 1872

HEAD OFFICE: 8 MOORGATE, LONDON EC2

Telephone: MONARCH 8311

Nearly 200 branches and agencies throughout New Zealand

BUSINESS

Efta after the Quarrel

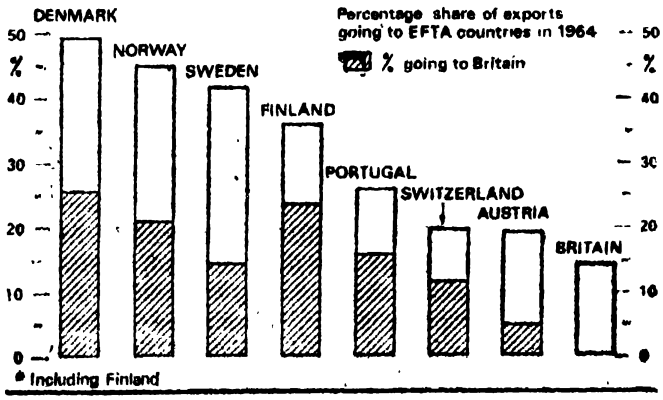
Britain has shown that it cares about Efta: but Efta's inherent weaknesses remain. Our special correspondent reports from Geneva

JUST how surprised one is about Monday's touching reconciliation between Britain and its partners in the European Free Trade Association depends how seriously one took the original November row over the British surcharge on imports. To this observer, as reported in these columns at the time, the row then "had the feeling of a controlled explosion, deliberately designed to exert the maximum pressure but equally carefully stopping short of going over the brink" by invoking the retaliatory article 31, under which tariffs could be put up against Britain, thereby in effect breaking up Efta. That would have hurt the retaliators more than it hurt Britain. For it is Efta's salient characteristic, and in one way its salient weakness, that the market is so much more important for the seven small countries than it is for Britain, which is a giant in this trading company.

The chart tells the story. It shows that the British market alone provides a larger share of most of the other Efta countries' exports than their markets do for Britain. It was this difference in the relative importance of Efta as a trading area that essentially explained—if it did not excuse—Britain's neglect of Efta in its October decisions. And it was to counter this indifference, to make it clear that Efta did matter to them and to ensure that Britain took its own commitments seriously, that the Scandinavians, the Swiss, the Austrians and the Portuguese kept Mr Gordon Walker and Mr Douglas Jay up all night on November 19th/20th.

This was the crisis of confidence: did Britain take Efta seriously? The decision that Mr George Brown was able to hand down on Monday, combined with the diplomatic way in which he prepared for it (see page 859), showed quite clearly that Britain did care; and, once demonstrated, the fact suddenly became enormously impressive, successfully dwarfing the 10 per cent surcharge that remains. "The big country has shown that it takes notice of the seven little ones," Dr Kreisky, Austria's foreign minister, announced appreciatively, and it was this that brought Mr Brown the applause unprecedented in the Efta council chamber. Unlike the European common market, Efta does not thrive on crises and night sessions; the Scandinavians and the Swiss are as pragmatic and matter of fact as, by tradition at any rate, the British themselves. Perhaps this accounted for the extraordinarily intense emotions of the autumn; but it also made for a complete and thankful reconciliation this week. Efta is a distinctly lower-temperature organisation than its rival the European Economic Community, and it is now back to normal running.

THE IMPORTANCE OF EFTA*



IN less than two years, by the end of 1966, both these trading areas should have completed their job of tariff dismantlement, and, on the present schedule, western Europe's economic division will then be complete, too. Yet the hard fact is that the one is and will be an association of choice, the other of necessity. This remains true in spite of this week's natural reaffirmations of faith at the Geneva reconciliation. Mr Brown declared that the British government believed that Efta had a vital rôle in the future; this was reported by Efta's current chairman, Dr Fritz Bock of Austria, just before confirming the latest progress being made in his own country's application to join the common market.

Austria, still more than Britain, is linked much more closely to the common market than to its Efta partners; although, as the table shows, its exports to Efta countries have been increasing very much faster than those to the common market since tariff discrimination began in 1959. Britain shows by far the lowest increase in exports to Efta between 1959 and 1964; and Britain is the only Efta country except Finland (which is associated with Efta in its trading arrangements) that actually shows a larger percentage increase in exports to the common market. By 1964, however, tariff discrimination at last had its effects on the pattern of Britain's European trade, too, and its exports to the common market flagged while those to Efta rose. Yet simply because Britain is itself

the largest element in the Efta market, the value of that market is bound to be greater for its partners than it is for Britain.

This top-heaviness in Efta, with its accompanying imbalance of interdependence, also makes the smaller countries peculiarly vulnerable to developments in the British economy and in British trading policy. This is the more threatening because Efta, as a free trade area as distinct from a stage in progressively closer economic union, can all too easily get out of balance. One can imagine circumstances in which an upsurge of monetary demand and imports into the British economy might suck additional exports out of its trading partners to their own embarrassment. These countries, with complete free trade approaching, will in a sense be offshoots of the British economy with no control over its course. This is the old difficulty about a free trade area. Even though an economic policy committee has now been set up to watch over these things, no one expects any large results. Efta is still far from having a Brussels type Economic Commission. It is not that kind of association at all.

In some measure the recent quarrel has focused attention on these inherent difficulties of Efta, and this is to the good. But the episode could also leave two less fortunate aftermaths. The first would be to encourage the next Efta country that gets into trading trouble to invoke the legal escape clause allowing quantitative import restrictions, rather than risking the surcharge that is formally illegal but so obviously preferable and less arbitrary. The right way to avoid this is to alter the articles. The second possible danger would be to add further inhibitions on any future British application to join the common market.

Percentage Increase in Exports

	1959–1964		1963–1964	
	To EFTA	To EEC	To EFTA	To EEC
Portugal	140	49	[illegible]	[illegible]
Austria	[illegible]	46	[illegible]	4
Switzerland	[illegible]	58	[illegible]	4
Sweden	[illegible]	69	[illegible]	13
Norway	74	57	26	15
Denmark	74	34	15	8
Finland	73	75	22	12
Britain	61	82	11	2

In most cases 1964 figures obtained on the basis of 11 months average.

It has become part of Efta folklore that Britain has now broken its Efta faith twice, not only with this recent surcharge but earlier with its unilateral application to join EEC. If as a result Britain, in future, feels correspondingly restrained about putting in any new application to Brussels, that will be a pity for Efta as a whole. For while Efta remains the best trading organisation any country that can't get into the common market has got, its inherent limitations and disparities remain. Bridge-building with Brussels ought to be its top priority. Efta's ultimate success will still be to wind itself up. But that, admittedly, depends on decisions in Paris and Brussels more than in Geneva or in the now strangely linked capitals of western Europe's periphery.

Whose German Oil?

A wave of takeovers in the German oil business is stirring up resentment towards some international oil companies

ENERGY policy in Germany is ordinarily discussed as an argument about coal—whether the Ruhr lobby can nail the Bonn government right down to a guarantee that it shall be able to produce 140 million tons or more year in year out, and how long. The pressures upon Bonn during an election year to reinforce the protection and subsidy of German collieries were outlined in an article last week. But oil, the triumphant competitor, can no longer be regarded in Germany as just part of the uncomfortable circumstances affecting coal. It is the fuel that now supplies close on 40 per cent of German consumption, and during the sixties may well pass 50 per cent; and it has to be considered in its own right. This means that it will also be criticised for what are considered its own wrongs.

One can now detect in Bonn, as well as elsewhere in Europe, a new reserve about the preponderance of foreign capital in the supply of the oil upon which growth in these economies must for a decade or so at least depend. The more careful attention being given by the Federal Government to, particularly, American investment in, particularly, German oil supply is not based upon the political anti-Americanism of President de Gaulle, nor simply on the vulgar prejudice against *Überfremdung* of which Dr Abs has recently chosen to become the spokesman. As a general proposition, it is expressed in the terms often heard nowadays in offices in Bonn as well as in Brussels: "The Americans ask us to hold increasing amounts of dollars to support their balance of payments deficit, and take no measures to slow their internal boom. Running export surpluses, we have to restrain inflation in our economies, which means holding back growth, particularly in investment. So we make it difficult for our business men to finance their own investment—while the overflow of private investment abroad that is responsible for the American deficit enables American companies, unrestrained, to build up and buy up market shares inside our economies." (This argument would raise some eyebrows among British economists, who have never taken too kindly to the concept of "imported inflation." But Britain is perhaps not the best base from which to dogmatise about the precise internal results of running a sustained trade surplus.)

As regards oil, Germans along with other European officials have a further complaint. The United States protects its own indigenous fuel, oil, against competition from lower-cost crude, which bolsters internal oil producers' profits and swells the cash flow from which they may finance foreign ventures. It also gives them direct incentives to explore and produce abroad, such as "foreign depletion allowance." And by shutting its own market to the oil thus produced, it encourages them to develop refining and marketing investments overseas. Belatedly, as Europeans see it, Washington is becoming anxious about certain logical side-effects of these policies. But this anxiety is leading it only to ask oil companies to

review their own capital outflow—not to alter the policies that have facilitated this.

But even in Bonn this feeling is not all high economic principle. There is an admixture of indigation, too, generated by some recent instances of what Germans see as Anglo-Saxon stealth in this commercial infiltration. This indignation arises more over acquisition than expansion. During the last months the Federal government has learned that Shell and Esso's have bought their way into Thyssengas, thus partly jumping the gun on the negotiations by which German gas companies were planning to get together (probably restrictively) to handle any German import of Dutch gas. It has learned of the same two companies' increase of their interest in the German oil company Elwerath to 26 per cent each. Mobil, as the end-result of lengthy negotiations over some years, has effectively increased its direct interest in BV Aral, Germany's largest gasoline marketing concern to 28 per cent. (Dr Abs, despite his new suspicion of foreign capital in Germany, appears to have approved of this deal.) Marathon Oil, a complete newcomer to Germany, has announced plans for a £12 million petrochemical complex in Bavaria; a number of American suppliers have entered the market indirectly with bulk crude contracts; Signal Oil is rumoured to be the next likely buyer of a German group. It is an exaggeration to suggest that these came as complete surprises. One may be told in Bonn: "It does not entirely please the Federal Government to read about what has happened in Germany's fuel business in the morning newspapers the day after." The surprise is overstated; the resentment is not.

Purely German oil marketers regard this wave of acquisitions, following on the slump in heating oil prices as well as fuel oil, as partly a matter of competitive strategy. The international major companies, some German oilmen argue darkly, did not create this further slump in German oil prices; but they may have been content to let it drive refining margins down into losses. As these Germans see it, some of the foreign major companies are internationally strong enough to stand unremunerative conditions in any one market abroad for much longer than any local competition; and allowing margins to be cut to the bone may make this competition easier to take over afterwards. Most of these German companies apply some doublethink in their own commercial reckoning: they have sizeable interests in coal as well as oil refining and marketing, and much temptation to paint the future as black as possible on both sides. But in 1964 their accounts suggest they did worse on the oil side than in coal. Changes in the kind of protection afforded to high-cost German crude production have had some effects here. But the main pressure has come from continued low prices for oil products. They doubt, too, whether the agreement to limit 1965 fuel oil sales to 108 per cent of 1964 volume will help prices much.

Stealth or just Anglo-Saxon hamhandedness in pursuit of commercial advantage, the recent wave of take-overs has begun to irritate. (British oil companies as such are specifically separated from Americans and left out of this criticism in Bonn, perhaps because we clearly cannot avoid deflation either nowadays. Anglo-Dutch? H'm . . .). But Dr Erhard's liberal principles plus a certain regard for pragmatism a l'Anglaise will almost certainly save the German administration from any silliness in shutting out American capital. As to last week's lectures in Washington, they are welcomed in Bonn: "We are glad to see that Mr Johnson realises that is his job, not ours."

Nevertheless, the Federal Government does already discriminate mildly in favour of German capital investment in the oil business. For exploration ventures outside German borders (including the North Sea offshore) it is offering low interest loans, 75 per cent of which may be written off if the ventures don't succeed. It has not made these loans formally discriminatory as between German and foreign companies; but it is granting loans in practice only when the borrower is not in a position to raise the money elsewhere (say, from Esso or Shell . . .). This way of doing it (which in theory could discriminate against common market partners) seems to have been blessed by the EEC Commission. The Commission is indeed toying with its own ideas for encouraging European oil investment overseas, and its only real criticism of Bonn's loans seems to be that there may turn out to be better ways to do the trick.

It seems possible that the Federal Government will eventually use rather more influence to consolidate or strengthen the German stake in Germany's petroleum supplies—though while Dr Erhard remains in power, at least, talk of Germany's going over towards a French style system of oil controls is nonsense. As to natural gas, one can hardly see Bonn intervening retrospectively in the Thyssengas deal, as the Belgian government appears to wish to do in a rather similar Esso-Shell purchase of shares in Belgium's Distrigaz. But the remaining German gas undertakings may get some advantage with support from Bonn in any wider national pipeline network across Germany. Just who shall control the bulk distribution and sale of Holland's gas exports is becoming a sensitive political question in Europe. Germany commands no oil abroad now except a quarter share in Mobil's Libyan concession, which is now revealed as very prolific; one small venture in Syria is being nationalised, and a German consortium, wrongly or rightly, refused the terms that Shell among others accepted for an Iranian offshore concession at the turn of the year.

One would expect any influence that Bonn exerts on the oil business to be positive towards German enterprise rather than negative towards foreign—though what remains of purely German oil enterprise has so far, perhaps, been more notable for its readiness to seek bigger restrictions rather than to accept big risks. Germany is a huge and rapidly expanding market for oil; and the volume of sales that it offers is attractive even though chaotic prices squeeze down the profit margins per barrel. Even if government policies were able to keep coal's 140 million tons a year inviolate—which they will not—oil and later natural gas will power all the dynamic of German economic growth. The country's long run of payments surpluses has provided potentially a highly secure base for foreign investment, without the constraints affecting the United States today. Given government encouragement, there should be some German capitalists ready to take a larger part of the risks of foreign oil supply—as well as the hugger-mugger of its market.

Rating Reassessed

The rating revaluation that burst upon the country in the early months of 1963 came when the fortunes of the Conservative government seemed to be at their lowest ebb. In the ensuing storm of protest—for which underlying discontent with the rating system was probably as much responsible as the actual redistribution of the burden then foreshadowed—the government felt obliged to make two concessions. Interim relief was given by Act of Parliament to some individuals and certain authorities; and the Allen committee was set up to report on "the impact of rates on households . . . (and) circumstances likely to give rise to hardship." Meanwhile rating has continued to be a subject for routine grumbling, but the storm has subsided and been forgotten. This week the Allen committee reported.

RATES are a touchy subject, especially among traditional Tory supporters. The Allen report identifies two main reasons. Unlike income taxes, the yield from rates does not automatically increase with money incomes; and the consequent increases in rate poundages *seem* unfair. Secondly rates, unlike most other taxes, are paid directly by the individual, and, worst of all, in big, budget-wrecking, lumps twice a year. More frequent instalments, although more costly for local authorities, would make the burden feel less heavy, and are clearly favoured by the committee.

As the chart shows, the widespread belief that rates have long been a continually increasing burden turns out to be wrong. But the proportion of rates to gross national product, to total taxation (including rates), and to net personal incomes, has been rising in the last few years. And evidence to the committee suggested that the future trend of rates is causing as much concern as their present level. This, then, is an emerging and relatively new problem. And the discussion on which local services (if any) ought to be financed wholly by the central government (teacher training, student grants?) ought to go on.

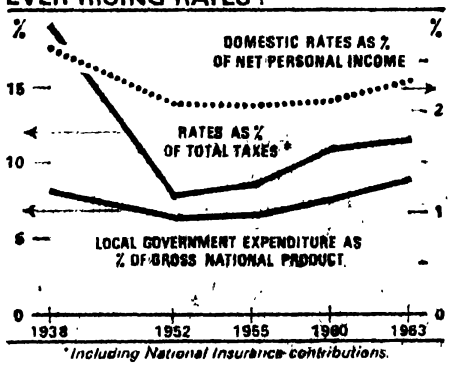
The main effect of the 1963 revaluation was to increase further the share of rates borne by industry and commerce. This is politically easy but as the committee reiterates (for those who want to listen) "rates paid by commerce and industry are ultimately borne by people and not by some abstract entity." Among households, the general effect of the revaluation was to redistribute the burden, with those living in London, or areas of high population-increase tending to come off worst, especially if they lived in modern property, or flats, or bungalows. Those living in areas particularly full of retired people, from which so many cries of agony were heard in 1963, suffered also because these areas do not normally get rate deficiency grants and have little industry.

Unfortunately a discussion of the advantages and disadvantages of rates as a method of financing local authority expenditure lay outside the committee's terms of reference, although its labours will enable this type of discussion in future to be better informed. The economic characteristics of rates as a form of taxation are examined in some detail. Thus under close inspection rates turn out not to be really a tax on wealth at all. This function was fulfilled by the old schedule A income tax, the abolition of which benefited owner occupiers at the expense of everybody else. Rates are more akin to an indirect *ad valorem* tax on accommodation. The tax varies in proportion to the accommodation bought, in the same way for example as does the tax on tobacco. Those moving from bungalows in Birmingham to bungalows in Bournemouth are buying more accommodation, not by floor space but by value. If rates came to be seen in these terms, instead of as an arbitrary levy to pay for local services that other people receive, there would be far less grumbling.

In fact, if rates are regarded in this light—as an indirect tax on a necessary service, namely accommodation—the impact of rates on individual households turns out to be what one would expect. The impact is sharply regressive in relation to *income*. As a percentage of disposable income rates vary from 8.2 per cent for households with incomes under £312 a year to 2.2 per cent for those with more than £1,560, in England and Wales. In Scotland, where rents (and housing conditions) are lower, the variation is from 9.8 to 2.6 per cent. There is a direct relationship between rates paid and the household's income, but as income rises rates grow only slowly.

Just what this means in terms of hardship for individual families is examined in the second half of the report. Indeed, because hardship caused by rates cannot be distinguished from hardship as such, the second part of this study may have wider significance at a time when the whole mechanism of social security is under review and the Labour party is cautiously feeling its way towards relating benefits more closely to evidence of need. Because the National Assistance Board generally allows for rent and rates in full, hardship is usually to be found among groups in that band of the incomes spectrum where the household cannot (or will not) draw National Assistance, but is not affluent enough to pay income tax. The committee then applied a more precise definition which isolated this group of households as a "special study group." Of all households where the head of household was earning, 9 per cent (1.1 million) fell into this group. But for retired families, in addition to the 33 per cent drawing national assistance, a further 26 per cent (1.2 million) fell into this special study group, of whom two-thirds, the committee estimate, would be eligible for national assistance if they applied. Of the families falling into the special study group, half of the retired ones have housing costs amounting to more than 23 per cent of their income. Rates are not really the critical factor: if the poorer three-quarters of all special study households were exempted from rates, only 16 per cent of retired ones and 11 per cent of earning ones would then move up out of the "special study group."

EVER-RISING RATES?



*Including National Insurance contributions.

However, the cost of exempting poorer households from rates altogether would not bear very heavily on the remainder of the community. For only 14.5 per cent of the total rate revenue is contributed by households with incomes below £520 a year.

The committee also studied the effect of the 1963 revaluation. It turns out that only 2 per cent of all retired householders (less than 100,000) suffered "shock" rate increases in 1963. These are householders whose rates increased then by more than 10 per cent of the extent by which their income exceeded income tax allowances (which the committee took as an indicator of basic living costs). One wonders how many of these were in those protesting south coast resorts—where average retirement incomes are far from low.

Exempting poorer households from rates is impossible at present because the appropriate machinery does not exist. This report will do great benefit if it turns official thinking towards the possibility of one single subsidy, related to individual need, operated through special Whitehall grants. This subsidy which might then replace both national assistance and local authority housing subsidies (given by letting council houses at sub-market rents) and "landlord" housing subsidies (where rent control applies) could be tied to individuals instead of houses, thus stimulating mobility. Into this framework a rates subsidy could quite easily be fitted.

BUSINESS □ BRITAIN

BANK CREDIT

A Squeeze Pressed Home

ONE'S guess last November that the current credit squeeze might be the toughest yet is now being confirmed by the banking figures. Following the contra-seasonal drop in advances over the turn of the year, the London clearing banks now show a rise in advances in January/February of only £100 million including £6 million to state boards; this compares with increases in the two previous years of around £150 million at this peak tax paying season. This successful limitation in bank advances is the more significant since in contrast with earlier periods of credit squeeze the banks are not this time working with the tide: for the *demand* for advances is not at present being held down either by any real reversal yet of the speculation against sterling or by a down-turn in the domestic economy. To this extent, the banks' success in holding advances down reflects more active use of the pruning shears by the advances controllers. And while the banks have naturally noted the official request asking them to spare "investment programmes of manufacturing industry" the cuts in large advances that the banks have felt obliged to seek can hardly avoid any such impact in practice. The success of this credit squeeze therefore increases apprehensions of a down-turn in investment, and in the economy itself, towards the end of the year.

LONDON CLEARING BANKS
FEBRUARY 17, 1965

	£ mn.	%	Change on Month	Change on Year
Gross deposits	8,672		−204	+481
Net deposits	8,182		−197	+424
Liquid assets	2,597	29·9	−254	+146
Cash	697	8·0	− 5	+ 43
Call money	842	9·8	− 2	+138
Treasury bills	611	7·0	−251	−157
Other bills and liquid credits	447	5·2	+ 4	+122
Risk assets:				
Gilt-edged	966	11·4	− 55	−147
Other market investments	122	1·4	nil	+ 4
Advances*	4,572	54·8	+100	+403
(to State Boards)	44		+ 6	− 34

* Excluding all items in transit except ratio of advances to deposits: all ratios are of gross deposits.

Bank liquidity was down by just over two points in February even after sales of £55 million of gilt-edged. The average liquidity ratio of 29.95 per cent still leaves sufficient margin above the 28 per cent minimum, but the position of some individual banks is tight—the Midland is at 28.9 per cent, and its advances ratio is no less than 56.7 per cent; Sir Archibald Forbes, its chairman, stated in his annual report that he saw no reason why the ratio should not rise "somewhat further" beyond 50 per cent, but it is doubtful whether he meant this far. And the outlook for bank liquidity is still uncertain. A fall of £250 million in the banks' holdings of Treasury bills in February has reversed the January increase; but the total volume of outstanding tender Treasury bills in issue is now down by £560 million since the beginning of the year and at £2,440 million is the lowest since 1952. So much for orthodox convictions that Britain's payments troubles must be due to inflationary government finance.

KEY INDICATORS

THE BRITISH ECONOMY

ENGINEERING ORDERS

Still high. Order-books continue to lengthen.

CAR SALES

Still buoyant for new cars. Signs of **softening in demand for used cars.**

	Month	Index 1958=100	Percentage change from: Previous month	Three months ago	Twelve months ago
Industrial production *	December	132	+1	+4	+5½
employment *	December	104·9	+0·4	+0·4	+1·5
productivity *	December	126	+½	+3½	+4
Export trade *†	January	127	−3	+6	+10
Retail trade *	December	120	−1	Nil	+½
Eng'g. orders on hand‡	December	166	+1	+5	+19
Unemployment*	February	74·8	−3·1	−7·6	−24·1
Wage rates (weekly)	January	126·1	+0·6	+1·5	+4·1
Retail prices	January	118·0	+0·3	+1·5	+4·6
Export prices	December	108	Nil	Nil	+2

** Seasonally adjusted. Indicators of export and retail trade reflect movements in volume terms, i.e., in value at constant prices. Unemployment indicator refers to numbers wholly unemployed, excluding school-leavers.*

Total unemployment level in February running at an annual rate of 1.4 per cent. †Provisional. ‡End of period.

RESALE PRICE MAINTENANCE

Cheers!

AMONG the 700 applications that the Registrar of Restrictive Practices received to keep resale price maintenance on branded goods when RPM becomes illegal on April 30th, were 100 covering wines and spirits, including some from The Distillers Company. But Distillers has now decided that its case is not worth fighting. It has withdrawn its application, publicly announced the end of RPM on its whisky, gin and vodka, and started a cut-price spree among those supermarkets that have off-licences, to the benefit of customers who appreciate 6s. to 7s. off the hard stuff and which, if other distillers and importers follow suit, as they had started to do the next day, is bound to affect the specialist off-licence.

More important than the effect of Distillers' action on the chi-chi end of the booze business is its effect on other manufacturers in other industries who have applied to keep RPM on several thousand separate products. The Registrar was originally surprised at the numbers: it was estimated that some cases might take as long as two years to prepare. Many manufacturers seemed to have felt an application had a better chance of surviving scrutiny by the Court if it applied to a narrow range of products—say, one's own—than if an industry presented its case through its trade association. Distillers' action, taken on legal advice, suggests disagreement. It will not influence the hard core of RPM supporters; there is no sign, for example, that a company like Cadbury will do anything but continue to fight for RPM. But a substantial number of manufacturers may have put in applications purely on the off-chance of getting them through the court. These might well decide not to fight if the first few cases—expected to include sweets, drink hard and soft, shoes, furniture and television sets—were to go against those industries. Manufacturers can legally continue to enforce RPM until their cases are heard. But after Distillers' decision not to fight, will they want to?

THE DEFENCE BILL

No Room for Manœuvre

THE impact of a single costly aircraft like TSR 2 on estimates drawn as tightly as this year's defence budget goes a long way towards explaining the continuing pressure to cancel it—almost regardless of whether the aircraft works or not. Assuming the Government's object is to keep the annual outlay on defence as near as possible to £2,000 million, then in the 1965-66 estimates, more than half is pre-empted to feeding, paying, housing and carrying about the 865,400 servicemen and civilians employed on defence. This sum of close on £1,200 million can only be reduced by cutting numbers, which can in turn only be done by reducing the country's military commitments. Which at this stage Mr Wilson does not appear prepared to do.

On the figures that the Prime Minister gave to the House of Commons, the cost of 140 TSR 2s would be £300 million on current estimates for research and development (about a third of it already spent), and £450 million for production. But research spending across the whole defence spectrum is running at only £200 million a year, and out of an impressive enough looking production bill of £740 million, only £281 million goes to the RAF. Shoehorning a £750 million project into an aircraft production-and-research budget of considerably less than £500 million a year means that if the Air Staff gets TSR 2, it will get precious little else during the next few years while TSR 2 is being developed and delivered. One supersonic fighter and one very advanced freighter have already been killed because they required higher research spending than the budget could permit. Pressure on the British Aircraft Corporation to reduce its estimated price for TSR 2, which it can only do by reducing its share of the company's overheads, has now become exceedingly strong, and on the final out-turn may depend whether this aircraft survives. The RAF simply cannot meet the bill as it stands. The ball is now in the company's court.

ATOMIC ENERGY

Change at the AEA

LAST Thursday, at a public lunch organised by the House of Commons scientific ginger group, the Prime Minister made a specific and surprising reference to under-employment among the scientists in the Atomic Energy Authority and to the government's decision that they should in future do research on a much broader basis, venturing a good deal outside atomics into engineering and engineering materials. This is the most dramatic change yet suggested for the authority since it was formed eleven years ago. Its 37,000 staff has been under-employed for years, ever since the steam went out of atomic research; so have many of its magnificent capital resources. But no one had expected much to be done about it, or so quickly. Very little about the changes the government has in mind have leaked out; Mr Wilson's reference was the nearest anyone has come yet to an official announcement. But Mr Cousins has been in and out of the authority's London headquarters a good deal, and the managing director of the soon-to-be-enriched-by-£25-millions National Research Development Corporation has just been appointed to the AEA board.

Since any move to exploit properly the AEA's considerable talents is to be welcomed without reservation, this is not the time to ask of Mr Wilson or Mr Cousins what it is they expect the authority to do. But the Ministry of Technology has now had four months to work on its schemes for fostering innovation in industry, schemes in which the authority is presumably now going to figure quite substantially. It is time the ministry explained what it had in mind and what sort of criteria—if not the crude but effective one of profit—it intends to use when supporting or not supporting new ideas. The Prime Minister spoke, in the same context in which he discussed the AEA, of industry's reluctance to innovate when times were good, and its inability to do so when times were bad. But the group of scientific advisers that he has just so misguidedly disbanded have said specifically that British industry does not take to new ideas because it is too sheltered from competition to bother. Members of the Ministry of Technology have been savagely critical in private of the bad habits and bad designs of large sectors of industry. But they give little sign of having read and appreciated this particular explanation of the reasons why.

MANPOWER

200,000 More Workers Found

ONCE again the Ministry of Labour has failed to keep track of the number of people employed in Britain's service industries. Once again a year of lower productivity than had been thought. Results published this week from the count of national insurance cards at mid-1964 show that the Ministry had underestimated civil employment at that date by more than 200,000 (150,000 women and 60,000 men) or 0.9 per cent. It had failed to count, not only last year but any other year, some 80,000 GPO workers, lost in a no-man's world between Whitehall and the communications industry. Most of the rest of the upward revision was in catering and miscellaneous services. The Ministry was well on target for the manufacturing sector as a whole but —curiously—had overestimated the number of public servants.

Statistics-wise, this is still a pretty pathetic picture. Even now, after this annual revision, the period of obscurity about numbers at work has been reduced only from 20 to 8 months: the most recent estimates are subject to further revision when the next count of insurance cards is taken in June.

IMPORT SURCHARGE

A Rush When it Falls?

THE import surcharge may prove as unsensational in its partial demise on April 26th as it was ineffective in its immediate application. For goods like cars that are produced in series and can be brought forward fairly quickly from the factory, there is likely to be a slowing down of imports into British ports in March and April while stocks already in the country are run down and a bit of a rush the day after the

surcharge drops from 15 to 10 per cent. For other goods, the surcharge may then be only beginning to bite. It will still, after all, remain at 10 per cent, and business does not expect to see a further lowering of it until the autumn. Some of the orders that have been held off for a few months to see when the surcharge would be reduced and how fast, may be cancelled altogether—especially if the Budget looks like being deflationary on balance.

Talking to importers shows that the surcharge has had an effect already in some sectors; and also that it has generated a good deal of confusion and uncertainty in trade, which will not be cleared up for some time. Volkswagen Motors Ltd., the biggest importer of foreign cars into Britain, set up a temporary depot at Ghent when the surcharge came into effect where it could park some cars until the levy was taken off again. This was considered practical even though the company is sure that keeping dealers' stocks at an adequate level in Britain is far more important for its profits than avoiding the paying of a 15 per cent penalty. When the Government's autumn measures were announced, Volkswagen Motors reduced its import programme for 1965 from 28,500 cars to 25,500. Even so, because credit restrictions meant that car sales advanced less rapidly this winter than last, the company has been able to leave 1,500 cars under cover at Ghent without running down dealers' stocks in Britain to any extent. The stocks are likely to be trimmed slightly in April, a little closer to the surcharge reduction, but the company is determined to avoid risking a shortage just at the time of the year when sales can be expected to be briskest. After April 26th, of course, the cars at Ghent should begin to come in fast—unless sales are slow, and it seems worth while to hold them there for the next reduction. Fiat, which imported 10,500 cars into Britain last year, has not begun a continental stockpile, but stocks in this country have been run down slightly to lower the impact of the surcharge (and 7 per cent Bank rate).

One of the big shipping and forwarding companies, on the other hand, reports that forward orders for the goods it handles (mainly textiles) have dried up completely since the surcharge was introduced, and are not likely to recover until the wholesalers can unload some of their stocks on to retailers—who, after April 27th, will be expecting the surcharge reduction to be passed on to them, whatever was paid on the goods actually coming in. From this shipper's viewpoint, the surcharge has had an effect that should show up in the months to come, and one that will not unwind itself for some time.

EXPORTS

Tipping the Wink

EXPORTS of false eyelashes have now reached a level where the leading company, Eyelure, has had to open a factory in New York to meet local demand. With 90 per cent of the eyelash market, Eyelure started 17 years ago concentrating then mainly on stage make-up where false eyelashes are important. The company now has a staff of 850, making eyelashes largely by hand, and out of a total of 1,062,000 pairs produced last year, retailing at an average of 15s. a pair, three-quarters went abroad, more than half the total output to the USA and 230,000 to other markets ranging from Aden and Iceland to Thailand. Although export demand is rising fast, the home market has increased hardly at all in the past two years. The fashion for false eyelashes hit Britain in 1962 and the younger members of our staff report that the more with-it Londoners no longer wear them. Eyelure, sensing perhaps the fickleness of the market is broadening its range to include other sorts of cosmetic engineering, particularly false fingernails; output of these already doubled from 200,000 in 1963 to 400,000 last year. These, our correspondents inform us, are just beginning to scratch on.

LONDON DOCKS

All Clear for How Long?

DESPITE the hullaballoo raised by the port employers when London dockers decided against weekend work, the backlog of goods that threatened to choke the Port of London only a few weeks ago has been cleared by ordinary week-day overtime. Measures introduced by the Port of London Authority to curb the last-minute rush of cargo to the docks helped a great deal, so did PLA's apparently successful efforts to keep in closer touch with exporters on the movement of cargo to and from the docks. The Port of London appears to be moving towards a five-day-week, although shipowners are reluctant to adjust their schedules in case the men decide to work on weekends again in the future. Some dockers are beginning to suspect they have even worked themselves out of a job. Last week, 1,300 out of 25,000 working in the London docks were unemployed. This is 700 fewer than were out of work during the same week a year ago—but a year ago, as they remember, the docks were on a regular 7-day week.

The port is admittedly going through its usual seasonal lull—there are indications its traffic has also been affected by dock labour troubles on the American eastern seaboard. But inevitably, the rising unemployment—after recent congestion and labour shortage—is being exploited by Mr Jack Dash's increasingly influential unofficial "ginger-group" that operates in the Port of London. This is now trying to persuade dockers to stop overtime during the week as well as weekends, and it is weekday overtime that has kept the goods moving. In the meantime the port employers are starting to get worried about the dockers' holiday season that starts in May and is likely to reduce the labour force by about the number of men now out of work. They are even more worried by the latest set-back, to decasualisation, this time from the tally clerks.

CAR PRICES

Wrong Time for a Rise

PRICE increases in some of the cars made by the British Motor Corporation have coincided, more or less, with hire purchase returns for January showing the first sign of a slowing in the motor boom. Hire purchase sales of new cars were up by 10 per cent on the year before—itself a record January—and registrations were up by slightly less: but sales of used cars on HP were up by only 1½ per cent when they had been rising at a rate of between 10 and 20 per cent during 1964. Used car sales are a generally reliable guide; if they slow down, sales generally often do the same.

BMC's prices go up early next month, and not only on the 1100 and 1800 ranges where demand still outstrips supply. BMC may well reckon that the traffic will bear an increase of up to 10 per cent in the price of the 1800; some people in the trade were surprised when it was originally priced at £770, only last October. But BMC can hardly pretend that costs wholly justify any significant rise in price for this model now unless it miscalculated them a few months ago; perhaps it needs some talent of Issigonis quality on the costing and production engineering side. The Mini range is not affected this time; BMC raised the price of that last October, when it was given "Hydrolastic" suspension.

On the whole, over the years, the real price of private cars goes down in terms of what the motorist gets for his money. But in order to keep the general price-level in the country anywhere near stable, the price of mass-produced products like this need to go down; as the volume of sales rise, their manufacturers have more chance to offset rises in prime costs than most other industries have. The motor industry is not one of those that have applied for exemption from the abolition of RPM, so these may be the last retail prices BMC ever formally sets. But it will probably go on recommending prices to new car dealers for its models: so Mr Brown may yet have something to refer here to his prices review body when it is formed.

TRUSTEE SAVINGS BANKS

What Follows Cheques?

THE announcement this week that Trustee Savings Banks will be able to introduce their own cheque service from May 21st comes as something of an anti-climax. It is no less than six years ago since the trustee banks submitted to the Treasury their proposed scheme for issuing cheques. Yet it seems that even after this long period a number of the savings banks will not be ready to bring the scheme into operation

until later in the year. The big question now is what response they will get. Any of the ten million depositors who want cheques will have to open non-interest bearing current accounts. They may have something of a shock at the price of this new facility. The cost will be 1s. a cheque, of which 6d. will go to the clearing banks for the use of their clearing system, and another 2d. in stamp duty. But there will be an allowance of 10 free cheques a half-year for each £50 of retained balance; the current average balance on ordinary accounts is at present around £100. From the beginning the clearing banks made it clear they had no intention of making their clearing facilities available on the cheap and there was no question of the costs of the cheque service being subsidised by profits from other departments.

One key point in its favour is that if the scheme really gets off the ground it should reduce some of the long queues (particularly on Saturday mornings) at the banks' counters. These are particularly time-consuming at the end of month when there is a heavy concentration of salary credits. The trustee banks are making a sensible appeal for staggered pay-days which would result in a smoother flow of credit, but attempts to persuade some large employers to do this have so far met with little success. The trustee banks could make their own contribution by extending their hours of opening, though these are already a good deal more flexible than those of the clearing banks. And while the clearing banks have always fought shy of having much to do with unit trusts the trustee banks are now looking closely into the possibility of setting up a TSB unit trust. But opinion in the movement is divided; there are those who see the need to offer despositors some additional protection against inflation while others are reluctant to give up the £ for £ principle, the keystone of the movement's growth which has taken it through the £2,000 million mark in the past year.

GOVERNMENT AGENCIES

GEC Takes Over

FOURTEEN years ago the Ministry of Supply established an electronics laboratory at Stanmore as an "agency": i.e. under Ministry ownership but operated by a private company—in this case the General Electric Company. GEC has just bought this laboratory from the government. Many such agencies were set up to carry out specific projects—mainly research and development, or production. The usefulness of the purely production plants declined after the war and the last such agency agreement—with Leylands—was terminated in 1957. There are only about half a dozen agencies left and four operating companies. GEC still operates one agency and Rolls-Royce has the Spadeadam Waste rocket test establishment in Cumberland.

GEC hopes to widen the purely commercial side of the laboratory's work (much is still on defence). It is already doing well with a device that irons out the fluctuations on voltage in a power supply that ruin a normally designed transistorised unit by tremendous "transient surges" in voltage. But expansion depends on staff; well over twenty have "drained" to the United States; and, at the moment, GEC has about seventy vacancies at Stanmore.

SHORTER NOTE

A national building company was recently awarded a contract by the LCC to build homes for 170 people in ten blocks. "The construction of the blocks is of interest," runs the press notice sent out on behalf of the contractor, "in that the walls will be built entirely in traditional load-bearing brickwork." Unique museum piece?

SHORTS

What to Do?

DURING the recent aviation debate, the Government announced its intention of getting Shorts in Belfast out of aircraft and into some other industry; this was followed by visits from, first, the Department of Economic Affairs' Mr Catherwood and then the Ministry of Aviation's Mr. Stonehouse, who said in Belfast on Tuesday that the Government was appointing consultants to "review the company's potential." This is by no means the first attempt to set Shorts' affairs in order. The company is 69½ per cent owned by the Government, is the largest engineering employer in Northern Ireland, and after the recent aircraft cancellations on which it was relying for sub-contract work, faces shut-down at the end of next year. In a region where unemployment is a steady 7 per cent, Shorts' 8,000 men need to be found work. But does it have to be at Shorts? It has always been assumed that it must; however. . . .

Northern Ireland lacks engineers more than it lacks any other sorts of skills. The absence of them is often cited as a deterrent to industries that might otherwise establish there. The government at Stormont sponsors elaborate training schemes to increase their numbers, while Shorts hangs on to those it has and spins out work in a way that increases its overheads to a point where, to be competitive, the company finds itself running at an annual loss of £2 million to £3 million in recent years. (It was advanced £10 million by the British Government in order to pay for work in progress while building its military Belfast freighter.) It is generally assumed that if Shorts stood off men, they would not find alternative work. But talk to the men in Belfast's labour offices and they will claim that given adequate notice of redundancy, they could place these men. Skilled engineers, they say, do not come through the labour exchanges, they find their own jobs. And they cite 10,000 stood off by the shipyards who in some mysterious way found work where none was thought to exist because a good number of them had the right skills.

This sort of talk from men on the spot is not taken specially seriously either at Shorts or in Whitehall; the present government would probably regard it as a risk that it dare not take. The most likely probability is that Shorts will be given yet another capital grant, this time to buy companies as going concerns whose production could then be switched to Northern Ireland, so giving Shorts a ready-made distribution network in markets that it would be entering for the first time. It could take five years, probably more, before the company could complete the change-over from mainly aircraft to mainly—say—precision engineering and machine tools, and show a profit on the translation. The difficulty in diversifying any aircraft business is that aircraft factories are usually unsuitable for anything but aviation; only part of Shorts' plant could, in fact, be converted to general engineering. So the question arises whether, if the Government is prepared to spend an unspecified number of pounds in order to keep engineers in Ulster (emigration out of the six counties has risen from 600 to 2,000 a year), the further propping up of Shorts is the best way to do it. This will depend on the sort of proposals that the management of Shorts—which to its credit has given this a great deal of thought—has put before the Government. But the views of the men at the labour exchanges ought, perhaps, to be sounded, too.

PIA maintenance standards—among the industry's highest

During the last five years PIA have cut delays for engineering reasons from 3.1% to as little as 2.1%. This is a fact; and a fact which goes a long way to explain this achievement is PIA's own standard of maintenance. Among the highest in an industry of high standards, it has won for PIA the admiration of aircraft manufacturers and airlines alike, while seasoned travellers the world over say PIA are great people to fly with.

LONDON FRANKFURT MOSCOW GENEVA
ROME BEIRUT TEHRAN KARACHI DACCA CANTON SHANGHAI

PAKISTAN INTERNATIONAL AIRLINES

GREAT PEOPLE TO FLY WITH

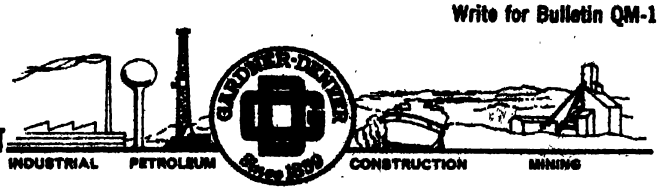
the international passport to smoking pleasure

so much more to enjoy

SEE WHAT AIR IS DOING NOW. It's carving the keyway for the world's highest earthfill dam: the huge hydroelectric project on Canada's Peace River. Gardner-Denver "Air Trac"® drills, air-powered by Gardner-Denver portable compressors, help blast 750,000 cubic yards of rock from riverbed and canyon walls. This giant cut, filled with concrete, will "key," or anchor, the dam to soar 615 feet above. Air and Gardner-Denver team up on large jobs and small: in oil well rigs, production machines, line assembly tools around the world. See what air can do for you. **SEE GARDNER-DENVER**

Write for Bulletin QM-1

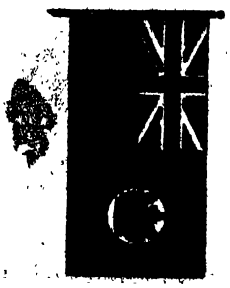
GARDNER-DENVER
INTERNATIONAL DIVISION



QUINCY, ILL., U.S.A. New York, N.Y.; Caracas, Venezuela; Northwood, N.S.W., Australia; Brussels, Belgium; London, England; Rio de Janeiro, Brazil; Lima, Peru; Stuttgart-Bad Cannstatt, Germany; Buenos Aires, Argentina; Barranquilla, Colombia; Santiago, Chile; Johannesburg, So. Africa; Ndola, Northern Rhodesia; Stockholm, Sweden; Auckland, New Zealand

Chaseman Harold Sardeman helps a customer in Hong Kong

In Hong Kong, too, you have a friend at Chase Manhattan



Chasemen know Hong Kong intimately.

They understand its people, its economy, its banking system.

From their branch at 15 Queens Road-Central in Hong Kong, they can help you with any international business or trade transaction.

As a matter of fact, anywhere in the world you choose to do business there's a Chase Manhattan branch, representative or correspondent bank to serve you.

And wherever you live, wherever you trade, Chase Manhattan can help you. We ask for the opportunity.

THE CHASE MANHATTAN BANK

Head Office: 1 Chase Manhattan Plaza, New York, New York 10015 · Member F.D.I.C.

BUSINESS INTERNATIONAL

SWISS ECONOMY

Maisons Oui, Inflation Non!

Geneva

SWITZERLAND must be the only country in the world where a credit squeeze can be stopped by referendum. Because the constitution is as strong as the powers it gives the central bank are weak, the government must ask for a popular vote to endorse the limitation of credit and of foreign investment in Switzerland which it has imposed on the banks since March 1, 1964, giving force of law to an earlier "gentlemen's agreement." This, and a plan to check the building boom, were introduced by an emergency procedure which must be sanctioned by referendum within a year. The year expires this Sunday, February 28, so the vote is being taken that day.

Under the credit restrictions, the banks may not pay interest on foreign funds or invest them in real estate or Swiss securities. The Swiss franc counterpart of foreign funds remaining in Switzerland must be deposited in a blocked account with the National Bank. The growth of bank loans must also be limited to 79 per cent of the 1960-1961 growth, and to 120 per cent for mortgage loans. In the building sector, under the federal plan, some types of building are banned for a year (dance-halls, swimming pools, concert halls), some are unrestricted (workers' housing, hospitals), and others are subject to authorisation; and each canton has been given a building quota which it may not exceed.

The opposition to the federal measures comes principally from the building industry. The price of building land has stopped rising, and builders have begun to tender again for public works projects. Some people in the industry are now beginning to say that the government has caused a recession rather a grotesque accusation considering the total lack of unemployment. Small businessmen—along with the Migros retail chain—and the communists are also against. The unions and the big economic and banking associations are backing the federal authorities. If the result of the referendum is negative, it is known that the authorities mean to put the gentlemen's agreement on credit back into effect. The best forecast seems to be that the credit restrictions may be accepted by a narrow margin and building limitation rejected.

From Sicily—and back

Brother, Go Home!

Milan

JUST when the Italian economy seems to be touching bottom, Italy may find itself with an extra hundred thousand unemployed on its hands. They are the seasonal labourers who at this time of the year would normally migrate to Switzerland to find work. But the Swiss government is now trying to solve the country's pressing balance of payments problems partly by cutting down the numbers of foreigners working in Switzerland and sending money home. Altogether about 500,000 Italians are working in Switzerland which is not, of course, bound by the common market treaty regulations which guarantee free movement of labour within the six-nation Community.

Under the new Swiss controls, only workers with a signed contract are permitted to enter the country. A few hours after the controls went into effect about 1,500 Italians had been turned back at the border, and in Lugano dozens of others without proper working papers were rounded up and shipped back in buses. In Italian border towns emergency centres had to be set up to help them. The Italian government has protested through diplomatic channels.

Fortunately for Italy, there is a continuing thirst for labour among its common market partners. A recent report of the Brussels Commission forecasts 500,000 job openings in the common market during 1965, and it is estimated that at least 120,000 of these can be filled by Italian labour—and probably more, since Italy is the only common market country which still has surplus labour. Another consolation for Italy was the agreement signed this week guaranteeing Italian workers and their families equal treatment with their German co-workers in west Germany.

AID

Cold Douche for Horowitz

THE staff of the World Bank has now reported on the proposals for expanding "soft" aid to the developing countries made by governor Horowitz of the Bank of Israel at Geneva last summer. Though the report reaches no formal conclusion, it can only be read as negative. The essence of the proposal, made at the United Nations conference on trade and development (UNTAD), was that the developed countries should allow the International Development Association, an offshoot of the World Bank, to raise $2,000 million a year on their capital markets and lend it to the developing countries for up to 30 years at 1 per cent. The governments of the lending countries would make up, out of their own resources, the difference between the 1 per cent yield and the rate at which the IDA bonds were sold, and would fully guarantee both principal and interest. Later, discussing the proposal with the World Bank staff, Mr Horowitz lowered his sights to the more modest aim of raising $600 million a year for an initial five years. The bank staff report shows that trying to organise the collective guarantee would be extraordinarily complicated, and it might never be really credible. The report suggests, in effect, that it would be both cheaper and politically easier to get the money raised by individual national governments.

The bank men canvassed opinion in the New York financial community, and were told that it would be extremely difficult to raise half the annual amount there and in

Canada, unless the United States and Canadian governments took full responsibility for repayment of the amounts borrowed. If they did, if there were no restraints on foreign borrowing at the time, and no other offerings on comparable terms were in sight, they should be able to raise $200-$300 million at 4½ per cent. But this might make the World Bank's own borrowing dearer. And in Europe, it seemed, the other $300 million could only be raised at the expense of the World Bank's requirements. The report also brings out the difficulty for a government of giving really convincing guarantees for obligations extending over 30 years into the future, especially where the default of the borrowers, or of other partners on the lending side, could increase the burden by an unforeseeable amount in the future. The World Bank quotes the "universal comment" in Europe that any contribution from European markets, of whatever size, would necessarily presuppose "a decision by the government concerned to make the proposal a part of its national purposes." In its original form the Horowitz proposal always looked like a non-starter. The World Bank is still studying the British-Swedish proposal for additional compensatory finance to be paid through the IDA to developing countries whose terms of trade suffer a long-term deterioration.

AIRCRAFT

War of Small Jets

THE German airline, Lufthansa, took the odd step several months ago of announcing publicly its preference for a short-range Boeing jet before the Boeing management had decided whether to put the Boeing into production. Lufthansa may have had some domestic reasons for doing so, the pressure being brought to bear on it by the British One Eleven airliner; but Boeing wanted an assurance of more orders than the [illegible] aircraft that Lufthansa would buy before going ahead; it wanted in particular an order from one or both of the two big American domestic airlines still uncommitted, Eastern and United. While Boeing dithered—its management sometimes seems as long-winded in reaching decisions about new aircraft as it is quick in getting them to customers once the decision is taken—other airlines sat on their orders waiting to see whether they should include the Boeing in their list of options or not.

Last weekend's announcement of Lufthansa's order indicates that Boeing has finally decided to go into production, four years behind the British Aircraft Corporation and two years behind the Douglas company—when BAC's One Eleven is about to go into service and Douglas's DC 9 to make its first flight. It suggests strongly that Boeing [illegible] And it demonstrates rather [illegible] the idea that a lead of several years in time is decisive in winning orders. BAC and Douglas have now approximately the same number of orders, about 78 apiece, although one started two years later than the other. How quickly will Boeing catch them up? Salesmen from Boeing and Douglas start with the [illegible] advantage that most of the [illegible] airlines fly their big jets, and can [illegible] maintenance economies by standardising on the aircraft of a single manufacturer. Thus Swissair is standardising on long and short-range Douglas aircraft, and Lufthansa is now standardising on Boeings. Until Boeing clambered laboriously off the fence, the British Aircraft Corporation could feel that against aircraft of approximately equal merit (and somewhat higher price) it had a good chance of sales to airlines using long-range Boeings, even if it started off at a disadvantage with those that flew long-range DC 8s. It is no use disguising how serious a jolt the Boeing decision is to BAC, which now has only the built-in loyalty of old Viscount customers to fall back on. The market for small jets is estimated at 1,000 aircraft, but spread over ten years. There was plenty of room here for a One Eleven and a DC 9, but add a Boeing, and on the fringes—so far unsuccessfully—a Dutch and possibly even a new French jet, and the market looks uncomfortably overcrowded.

THE EXCHANGES

Gold's Amber Warning

QUIETLY, unnoticed except by the few specialist dealers concerned, some ominous danger signals are flashing away in the world's gold and exchange markets. Potentially the most disturbing of all, demand for gold on the London market continues to be very substantial, and has been met only through substantial releases by the Bank of England on behalf of the central bankers' gold pool. This involves in turn a big gold drain on the United States, which in the first instance has a 50 per cent share in the pool; the rest is held by European central banks, who in the first instance put gold in the pool in exchange for dollars. But in present circumstances France certainly and others quite probably are likely to convert these dollars back into gold in New York; which would make the gold pool no more than a temporary cushion on the American gold stock.

A particularly worrying aspect of the recent demand is that some of it is believed to have come from small central banks. Formally it is open to any central bank to convert its dollars into gold at the Federal Reserve Bank of New York, at the fixed price of $35.08½ compared with around $35.17 in London. If in these circumstances central banks buy in London it must be because they prefer to avoid the apparent odium that gold conversion in New York might involve with the American administration or with Congressmen who may shortly be deciding on aid appropriations. Yet if these central banks buy in London, America still loses the gold. By continuing to supply gold freely when asked, yet giving the impression that it is embarrassing to be asked, the American authorities are getting the worst of both worlds. They would be well advised to make it very clear, very publicly, that gold is immediately and freely available to all comers. They should then find that fewer people come.

This has also been a mildly disappointing week for sterling, if only because it has been no better than neutral. For, now that it is just three months since the big November crisis, one should have seen the closing of the very large speculative positions taken out then. Instead, most of the forward sales of sterling made then have been rolled over, through spot purchases covered by new forward sales, particularly by the important American holders of large sterling assets in Britain who wish to cover themselves in their own currency. In these circumstances, and given the complete impasse between the French and Anglo-American positions on reform of the world monetary system, it is not surprising that some attention has been devoted to two new academic proposals for a wider range of exchange rate fluctuations.*

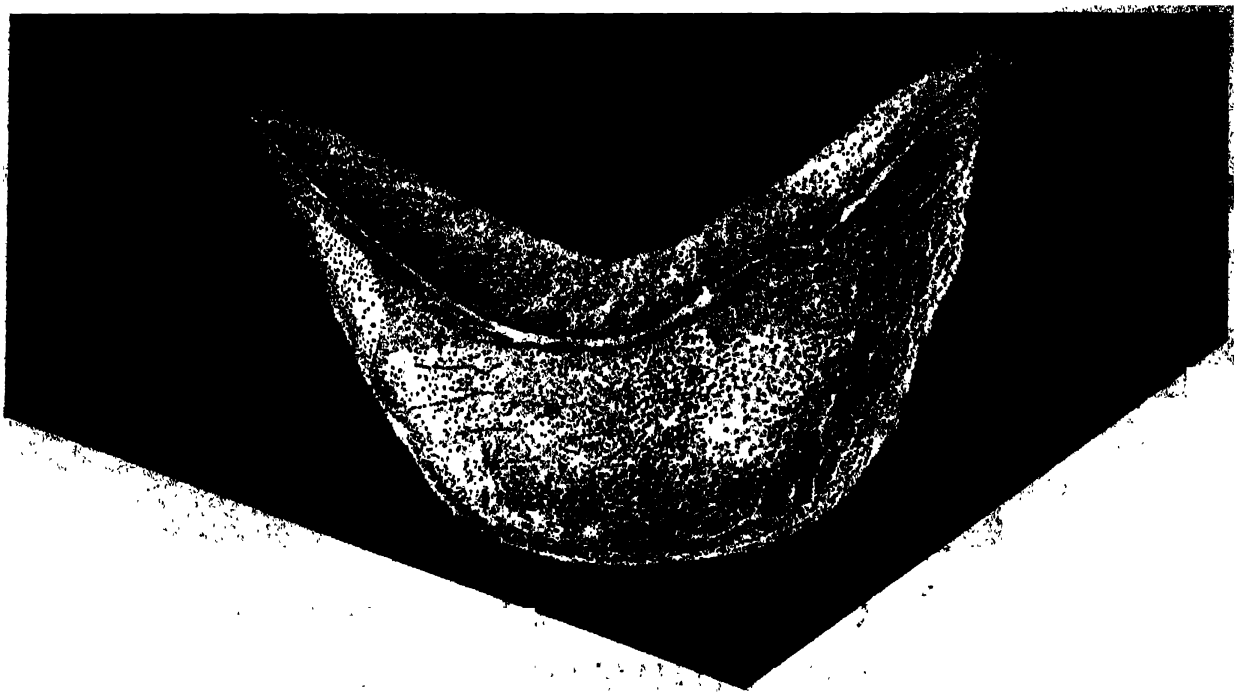
* *The "Band" Proposal: The Limits of Permissible Exchange Rate Variations.* By George N. Halm. Published by Princeton University. Price $1. *Money in the International Economy.* By Gottfried Haberler. Published by The Institute of Economic Affairs, 66a, Eaton Square, S.W.1. Price 6s.

NORWEGIAN BANKING

More State Control?

THE state is tightening its grip over banks and credits in Norway and may well get complete control over credit extension if present proposals are carried through. The government is considering setting up a state commercial bank to increase concentration in the system, which today consists of some 50 banks. With country-wide organisation the state bank could, it is maintained, improve credit facilities considerably. The existing banks have reacted strongly against this suggestion. They point out that their freedom to grant credit has been hampered for years by the authorities, and maintain that within the limits laid down all reasonable credit requirements have been met. Should a state bank be obliged to apply the same principles, there is no reason to believe that it would do better.

While a final decision was awaited, the government presented a bill some weeks ago which, if adopted, will greatly enhance its power to steer credit to the sectors which it thinks should be given priority. The banks again are strongly opposed—the chairman of the Norwegian Bankers' Association described it as "a jump from the constitutional state into the administrative state." Particularly controversial are the regulations on primary and secondary liquidity reserves—money to be held with the central bank, and treasury bills and bonds. Under the bill the banks could be



Solid silver "Shoes" were used as a form of currency throughout China until early this century. **Times and Customs change.** Today, trade and finance with the East require the full facilities of great international banking organisations. The Hongkong Bank Group offers such a service and can provide, immediately, the latest information and expert advice on all aspects of trade and finance in these areas.

THE HONGKONG BANK GROUP

THE HONGKONG AND SHANGHAI BANKING CORPORATION
HEAD OFFICE: HONG KONG
LONDON OFFICE: 9 GRACECHURCH STREET EC3

THE HONGKONG AND SHANGHAI BANKING CORPORATION OF CALIFORNIA
80 SUTTER STREET SAN FRANCISCO
212 WEST SEVENTH STREET LOS ANGELES

MERCANTILE BANK LIMITED
HEAD OFFICE: 15 GRACECHURCH STREET LONDON EC3
WEST END BRANCH: 123 PALL MALL LONDON SW1

THE BRITISH BANK OF THE MIDDLE EAST
HEAD OFFICE: 7 KING WILLIAM STREET LONDON EC4

Let the Westminster give you the facts on selling overseas

We will help you find markets, guide you through the labyrinth of regulations, and advise you on every financial aspect of the tough but worthwhile business of overseas trade.

A SUCCESSFUL exporter depends on precise information and expert advice. Did you know that both are surprisingly easy to obtain? Just lift your phone and ask to speak to the Manager of your local Westminster Bank. Why the Westminster? Because it combines the great resources of a major Bank, with world-wide experience. Here is an outline of the highly organised services that your Manager can alert on your behalf.

1. The Overseas Branch

(To give you the latest information)

Senior Representatives of the Bank travel the world to keep in personal touch with the fluctuations and opportunities of overseas business. In the last year, every continent has been visited. Up-to-date information is available about regulations and restrictions in foreign countries.

The Foreign Exchange room of the Bank has a big reputation for the speed with which it can quote the best rates for all foreign currency transactions.

2. The Commercial Information Department

(To help you find markets)

The department is in constant touch with thousands of banks all over the world, from which we receive information that often enables us to help you find the foreign market you are looking for.

Over the years we have also built up extensive records covering the reputation and commercial standing of foreign firms. You can quickly check on the standing of a potential customer.

3. The Economic Intelligence Department

(To help you make the policy decisions)

A specialist research staff of Economics Graduates collate information from all over the world. They can give you a clear picture of general economic conditions in any market you care to name; and the facts provided can help you in making your policy decisions (for example, whether to set up a subsidiary overseas).

The department also publishes brochures under the general title 'These are your markets'. Economic reports on countries not covered in this series and studies of aspects of trading can be specially prepared.

4. Foreign Business Centres

(To bring the service to your doorstep)

These centres at Birmingham, Bradford, Bristol, Leeds, Liverpool and Manchester complement the Overseas Branch in London. Staffed by specialists they can advise you in every aspect of import/export financing and will guide you expertly through the maze of export documentation. They will collect outward bills, arrange documentary credits and effect insurance on the passage of goods.

5. The Overseas Business Development Officer

(To visit you personally)

The officer is a foreign business expert who will visit clients anywhere in the U.K. and, if you wish it, attend your high-level meetings. In effect, you add an expert to your staff when making the vital decisions and planning ahead.

6. Westminster Branch Managers

(Men you can really talk to)

Everything starts with your Manager. He'll get to know your problems in a personal way, really associate himself with your hopes and plans. He'll make sure you get the best out of the highly organised services of the Bank. He'll make the whole thing work as you want it to. Above all, he supplies the human touch which is so pleasant a part of doing business with the Westminster.

Take action now. Ring your local Westminster Manager. Ask for the booklet 'A Handbook for Exporters', or write to Westminster Bank Ltd, Overseas Branch, 53 Threadneedle Street, London, EC2. Telephone London Wall 2866.

enjoined to increase their portfolios of government paper to an extent that would interfere seriously with their ordinary credit granting. In this respect, the bill goes far beyond what could be called for from the point of view of economic policy. It is also stipulated that the state should be able to differentiate between banks in regard to both their size and geographical location when applying the liquidity requirements. Another provision would give the government the right to fix maximum rates of interest for different kinds of credits. This provision is not intended for an emergency, but could be applied under normal conditions.

The new credit bill has no doubt a strong political bias and should be viewed against the government's partial failure to gain control over industry and trade directly. By regulating the credit flows it is hoped to achieve the same goal. The government will certainly do its best to have the bill adopted by parliament prior to next autumn's election. But it is rumoured that the Bank of Norway has recently begun to have doubts about it because of the risk that it would spoil its hitherto good relations with the commercial banks and put an end to voluntary collaboration between the authorities and the banks.

GERMAN TRANSPORT

Bundesbahn Takes On All Comers

Frankfurt

THE German state railway is facing the by no means easy task of reducing its high deficit (£100 million last year) although competition in transport is steadily becoming keener. The Bundesbahn sees the way out through cutting fares and tariffs and improving the services offered—and thus, inevitably, sharpening competition further. Since August last year, apart from a revision of the structure of rates for bulk traffic, many freight rates have been reduced by as much as 20 per cent to meet the growing threat from road haulage. The moves were successful: traffic has risen by 7 per cent in the sectors affected, and revenue increased 1.1 per cent. It goes without saying that road transport felt the draught, and inland shipping too is complaining loudly. In Britain, when coastal shipping raised a similar complaint, the last government ordered British Railways to raise its rates. The Bundesbahn has reacted with the cool statement that its new charges are based on costs and include a profit margin. The original charges, it says, were obviously excessive.

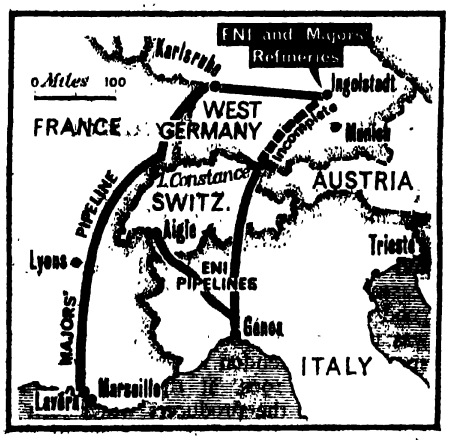
Efforts to improve services have come particularly in passenger transport. Here, a plan to heave the railways into competition with jet aircraft is taking shape. In the last few days the Bundesbahn has taken delivery of the first of a series of electric locomotives, intended for express passenger transport. The engines (mechanical parts by Henschel and electrical equipment by Siemens) have a maximum output of 12,000 horsepower and a cruising speed of 125 mph; it needs just 3 minutes to reach this speed from a standing start with a seven-coach train. The first of these super-expresses will travel twice daily from Munich to Augsburg and back this summer during the international transport exhibition. Next year such trains will be installed on an experimental stretch between Hamburg and Hanover. The ultimate aim is to build up a whole network of express connections like this for long-distance transport. It will be some years yet before that point is reached. The network would have to be set up completely separately from the traditional railway network, and the high cost may still prove a considerable obstacle although technical problems are said to have been solved. Another snag is that by the time the network is ready, flying time on domestic routes in Germany will be reduced considerably. Lufthansa is hoping to use the first of the 21 Boeing 737 short-haul jets it has just ordered by 1968. The transport battle looks like becoming hotter still.

BAVARIAN OIL

Is ENI Home and Wet?

Milan

THE Bavarian diet has at last approved the four-kilometre stretch of the Genoa-Ingolstadt pipeline that runs along Lake Constance. While this resolution is not binding, it gives the Bavarian government greater freedom of action to overcome the obstacles



still remaining and to give final approval on the safety measures that the Italian ENI group has agreed to take against pollution of the lake water.

The diet seems to have reached its resolution after ENI pointed out to Lindau's authorities that the safety measures were examined by an international arbitrating commission and that ENI had accepted its recommendations; that the amendment to the German federal law on public waters became effective only when 95 per cent of the pipeline had already been built; and that Switzerland and Austria had already approved ENI's safety measures long ago. But ENI is having the same problem with the district of Baden-Wurtemberg, north of Lindau, which is preoccupied about pipeline leaks that might pollute its ground-water sources. The Baden-Wurtemberg diet's economic commission was due to meet on Friday to study the matter: it will pass on its findings to the diet for final approval. But ENI does not expect as much opposition here as in Lindau.

Meanwhile ENI's Suedpetrol A.G. refinery in Ingolstadt will go on stream next month using Esso's Libyan crude for which ENI has a five-year purchase contract for 12 million metric tons. Initially the crude will be piped to Ingolstadt from Marseilles and the refinery will work at only 50 per cent capacity until the Genoa-Ingolstadt pipeline is ready.

FRENCH INDUSTRY

Steel Spreads its Risks

Paris

PONT-À-MOUSSON, largest of the French steel groups, is diversifying rapidly. It has just taken control of the Société Améliorair (turnover £8 million), which specialises in industrial air-conditioning and the manufacture of dryers for the textile and paper-making industries. Several months ago, Pont-à-Mousson bought two firms specialising in the manufacture of taps and valves for industry and the building trade: La Compagnie Générale de Robinetterie (COGERO), whose factory is at Saint-Sulpice-les-Ham, in northern France, and la Société Abbevilloise de Robinetterie (SAR). These take-overs were obviously not made at random. In industrial air-conditioning, Pont-à-Mousson already had a subsidiary, Eco-France, making hot air generators and various de-dusting appliances, with a turnover of over £2 million last year. Améliorair and Eco-France will now be able to rationalise their production. Améliorair is to become the first French manufacturer of appliances for industrial oil heating. In valves and taps, Pont-à-Mousson owned a factory at Sens with a £2 million turnover, specialising in the large hydraulic valves that go with the traditional cast pipe systems for water supply. Pont-à-Mousson has now widened its range to include precision valves for industry and central heating (SAR), and more up-to-date valves and taps (COGERO). In all, with its three factories, Pont-à-Mousson becomes the leading French valve and tap manufacturer and achieves European scale with a turnover of more than £3½ million.

Pont-à-Mousson does not make it a rule to dominate its market by becoming the leading producer. The group also accepts minority shares, as was the case recently with the ground-nut oil company, Lesieur. A common subsidiary was set up by the two companies to manufacture machines making plastic packaging intended specially for

liquid foodstuffs like oil, wine and mineral water. Here, again, Pont-à-Mousson had a subsidiary, Société de Construction de Matériel d'Alimentation (SMA), specialised in equipment for bottle users, such as bottle-washing machines. Lesieur had already done considerable research into plastics in a joint enterprise with Shell, so Pont-à-Mousson is covering its interest in bottles by going into throw-away packaging. The group can now hope to become a main supplier of plastic bottles, the use of which could expand rapidly.

GHANA

Flying Out of Trouble

GHANA is following the traditional pattern of newly independent countries that establish their own airlines as a demonstration of nationhood and then discover they have an omnivorous liability on their hands. After the rude awakening, come the efficiency men—in Ghana's case, from Swissair. Most airlines have been laughing themselves silly over Ghana's plight, with its multi-million dollar losses and its Russian aircraft that have to be returned to Moscow each time they are due for servicing. At one point, the airline's losses were running at around $17 million a year; the last returns of the International Civil Aviation Organisation show that a year ago, with only a third of the seats filled, they were still exceeding $8.8 million, when net assets amounted to only $8.1 million.

But changes have been taking place. The first was the recent leasing of jets from Swissair, which found itself negotiating terms with its own tough ex-employees wearing Ghana hats and gave Ghana rather more competitive equipment. The second will be the phasing out of these jets by three VC 10s, the first of which is now in service. Ghana, ironically, is one of the few airlines that operates under precisely those difficult African conditions for which the VC 10 was designed, so that the aircraft is a more sensible purchase for Ghana than it is for other airlines working in climates less exacting for jets. But Ghana Airways' economics will never get straight until it stops flying six separate types of aircraft. The urgent decision now is on a jet for the domestic services currently flown with Viscounts, DC 3s and—Soviet engineers permitting—Ilyushins, and the choice appears to have narrowed to Tridents or BAC One Elevens.

OIL IN JAPAN

Is Shell Over-Charging?

Tokyo

THE favourite whipping boy among foreign oil interests in Japan is once more under attack. But this time the particular reasons for the public charges against the Shell International Petroleum Company and its subsidiary in Japan, Shell Sekiyu KK., are more of a mystery than ever. Kikuzo Watanabe, chairman of the undermanned and low-budgeted Japan Fair Trade Commission, has agreed, under socialist pressure, to launch an investigation into charges that the Royal Dutch Shell Group is forcing the Showa Oil Company of Japan to pay excessively high prices for imported crude petroleum (higher than the quotations of US oil companies) and that this is an example of unfair international contracts as stipulated under Japan's Anti-monopoly Law.

Mr Watanabe, visibly reluctant to involve his busy organisation in an investigation which he clearly believes is totally unnecessary, said he would "make a prudent investigation" of the charges as requested; but he patiently pointed out that the situation "recently changed" from the time that the original contract was signed between Shell and Showa. A spokesman for Shell in Tokyo declined the temptation to speculate upon the meaning behind the Socialist charge and explained: "Under the supply terms of the basic agreement between Shell International Petroleum and Shell Sekiyu, the SIPC meets Showa's crude requirements at world prices. We are always willing to respond to any inquiries which the FTC may make with regard to crude oil supply arrangements between Shell International Petroleum Company and Shell Sekiyu."

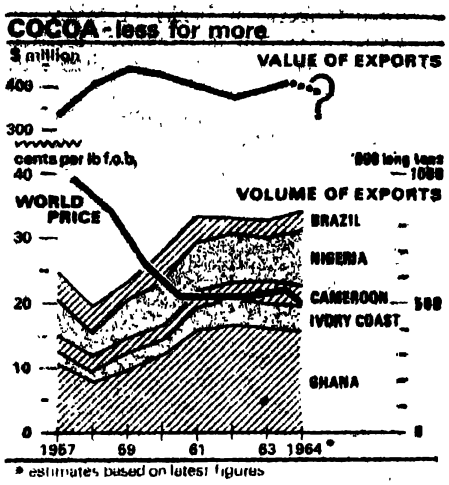
Showa officials, particularly those who in the past had been almost anxious to present their views under similar circumstances, merely added to the mystery when one of them commented: "This should bring about a more rewarding relationship between our concerns." But then he could have been referring to the fact that Shell, obviously under pressure from Showa and the Ministry of International Trade and Industry, only recently agreed to a price reduction of four cents per barrel on Gach-Saran crude.

COCOA

Beaten by Abundance

IT was bad luck for the cocoa producers that disease control should bring another big increase in production just when they were trying to hold supplies off the market and force prices upwards. The crop news reassured the manufacturers, who had fairly good stocks in hand anyway, and the game was up for the producers. This week the spot price in London was below 150s. after being above 190s. at the end of 1964. Undoubtedly the producers will return to fight another day. For the moment they have a lot of difficulties to contend with. Controlling supplies to the market at any time means piling up stocks in West Africa, and financing the stocks puts a big strain on the resources of the countries involved. Any check in the normal flow of payments to the Ghana farmers from the Cocoa Marketing Board would be political dynamite. Another difficulty is that cocoa does not store nearly so well as coffee: in the Cameroons the climate gets at it so quickly that holding the crop for any length of time is out of the question. But the biggest snag is the surge of production. With every advance in disease control, the magic days of the mid-fifties, when the price soared beyond 60 cents a pound, fade further into the distance.

When the main producers and consumers met in Geneva in 1963 to try to shape an international cocoa agreement on the lines



of the one for coffee, the divergence between the two sides' view of what the price should be in future was simply too great to bridge over. The producers are bound to try again; but, as the chart shows, there is little pleasure in being an increasingly efficient producer of a commodity for which world demand is inelastic. The more you grow, the less you earn.

The producers are hoping that some of their surplus can be dealt with by converting it into vegetable oil and using it as a raw

KEY INDICATORS

WORLD COMMODITY PRICES

Metal prices weakened this week on news of more stockpile releases and the ending of the American dock strike. Before that, **lead** reached a 13-year-peak of £157 a ton on Monday, with the Mount Isa strike adding to the shortage. Spot prices for **cash copper cathodes** remained £25 above last week's level, at £460 a ton, because new supplies will take time to reach the market. Extra **zinc** from Eastern Europe and Russia brought cash metal back £4 to £113 a ton by mid-week. The all-items indicator FELL by 0.2 this week (to February 24th).

	Index 1958 = 100		Percentage change from *	
	Feb. 17	Feb. 24	Previous month	Twelve months ago
ALL ITEMS	106·8	106·6	+ 1·8	− 5·6
Food	102·4	102·6	− 1·1	−15·5
Fibres	100·5	100·4	+ 0·9	−10·0
Metals	214·1	207·5	+17·3	+53·5

The Economist Commodity Price Indicator includes nineteen commodities weighted according to their relative shares of world trade in 1958.

** Changes relate to this week's figures, but these, except for the metal group, are provisional because quotations for tea and wool are not yet available beyond last week.*

HOW TO REACH

40 MILLION POTENTIAL CUSTOMERS

There could be 40 million customers for your products in the thriving markets of East, Central and South Africa. We have all the information you need. Why not get in touch with us?

THE STANDARD BANK LIMITED

Head Office: 10 Clements Lane, EC4.
Other London Offices:
63 London Wall, EC2, 9 Northumberland Avenue, WC2 and 117 Park Lane, W1

OVER 950 OFFICES IN EAST, CENTRAL & SOUTH AFRICA

all over Europe

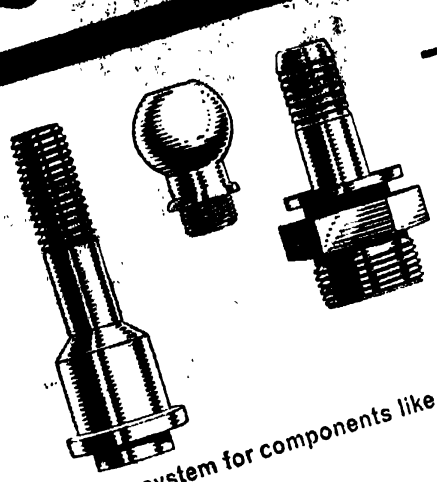
WORLD WIDE
HERTZ
RENT A CAR

One call to your local Hertz office or travel agent reserves a new Opel, Vauxhall or other fine car throughout the United Kingdom, Europe and the world.

let HERTZ put you in the driver's seat!

each of your capstans could earn you an extra £1,000 p.a.

—convert them to the nickols system of short batch automation



the system for components like this

Conversion takes only two days for any Herbert or Ward capstan. *Immediately* after conversion you produce much better components, far cheaper, faster and with negligible rejects.

* Also suitable for chucking, second operation, work and automatic loading.

nickols automatics limited

Olds Building, Windsor Road,
Slough, Bucks.
Tel: Slough 26441

Ring or write for technical data

material for other foodstuffs than chocolate —margarine would be the main target. But the technical snags are considerable, and they would have to accept a very poor price for beans sold for this purpose. Israel's agreement this week to buy £5 million worth of Ghana's cocoa cannot make much difference—especially as Israel seems bound to resell some of it elsewhere. With most of the world's supplies coming from British Africa the Ministry of Overseas Development must be wondering what it can do to help. A solution will not be found easily.

CAR HEADLAMPS

New Lamps for Old

EUROPEAN manufacturers of car lighting equipment are now marketing headlamps which, by taking advantage of a new kind of bulb, double the light obtainable from a given electric current; so far British headlamp makers are offering them for lamps on competition cars, but not for general sale. It is less than three years since Britain's makers tooled up for the "sealed beam" headlamp on which American industry standardised after the war. The United States has not gone over either: with 50 different sets of state regulations on vehicle lighting—some of them setting a maximum possible brightness—the Americans are not as tempted by the new lamps as Europeans.

But the new quartz-iodine bulbs are being imported to Britain in growing though limited numbers. They are not directly interchangeable with traditional bulbs, but several importers of French, German, Swiss and Italian lamps offer long-range lights incorporating them. In France, quartz-iodine headlamps are now standard equipment for the Citroen Pallas (the luxury version of the DS 19) and British makers of high-priced cars such as the Rover are expected to start using them soon. So how long will British headlamp manufacturers be able to hold out? At present, the bulbs are being marketed only by Philips of Eindhoven but other manufacturers will be in production this year.

Cost comparisons between the new and the traditional are complicated by the impossibility of making a quartz-iodine bulb with double filaments to suit conventional dipping headlamps. Such headlamp makers as Société des Projecteurs Cibié of Paris have got round this by a change-over switch that brings an alternative pair of non-dazzle lamps into use when meeting other traffic; but intensive work is on to develop quartz-iodine lamps which will give a beam with a sharply cut-off top, so that a brighter anti-dazzle beam can be provided as well as a brighter main one.

SHORTER NOTES

Britain's aid disbursements to the developing world rose to a record £190 million in 1964. Of this, £174 million was bilateral aid and £16 million multilateral. In 1963 the total was only £158 million, of which £139 million was bilateral aid and £19 million multilateral. This year total disbursements are expected to rise above £200 million on existing commitments. The government will not try to increase the total further until the balance of payments allows it.

The first comprehensive survey of Swedish firms' investment abroad shows that they have close on 1,100 subsidiaries in 62 foreign countries and employ some 175,000 people in them. It is EEC that has exerted the greatest attraction in the last few years, and particularly since it became obvious that Sweden would remain on the other side of the tariff wall. Metal and engineering predominate in Sweden's foreign investments, followed by chemicals. Very few Swedes work in the foreign affiliates: out of their 175,000 employees, only 1 per cent is made up of Swedish citizens, practically all in managerial or supervisory positions. But fewer than half have a Swede as managing director.

INDIAN ECONOMY

Test for the Aid Club

New Delhi

WITH foreign exchange reserves down to the statutory minimum of £150 million—barely sufficient to pay for two months' imports — India finds itself obliged to ask the International Monetary Fund for a standby credit "to the maximum extent possible." Disclosing this in an unscheduled statement to parliament last week, finance minister T. T. Krishnamachari announced emergency measures imposing a ten per cent surcharge on all imports except foodgrains, fertilisers and (*sic*) family planning accessories. Simultaneously, bank rate went up by 1 per cent to 6 per cent—second increase in four months—a package recalling the steps taken by the British Chancellor, Mr Callaghan, last autumn: though in India imports are already tightly screwed down by quota.

The crisis has been a long time coming. The months from April to September are lean months for India's exports when reserves usually decline, but the fall during 1964 was twice as large as usual. There has been a continued decline during the past four or five months, when India should normally have been recouping the losses suffered in the lean months. The reasons are obvious. Grave food shortages have compelled the government to supplement its massive PL 480 wheat supplies with imports of rice against free foreign exchange, at a cost, according to one estimate, of £22 million. Defence stores other than those obtained under military aid arrangement have added perceptibly to the strain. Finally, repayment obligations are mounting—almost £75 million is due to the IMF alone over the next sixteen months.

India's export performance is admittedly improving. During fiscal 1963/64 earnings increased by £90 million, but imports went up by somewhat more. Yet with more non-project aid available to finance purchases, the year to last March closed with a small net increase in reserves. The improvement has not been maintained because exports in the current year are rising more slowly. The gap between receipts and a higher import bill has widened even more because the increase in exports this year has come mainly from bilateral trade with East European countries which earns no free foreign exchange. Also aggravating India's difficulties is the rise in interest rates elsewhere (particularly in Britain), because of which funds are returning more slowly to India, or so the finance ministry here believes.

There is little scope for cutting down imports because austerity has been carried well nigh to the limit. In fact the lack of material and imported components is already telling upon industrial production. A day before Krishnamachari's announcement, commerce minister Manubhai Shah had forecast that the import bill might have to rise by £75 million next year, presumably to accommodate equipment needs of current projects. Whether this forecast still holds good is not clear. As Krishnamachari has said, import allocations will have to be based strictly on the success of the measures now being taken to protect the reserves.

The measures themselves can offer only marginal relief because of the inflexibility of import needs. Hopes must therefore rest on the Aid-India club meeting due to be held in Paris in mid-March, where the donor countries will be requested to give the maximum possible assistance for financing non-project imports. As far as one can judge, the Paris meeting may take a sympathetic view because the present crisis is not of India's making. Even so, the proportion of non-project aid cannot be raised much above the present level of about 50 per cent: the donor nations have stakes in many of the projects in progress, and India, too, can hardly want to defer them.

The outlook, especially in the short run, must therefore be regarded as bleak unless India can secure additional military aid to insulate her normal import bill from the impact of defence purchases. Commodity imports from the Soviet Union provide a case in point: these have apparently had to be curtailed to allow for military hardware—whence India's bid to push up its exports rapidly under a new trade plan negotiated with Moscow last year. New Delhi will also no doubt make efforts to save and earn more free foreign exchange. The bumper crops expected this season should help, but it now seems fairly certain that the annual budget Krishnamachari presents this week-end will have to include further fiscal measures to reinforce the economy's export orientation. This follows from British experience: like Callaghan, Krishnamachari may well find import surcharges inadequate instruments for the ends he has in mind.

BUSINESS □ INVESTMENT

STOCK MARKETS

"Tough and Unpopular . . ."

"DECISIONS in some cases." So said the Prime Minister over the week-end. With no assurance that sterling is completely out of danger: with continued apparent tension between Bank and government: with a no-change Bank rate: with no certainty that even if the government indulges in a further fit of fiscal responsibility what it does will be particularly pointful: with the intellectually and financially influential Scottish investment managers apparently deeply pessimistic of the world economic outlook with one of the earliest institutions into equities, the Scottish Widows Fund, moving still further into gilt-edged—with all this the surprise is not that the equity market fell, from Monday through Wednesday, but that it was showing signs of recovery by Thursday.

The set-back was the most severe since the election: in the first two days of the week *The Economist*-Extel Indicator fell 13 points. But there could be worse ones in the next few months. For the previous euphoria, which had lasted since Christmas and taken the indicators up 10% from their December low points had been based on a steady flow of splendid company results.

This week's little bout was intensified by some markedly less happy figures. Lewis's Investment Trust, which owns Selfridges and other department stores, produced virtually the same results as the previous year. Unilever's margins were down, thanks to higher prices for vegetable oils, and from sales 10% higher for the year, at £1,688 million, profits rose only by 5%: so the price of Unilever Ltd. shares fell 1s. 6d. to 32s. 10½d. Even worse, relatively, came from Jaguar, a supposedly "growth" stock, whose equity earnings have been virtually stable for five years now. Despite a dividend increase of 2½% to 15%, the shares fell over 4s. to 28s. 3d. As usual in such conditions shares in fashionable sectors, in this case particularly gas and building companies, fell the most. And the lie was given to any idea that the shares of the composite insurance companies had grounded. Revelations of continuing underwriting losses in the United States sent them down further.

As usual, also, the exceptions were fascinating, not least the jump (of 1s. 6d.—60%—to 3s. 10½d.) in English and Overseas Investments, Mr John Bloom's holding company. This was inspired by long stories in the press over the weekend that a now beardless phoenix was about to rise from his ashes. More company chairmen issued encouraging and prophetic statements, which may help to keep the price of their shares up before the budget. Among them were Sir Cyril Harrison of English Sewing Cotton (up 1s. 9d. at 11s. 9d.), and Rio-Tinto Zinc, which also gave a scrip issue.

A combination of Bank rate hopes and equity fears kept the gilt-edged market firm, and the Edinburgh loan—which had been on the same terms as the two previous corporation issues seemed to be easily absorbed. On Thursday afternoon after the Bank rate announcement, however, the market was softer in demand if not in price; given the present margin on short-term money in favour of New York where the Treasury bill rate has touched 4%, it was the early firmness, not the later softening, which was surprising.

ILFORD

Internationally Uncompetitive

LAST year Ilford's sales, which are mostly of photographic products, were up by £1 million at £18.9 million: pre-tax profits were up by 10½% at £1.5 million; the dividend for the year has been raised by ¼% to 9½%. So far so good: but the profits increase was largely due to accounting changes, and Ilford's margins and profit record compare very badly with its major international competitors, Eastman-Kodak and Gevaert. Kodak has steadily increased its profit margins, so that it earned 13% on sales after tax in 1963, compared with only 7.9% in 1953. While Gevaert earned only 7.8% on a similar basis in 1963, this was not a good year: in any case sales by the Belgian company were up by nearly two and a half times in a decade, and profits by a similar amount since 1959—a record which has made the shares among the very few genuine Belgian growth stocks over recent years.

By contrast Ilford earned only 4.8% on sales last year, marginally down from the year before. And the competition is getting keener. Gevaert has now merged with Agfa to make the biggest European photographic group: Kodak has diversified so well that under 60% of its turnover comes now from photographic products. But Ilford has never had Kodak's share of the office copying market and has had troubles with the colour film it got from Imperial Chemical Industries in 1958 when the latter took a substantial minority interest in Ilford at 7s. 6d. a share. As a result trading profits have scarcely increased at all over the last ten years.

Every year the chairman reveals new troubles: for some years it was the development and launching costs of the colour film; then it became too popular so that Ilford's processing division was overwhelmed and numbers of dealers and customers were permanently alienated: then the price of silver went up. Now this year the Australian company had a bad year, and a small engineering subsidiary sustained a loss "large enough to make a disproportionate impression on group results."

It has surprised commentators for some time that ICI did not take a more active part in Ilford's management: now finally, Mr Porter, Director of ICI's central research department, is to become a joint managing director of Ilford—but only on the technical side, never Ilford's weakest. But even with his help the future looks unpromising: although Ilford is now linked

KEY INDICATORS

MOVEMENTS ON THE WORLD BOURSES

LONDON
A real shake-out.

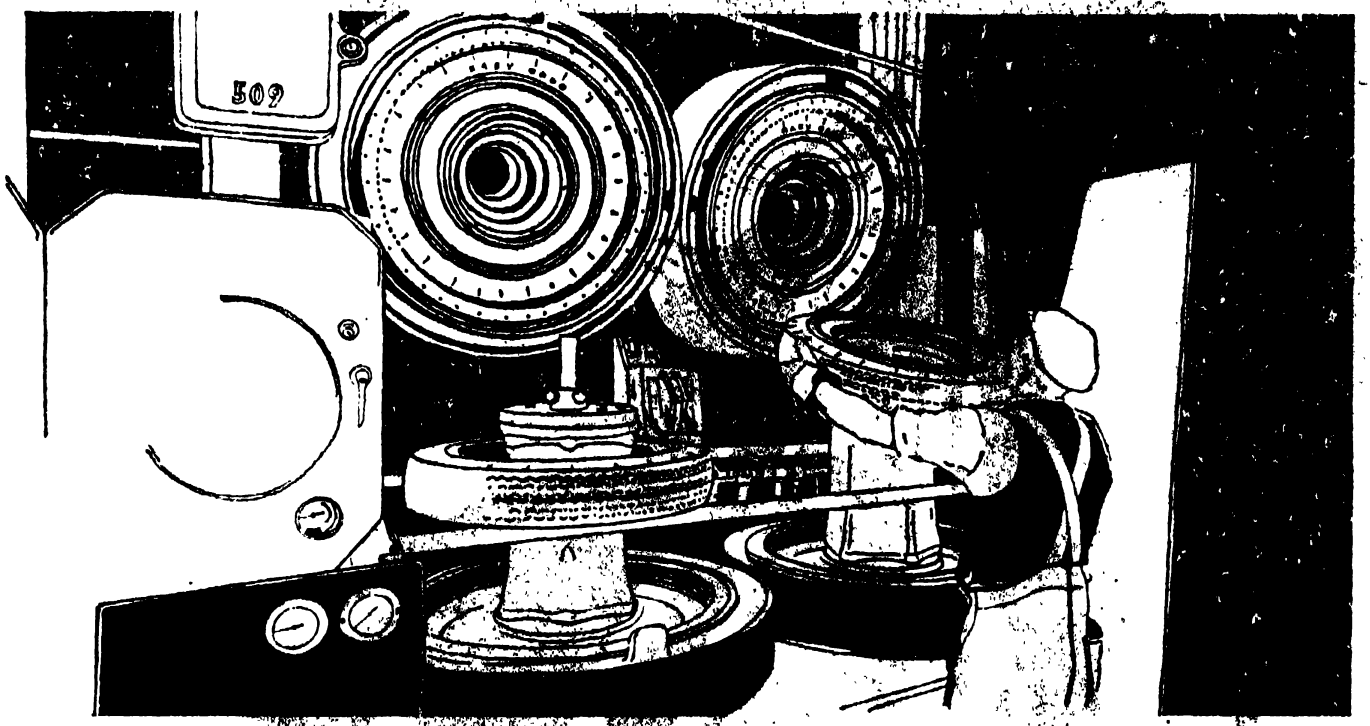
NEW YORK
Dow-Jones up and scraping 900.

ITALY
Slowly recovering.

	INDICES		Percentage change from:		
	Feb. 17†	Feb. 24†	A week ago	A month ago	Twelve months ago
London	405·1	392·7	−3·1	−1·9	+ 2·1
New York	882·9	897·8	+1·7	+0·1	+14·7
France	91·7	92·6	+1·0	−4·6	−16·5
Germany	100·5	100·5	—	−2·1	− 3·6
Holland	364·9	367·5	+0·7	+0·5	+ 4·9
Italy	56·1	57·2	+2·0	+13·4	−22·3
Belgium	132·5	133·0	+0·4	−0·4	− 2·3
Sweden	251·8	247·3	−1·8	−2·9	+17·4

* For Bases and Stock Prices and Yields, see pages 948 and 949.
† London, February 18th and 25th.

How managements save with Mobil



Goodyear Tyre & Rubber Company call in Mobil Economy Service and save £6,300

Among the more dramatic examples of financial savings that major industrial enterprises can achieve with a scientific lubrication programme, this Goodyear result is outstanding.

Mobil Economy Service lubrication experts have collaborated with Goodyear Tyre and Rubber Company engineers over a period of several years. In the last two-year period, the lubrication requirements of the whole plant have been re-charted; an extensive programme of lubricant sample analysis has reduced waste; change to bulk storage, reconditioning of used oil, and, in some cases, change of lubricant grade have all resulted in substantial monetary savings. A saving of several hundred pounds has also been produced by rationalizing the selection and application of lubricants in the transport fleet.

In the two-year period from March 1962 to February 1964, the financial saving (leaving out those economies which cannot be calculated precisely) totals over £6,300.

Goodyear in America have already installed Mobil MI/DAC (Management Information for Decision And Control), a system which is now available in this country. This is an extension of Mobil scientific lubrication planning translated into a programme for computer (or other automatic data processing equipment). Information needed by management as the foundation for sound decision-making can be supplied with a swiftness, lucidity, and accuracy never before possible. If your business uses machinery, Mobil Economy Service can almost certainly save you money on a significant scale.

It will cost you nothing to find out if this is so: get in touch with the Chief Industrial Engineer, Mobil Oil Company Limited, Caxton House, London S.W.1, or your nearest Mobil Industrial Office.

Southern Industrial Division
21 Soho Square, London W.1.
Tel. Gerrard 7631
Grams 'Mobilsales, Norphone, London.'

Midland Industrial Division
Beaufort House, 92-98 Newhall St, Birmingham 3.
Tel. Central 5091. Grams 'Salesmobil, Birmingham.'

Northern Industrial Division
Brazennose House, Brazennose Street, Manchester 2.
Tel Blackfriars 9871.
Grams: 'Salesmobil, Manchester.'

Republic of Ireland
Mobil Oil Company (Ireland) Limited,
16 Dawson Street, Dublin.
Tel: Dublin 76791 Grams 'Mobiloil, Dublin.'

Branches
PLYMOUTH
Martins Bank Chambers, Armada Way Plymouth, Devon.
Tel Plymouth 68971.
Grams: 'Salesmobil, Plymouth.'

BELFAST
Friend's Provident Building, 58 Howard Street, Belfast.
Tel. 30257. Grams 'Mobilsales, Belfast'

Mobil

ECONOMY SERVICE

FOR PETROCHEMICAL PLANTS, INCLUDING THOSE PRODUCING RAW MATERIALS FOR SYNTHETIC FIBRES, SIMON-CARVES ARE DISTINGUISHED BY THE INTERNATIONAL CAPABILITY OF THEIR SCREDEC SERVICE SIMON-CARVES RESEARCH, DESIGN, ENGINEERING & COMMISSIONING.

SIMON-CARVES

MEMBER COMPANY SIMON ENGINEERING LTD

SIMON CARVES LTD · STOCKPORT ENGLAND and at Calcutta · Johannesburg Sydney Toronto

with CIBA, the Swiss chemical group, in Europe, it has Agfa-Gevaert and Eastman-Kodak to face. And there is now a fourth contender, Minnesota Mining and Manufacturing, which has taken over Ferrania. Of the four, Ilford looks far the weakest, and the share price of 6s. 9d. giving 7% on dividend acknowledges this. But with a cover of under 1.6 and a tax charge of only 37% the share looks as vulnerable to tax changes as it does to increasing international competition.

IMPERIAL TOBACCO

Coming Clean

IMPS' new-look overall strategy (i.e., edge up tobacco market share where possible, plus diversification) its new-look dividend policy, and its new-look investment policy (which looks suspiciously like a dripping tap in its Gallaher shareholdings) is now accompanied by new-look accounts. These reveal turnover of £736 million (including £682 million from tobacco divisions and £38 million from retail interests, which also consist mainly of tobacco shops). Of the £29 million trading profit £27 million comes from the tobacco but nothing from the general trade division, reflecting the loss (after a "profit" the previous year) from Golden Wonder, which now has around a quarter of the rapidly growing crisp market. Although Embassy is now the leading cigarette brand i nthe country, the group is still relatively weak on filter cigarettes, with just over half the market against its 60% of the plain cigarette market.

STOCK EXCHANGE COUNCIL

Clearing Up the Details

THE latest letter from the Stock Exchange about the financial information required from quoted companies confines itself to two points: half-yearly reports and subsidiary and associated companies. Companies will be required to issue half yearly reports not later than six months from the date of the announcement of the annual general meeting. In effect this regulation means that shareholders will be provided with financial information about their company at six months intervals. Where a company is slow to bring out its accounts, like Jaguar, the interim report will in fact come out after the end of the financial year. Is a regulation needed to force a few companies to be as prompt with their accounts as the majority?

Companies will also be required to give the name and country of operation of important subsidiaries and associated companies as well as a description of their activities. Where they trade overseas they will have to give a geographical analysis of their trading operations. An associated company is effectively defined as one in which between 25% and 50% of the equity is owned, and presumably "equity" here covers non-voting and voting shares. A holding company might be able to avoid the regulations by using an excepting clause which enables groups to leave out companies doing less than 5% of their total business, but in practice there will be few companies able to withhold the required information on technical grounds.

No investment analyst or shareholder will quarrel with these regulations, which come into force on March 26th. They will apply only to companies seeking a first quotation or a quotation for newly created shares. A company which can pay cash for the com-

COMPANY FUNDS, COMPANY PROFITS

The Cost of Capital

THIS week has seen the arrival of a fighting book by the advocate of full profits distribution, Dr Alex Rubner — *The Ensnared Shareholder*; a new official table showing the sources and uses of company funds; and a guide from the Certified Accountants on Sources of Capital.* They all, in their very different ways, add fuel to the flames of the present discussion on how companies should finance themselves.

The last-named publication is really a useful and concise compendium on how all commercial bodies should satisfy their short, medium and long-term capital and credit requirements: possibly too wide-ranging for particular users to find everything they need—although even non-agricultural readers will be fascinated by the number of feather beds provided for the farming community. It does, however, contain one statement that in this context is surely a bit of a howler: "Where a concern is unable to finance its investment programme from its own resources built up from retained profits, the alternative is to raise new capital or seek long-term loans." This begs the question of the true cost to the company of retained earnings and it is made clear that it is assumed that they are free, and all else more or less costly.

Dr Rubner would see this statement as further proof of his thesis that directors (and their advisers) run companies for their own benefit rather than that of the shareholders. "Payout policy," he says firmly, "is determined by subjective considerations of the directors," and to prevent this he advocates a compulsory distribution of all earnings less a "retention allowance." This idea involves him in attacks on any tax system other than the German (or even more ideally the Greek), which discriminate in favour of distributed income. He also dislikes the idea, much more prevalent in the United States than here, of the company as a persona in search of a mission, be it charitable, social or educational: to him the corporation is "a legal vehicle which has no social or economic raison d'etre." (It might be interesting to lock him in a room with Professor Michael Fogarty, who is arguing almost precisely the opposite of most of Dr Rubner's propositions in a pamphlet† published by PEP.)

Dr Rubner admits that there is little chance of his ideas being adopted here and skates too easily over the proofs for his assertion that it is distribution of dividends not earnings or asset backing, which determines share prices. Even those who disagree with his basic solution, however, may wish that some other way could be found to ensure that companies provided properly for depreciation: on replacement costs rather than on historic values, and within that definition for replacement when plant—or a factory—becomes uneconomically obsolescent, not when it falls down or rusts away.

The importance of actual internal financing to British companies is emphasised by the February issue of *Financial Statistics*. This brings together in a new table many of the statistics previously scattered in others in the same publication. They show that in 1963 industrial and commercial companies obtained over 70% of their capital requirements from internal sources, and 10% from the capital market in the form of debentures, and preference and ordinary shares. The new table also shows a net increase in companies' liquid assets over the year (1963) of £428 million: this, however, is without taking account of dividend payments shown to be due in accounts, and which are presumably due to be paid almost immediately to shareholders.

All these publications show explicitly and by implication just how little industry depends even on the efficient London capital market. Possibly the best thing the City could do to drum up business for itself is to preach the gospel of the real, high and growing cost of internally raised finance to a chary and unconvinced industrial world.

**The Ensnared Shareholder*, by Dr. Alex Rubner. *Macmillan*. 30s. *Financial Statistics*. February, 1965. CSO. *Sources of Capital*. Association of Certified and Corporate Accounts. 4s. 6d.

†Companies beyond Jenkins. 5s.

panies it takes over and makes no scrip or rights issues will not need to comply with them. Obviously, this leaves a big loophole and it is to be hoped that the Stock Exchange will soon be able to give a date for compulsory compliance.

The exceptions to be allowed are interesting. Where a company can demonstrate that disclosure would be damaging it will not be required to give details about foreign subsidiaries. Presumably companies having one subsidiary to trade with Israel and one to trade with the Arab world will be successful in asking for exemption. No mention is made of foreign companies with a London quotation which own British subsidiaries, although Philips' shareholders, for instance, might like to be told the names and results of the British subsidiaries.

Many companies have conformed voluntarily with the new regulations with commendable speed, which suggests that before long nearly all will be conforming to the spirit as well as the letter of the regulations. But the exceptions will be interesting—and the treatment of them vital.

TIMBER COMPANIES

High on the Tree

TIMBER looks a good trade to be in at the moment; Montague L. Meyer—one of the giants of the business—in an interim statement last week reported that pre-tax profits in the first nine months of the current financial year had already exceeded last year's £661,000 (which was, itself more than double the previous year) and the current quarter's business is "equally good". The interim dividend has been raised from the equivalent of 3¾% to 6%, and there is a 2½% capital distribution to add to the joy. As last year's 12½% dividend was covered almost 3½ times the minimum total payment looks to be 17½%, which puts the shares at 15s. 1½d. (against last year's low of 8s. 9¾d.) on a yield of almost 6%.

Some of the importers, particularly softwood specialists have found it in their best interests to diversify into joinery and other related trades. Meyer, however, has continued to concentrate on the business of importing; and by greatly streamlining its handling facilities—spacious, uncluttered quays at the ports (London, Grays and Newport) with armies of mechanical handling equipment—it has kept down costs. A gradual trend towards taking mainly bigger orders has also helped this process.

Another company that has stuck to timber trading is James Latham—now seeking a quotation. The company started business in "exotic hardwoods" in 1757 and the entire share capital (of about £1¼ million) is still owned by his descendants. Pre-tax profits last year were £310,000, 30% up. Sales during the year reached almost £5½ million; 66% in plywood, 27% hardwood and 7% softwood. Estimates put Latham's share of the total plywood trade in Britain at about 20%, and demand is growing at a pace—last year total plywood deliveries were up 25% on 1963. The building industry is the biggest customer; not only is plywood being increasingly used for lightweight panelling in industrialised building systems and for floors, partitions, etc., but it is also finding increasing use as formwork—the moulds or supports that hold concrete in position until it sets. Latham's hardwood interests are based, like other timber companies such as Gliksten, on its forest in Nigeria. Offered for sale at 31s. 6d. the £1 shares yield 6.7% on the forecast of a 10½% dividend covered 2.23 times.

MERRILL LYNCH

Goliaths v Davids

THE biggest firm of stockbrokers in the world, Merrill Lynch Pierce Fenner and Smith, is bigger than most of the companies in whose shares it deals. Last year its total assets climbed by almost a third to $1,300 million. However its income rose at a much more modest rate from $170 million to $180.3 million, still slightly below the 1961 level when total assets were below $800 million. Steeper operating expenses and additional contributions to profit sharing schemes bit deeply into the bigger income but helped by lower federal taxes net income rose from $17.6 million to $20.2 million. But as the "thundering herd" continued to grow so did the competition from other brokers so that its share in the trading in the New York Stock Exchange fell once more to 12.1% of the round lot volume and 18.9% of the odd lot. But this further decline in its share of the market too much should not be made of this, since Merrill Lynch has over 500,000 active clients—has been largely offset by its entry in a big way into the government bond business. This resulted from Merrill Lynch taking into the organisation the C. J. Devine business, one of the biggest dealers in US government bonds.

In his statement with the report and accounts Mr Michael W. McCarthy comes out strongly against the present proposals for higher commissions and mandatory service charges now being proposed for the New York Stock Exchange. Merrill Lynch comes out firmly as the champion of the "people's capitalism." In New York as in London and certain other capital markets, the very large firms with a high degree of mechanisation find even the small transaction profitable—which the smaller firms do not. Merrill Lynch is also still campaigning for a change in the stock exchange constitution to permit it and other brokers who wish to do so to sell its own stock to the public. It first advanced this trail blazing idea some eighteen months ago and the proposal, backed by other big broking firms, is being studied by a special committee, but it seems likely to be at least another two years before the exchange's 1,366 members put it to the vote. In fact by Wall Street standards Merril Lynch's existing number of shareholders is by no means small—some 500 stockholders, almost all employees.

By comparison with their American counterparts the European offices, including the London one opened in 1960, are tiny. But while no figures are available for the London subsidiary (although they will be filed in due course at the Company Registry) some indication of the growth is reflected in the increase from 8 to 40 in executives over here. As a result of the expansion of its commodity operations here commodities trading now accounts for a third to a quarter of total business here and Merrill Lynch is now a member of the leading London commodity exchanges. But in shares the London office sticks primarily to dollar securities, although it does deal in British and European stocks for American investors. Up to now few British companies have published enough information to satisfy the Merrill Lynch research department, and it is not surprising that the efforts of the London Stock Exchange in squeezing out more information from companies are welcomed warmly by Mr Sherman Gray, Merrill Lynch's London director.

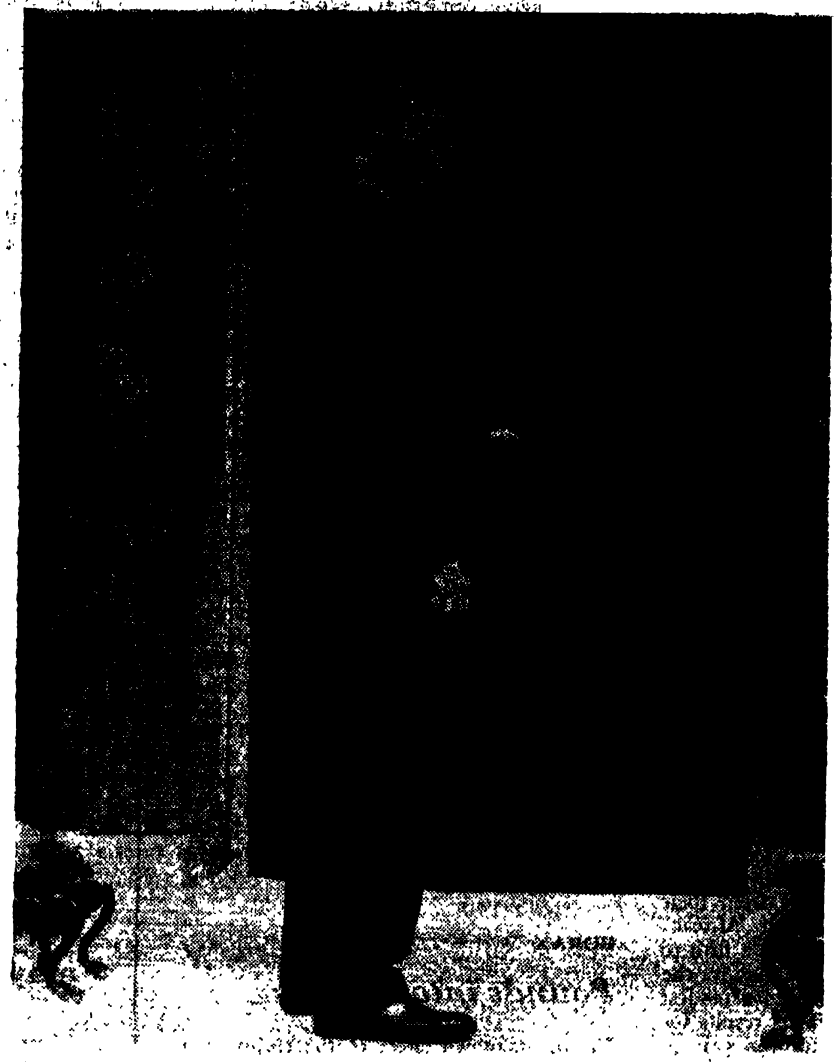
LINDUSTRIES

Textiles, Engineering and?

THE report and accounts of Lindustries and the statement of its chairman, Mr W. E. Luke, are well set out and full of information; this is as it should be, for the old Linen Thread company has diversified far from its old staple interests. The textile side, mostly flax yarn spinning and linen, earned £611,000 before tax (against £445,000); this represents a return of 11.6% on assets. The biggest factor in this better showing (although this is not stated) was a full contribution from Blackstaff Flax Spinning against only one month in the previous year. The spinning companies had heavy stock losses reflecting the high price of flax for much of the year (which dented profit margins) and the subsequent fall after a more satisfactory 1964 crop. The engineering side gave the chief boost to profits, up from £500,000 to £849,000 to give a return of 21.2% on assets with the Delaney Gallay group (which is primarily in car heaters) finally proving its worth some five years after its acquisition. The overseas division boosted its profits from £78,000 to £113,000, but this raised its return on capital employed to a still modest 6½%.

In all pre-tax profits rose by 54% to £1.6 million and the dividend is up from 12% to 16%. Now just below their high at 46s. 1½d., the £1 shares (soon to be divided into 5s. units) yield 7% on dividend and 13.8% on earnings. Much will clearly depend on the level of car production with its consequent impact on Delaney Gallay, which, at two of its smaller factories, is

THE SECOND WORLD WAR COULD HAVE BEEN AVERTED HERE...



...if the men inside had listened to the man outside. He was Sir Robert, later Lord Vansittart, Permanent Head of the Foreign Office. He discerned the Hitler menace early in the '30's, and predicted the impending war. His repeated warnings to Baldwin and Chamberlain, urging them to action, were disregarded, and even suppressed. They kicked him upstairs, implemented the appeasement policy, and Britain duly went to war. Lord Vansittart's entire collection of papers have been put at the disposal of his brilliant biographer, Ian Colvin, who has written one of the greatest inside diplomatic stories of our time.

The first of two articles by Ian Colvin based on his authoritative book appears on Sunday in the

SUNDAY TELEGRAPH

seeking to lessen their dependence on aircraft work. In the textile division, margins should have been helped by the lower flax prices, although Mr Luke suggests that prices might rise again later this year. But the key to Lindustries' future prosperity is probably to be found in the board's further diversification plans. With last year's debenture issue leaving the group with £[illegible] in cash at the end of September, the directors are looking for a "third [illegible] endeavour," but they have not [illegible] what they want. And reflecting [illegible] the acute teething troubles [illegible] with Delaney Gallay, the directors' [illegible] policy is "to make haste slowly."

HOPE-CRITTALL

Cleaning Up the Windows

THE proposed merger of Crittall Manufacturing and Henry Hope is [illegible] and long foreseen; the companies are [illegible] of the leading makers of metal windows in this country, both have extensive overseas interests (half of Hope's profits come from the United States) and they have joint manufacturing ventures in Africa; and both have uneven profit records. The merger is to be effected through a new holding company, Crittall-Hope, with a share capital split equally between the existing holders of Hope and Crittall shares. After a [illegible] for thirteen scrip issue Crittall shareholders will be offered a straight exchange into the new company on a one for one basis. For each Henry Hope £1 ordinary share the offer is six 5s. shares in Crittall-Hope plus 5s. of 7% unsecured loan stock which takes account of Hope's superior liquidity.

The consolidation of profits from their joint African (primarily South African) companies could add as much as a fifth to the combined profits of £1.6 million for the two companies. Crittall showed a modest improvement to £835,000 in its results for 1964 and Hope forecasts for the year to end March profits of about the reduced level of £763,000 for 1963-64.

The Crittall final dividend is being kept at 8½% to make a total payment of 12% which seems the likely minimum payment from the new company. Thus Crittall shareholders will receive an effective dividend increase by virtue of the proposed scrip issue and Hope shareholders (receiving a 14% special interim) will see their dividend rise effectively from 17% for 1963 to 19½%. With Crittall at effectively 9s. 9d., ex the scrip, the merger terms value Hope (plus the lean stock distribution) at about 63s. 6d. against 57s. 6d. now and a 1964 high of 72s. 6d. The new shares at around 10s. will yield around 6% and probably over 12% on earnings, which looks a fairly adequate return. There is no doubt that the merger presents the combined group with a wide scope for economies and a joint export-ing organisation is already planned. Clearly shareholders are well-advised to support the merger proposals; but although the combined group will have some 70% of the metal windows market in this country and the merger might therefore be questioned on monopolistic grounds, by merging the companies ought to make a better showing in the highly competitive export markets.

GERMAN UNIT TRUSTS

[illegible] Pleas

[illegible] *[illegible]furt*

[illegible] in Germany [illegible] make [illegible] greater [illegible] to their [illegible] first, if [illegible] passed [illegible] costs in [illegible] price of [illegible] price. [illegible] to sell [illegible] found that the repurchase [illegible] unexpectedly low. In future, buyers of units must be told how the repurchase price is calculated when they buy them. It is hoped that the new regulations will, besides stimulating interest in unit trusts, perhaps eventually produce some repurchase price competition among the different unit trusts, leading to a gradual reduction of the present high margins between the selling and re-purchase prices. The numerous foreign funds active in West Germany are exempt from the new ruling, but it is expected that many of these, too, will soon begin to publicise prices. The [illegible] seems to be only the forerunner of a more thorough reform of company law. In this, above all, the very close ties between the unit trusts and the banks (which manage all the unit trusts) might come under review.

BORAX

Pounds into Dollars

THE unknown effect of the corporation tax on Borax's earnings has influenced investors more than the company's good results. Sales rose 10% in 1964 and trading profits 24% to a record £8½ million. In view of these splendid figures the rise of only one point to 16% in the dividend looks very mean. Equity earnings cover the dividend 2.3 times and net cash covers capital commitments amply.

Net dividends for Borax shareholders, as for oil company shareholders, are likely to be severely cut as a result of the new tax system, which discriminates against overseas income; but dividends are only one side of the coin. Most of the group's business is done overseas, mainly in America, although there are interests in potash in Canada and subsidiaries throughout Europe. The bulk of the trading profit, then, comes in foreign currencies, not in sterling. The dividend received from US Borax alone last year was £1.1 million—more than the £[illegible] net paid to shareholders. Even at book values, each Borax share has some 12s. in dollar assets behind it through the [illegible] subsidiary, and a revaluation of assets at current prices would probably give a figure nearer to 19s., the present price of the shares. The yield is now up to 4.2%.

One of Borax's more remarkable assets is $8½ million in US Treasury Bills, compared with last year's $1.2 million and the previous year's $2.2 million. Bank deposits are down [illegible] million and there are now no gilts or other investments in the current assets. This switching into dollars was carried out before the year end, September 30th. In September the margin in favour of Treasury Bills in London was ½% after allowing for the cost of forward cover or nearly 1½% on a straight comparison. The margin is now ½% in favour of New York owing to the high cost of cover; without this the advantage would be 2½% to London. It looks as if the directors are prepared to sacrifice this 2½% to make sure the money is available in America.

Why worry too much about the extra tax that will have to be paid? The report for the first quarter of this year shows some slackening in the growth in profits, but even so the rise was 14½% compared with a year earlier. Moreover Borax is not likely to be affected much by Mr Callaghan's expected budget squeeze—a factor depressing British equities at the moment—nor is it susceptible to the remoter possibilities of exchange controls or devaluation.

EIU QUARTERLY ECONOMIC REVIEW

ITALY

The worst may now be over.

This review describes official expansionary policies. It takes a close look at the five-year plan and assesses, in the light of recent political troubles, the likely timing of recovery and course of trade.

Further details and subscription rates from.

THE ECONOMIST INTELLIGENCE UNIT
Spencer House 27 St. James's Place London SW1
Telephone HYDe Park 6711 ext 27
60 East 42nd Street New York NY 10017
Telephone Murray Hill 7-6850
Dr. M. Gola U.S.A.F., Via Manzoni 12 Milan
Telephone 795 617

STAVELEY INDUSTRIES

Salt in the Machine

SINCE Mr. Aubrey Jones took the chair Staveley Industries has been regarded as a promising recovery stock, and its big interest in machine tools has increased its investment attractions. Certainly in the year to September 30, 1964, two-thirds of the profits increase of £630,000 came from the machine tool division whose loss of £24,000 was turned into a profit of £422,000. The pickup in the steel and engineering industries enabled the foundries and abrasives divisions to raise its profits from £444,000 to £568,000; but the good results from these two divisions were not supported by the biggest—chemicals, which scarcely beat its 1963 figure.

The chairman does not explain this poor performance adequately. Demand for salt rose only slowly but more economical production methods more than offset higher direct costs; sales of lime were up sharply. So the two main products of the division both brought in bigger profits. Yet the profits for the division as a whole rose less than 1%. Why?

As part of the rationalisation plan five subsidiaries were sold during the year; a new subsidiary was set up to manufacture electronic control equipment for machine tools and a new director appointed with experience of electronically-controlled machine tools. These are moves in the right direction. But the company has also decided to undertake heavy capital spending on salt production, which needs explanation in view of the chairman's own words about the sluggish demand for salt and the difficult trading conditions. There is obvious scope for increasing sales of home-produced machine tools, particularly for a seller able to provide the control equipment too. So why develop the salt business instead of buying up some more of the many small companies in the machine tool industry? Staveley's past experience with machine tools has not been encouraging, but this does not mean that under good management it could not make much more out of machine tools than out of salt. The share now stands very nearly at its high for the year at 36s. 3d., where it still yields 6.1% on a dividend covered 1.8 times; a price for a salt share, not a machine-tool one.

APPOINTMENTS for further announcements see pages 943, 944, 945, and 946

WELSH COLLEGE OF ADVANCED TECHNOLOGY

DEPARTMENT OF BUSINESS AND SOCIAL STUDIES

ASSISTANT LECTURER IN ECONOMICS

Applications are invited for appointment as Assistant Lecturer in Economics; duties to commence on September 1, 1965, or as soon as possible thereafter. Candidates should hold a good Honours Degree in Economics and preferably have a special interest in Monetary Economics including Business Finance.

Salary will be in accordance with the scale for Assistant Lecturers in Colleges of Advanced Technology and Universities, £1,050 x £75—£1,275. Point of entry may be above the minimum of the scale according to qualifications and experience.

Further particulars and application forms to be returned by March 15, 1965, quoting reference number AM 1091 may be obtained from the College Secretary, Welsh College of Advanced Technology, Cathays Park, Cardiff.

UNIVERSITY OF ZAMBIA

Applications are invited from qualified persons for appointment to the following CHAIRS, tenable as soon as possible in the University of Zambia, Lusaka which is due to admit its first students in March, 1966:

Economics Political Science Sociology

Salary: £3,300 p.a. Pensionable contract allowance of £400 p.a. payable to non-Zambians who will be appointed on five-year contract, renewable. Other conditions include: family passages and allowances for transport of effects on appointment and retirement or completion of contract, installation grant of £100, housing with hard furniture provided at rent of £400, annual local leave and home leave every three years, provision for study leave, children's education travel allowances. Superannuation and medical schemes will be introduced. Detailed applications (10 copies) naming three referees, by March 27, 1965 to Secretary, Inter-University Council for Higher Education Overseas, 34 Bedford Place, London, W.C.1, from whom further particulars may be obtained.

UNIVERSITY OF GLASGOW

SCHOLARSHIPS FOR ADVANCED STUDY IN ARTS

The University of Glasgow offers three Scholarships of £750 a year with remission of fees and tenable for two years from October, 1965 to graduates holding good Honours degrees of other Universities who propose to pursue full-time advanced study or research in subjects falling within the Faculty of Arts (Classics, Semitic Languages, English Literature, German, Italian, Hispanic Studies, Celtic Languages, Slavonic Languages, Scandinavian Languages, Philosophy, History, Music, Psychology, Economics, Politics, Mathematics and Geography).

The Scholars will be required to come into residence at Glasgow and to pursue their work under supervision in the University during term time. Applications will be considered from candidates who hope to obtain their qualifying degrees in time to begin residence at Glasgow in October 1965. *Preference will be given to applicants who are entering upon postgraduate studies for the first time.*

Candidates should apply to the Clerk to the Faculty of Arts not later than March 31st, giving particulars of the study which they propose and of their previous academic career and should submit testimonials from the persons best able to speak of their qualifications. Such persons may, if they prefer it, send their testimony direct to the University. Intimation of the awards is normally made in the month of July.

It is important that candidates should give details of their success in their final examinations as soon as the results are known. They are asked to inform the Clerk to the Faculty of Arts without delay.

UNIVERSITY OF EAST ANGLIA

THE LIBRARY

Applications are invited from graduates with good academic qualifications and preferably experience in Librarianship for appointments as ASSISTANT LIBRARIAN, salary scale £1,050 x £75—£1,275 or SENIOR ASSISTANT LIBRARIAN, salary scale £1,400 x £85—£2,105 (bar) & £85—£2,505 plus F.S.S.U. benefits. Appointments to the lower grade will be subject to confirmation at the end of a period not exceeding three years and on its satisfactory completion the holder will proceed to the senior grade. Those appointed will be expected to specialise in specific subjects and for these posts special interests in English Literature, Social Studies, Russian or Scientific Subjects will be particularly welcome. They will thus have an opportunity to participate in the building up of a rapidly growing University Library.

Further particulars may be obtained from the Registrar, University of East Anglia, Earlham Hall, Norwich NOR 88C, with whom applications (one copy), giving the names and addresses of three referees, should be lodged not later than March 20, 1965.

UNIVERSITY OF WESTERN AUSTRALIA

CHAIR OF GOVERNMENT OR POLITICAL SCIENCE

Applications are invited for appointment to a newly created Chair of Government or Political Science. The title of the Chair will be decided in due course, in accordance with the wishes of the appointee. A separate department will be established in the Faculty of Arts as from the date on which the appointee to the Chair takes up duty and the existing staff in Politics in the Department of History and Public Administration in the Department of Economics will be transferred to the new department on its establishment. The salary of the Professor will be £A5,200 p.a. with superannuation similar to F.S.S.U.

Intending applicants are requested to obtain details of the procedure to be followed in applying for the post and a copy of the conditions of appointment before submitting their applications. This information is available from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on *April 16, 1965.*

UNIVERSITY OF ZAMBIA

Applications are invited from holders of good honours degrees with University teaching or research experience for the positions listed below, in the University of Zambia, Lusaka, which is due to admit its first students in March, 1966. Applicants for junior lecturerships need not have had university teaching experience.

Senior Lecturers, Lecturers or Assistant Lecturers in the following subjects:

Economics Political Science Sociology

Salary scales: Senior Lecturer £2,250 x £100—£2,750 p.a. Lecturer Grade I, £1,950 x £75—£2,250 p.a. Lecturer Grade II, £1,650 x £75—£1,800 p.a.; Assistant Lecturer, £1,100 x £75—£1,250 p.a. Appointments to appropriate grade and entry within scales according to qualifications and experience. A pensionable contract addition of £400 p.a. is payable to non-Zambians who will be appointed on five-year contracts, renewable. Other conditions include: family passages and allowance for transport of effects on appointment and retirement or completion of contract, installation grant of £100, housing with hard furniture provided at rent varying from [illegible] per cent to 10 per cent. of salary, annual local leave and home leave every three years, provision for study leave; children's education travel allowances. Superannuation and medical and schemes will be introduced. Detailed applications (six copies), naming three referees, by March 27, 1965, to the Secretary, Inter-University Council for Higher Education Overseas, 34 Bedford Place, London, W.C.1, from whom further particulars may be obtained.

THE UNIVERSITY OF MANCHESTER

GRADUATE SCHOOL OF POLITICS AND PUBLIC ADMINISTRATION

About FIFTEEN places will be available in October, 1965, to British students who wish to enter the Graduate School. Applications are invited from graduates and from those graduating in the summer of 1965, provided they are of first class or good upper second class quality. Experience suggests that such students should have little difficulty in obtaining grants.

The Robbins Report made it clear that there will be a serious shortage of good graduates in the social sciences during the next few years. We are therefore ready to accept applicants graduating in related Arts subjects such as history, philosophy, and modern languages, as well as in scientific disciplines which train students in the use of statistics and mathematical models.

For further particulars apply to the Secretary, Department of Government, (Room 19), Manchester University, Manchester 13.

H.M. TREASURY: Vacancies for two SENIOR INFORMATION OFFICERS in the Press Office. Applicants should have Press experience and a good understanding of economic affairs. A degree in economics and experience of financial journalism would be an advantage.

Initial salary £1,995 p.a. appointment temporary in first instance with prospects of establishment.

APPLICATIONS to The Manager (PE.1752), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4, giving full particulars of age, experience and qualifications. CLOSING DATE *March 10, 1965.*

UNIVERSITY OF GLASGOW

DEPARTMENT OF POLITICAL ECONOMY

Applications are invited for a Lectureship in Political Economy. Salary scale: £1,400-£2,505 per annum (Senior Lecturer, £2,400-£3,150 per annum). Initial salary and grade of appointment according to experience and qualifications. F.S.S.U.

Applications (eight copies) should be lodged, not later than March 12, 1965, with the undersigned from whom further particulars may be obtained.

ROBERT HUTCHISON,
Secretary of the University Court.

UNIVERSITY OF HONG KONG

LECTURESHIP ASSISTANT LECTURESHIP IN ECONOMICS

Applications are invited for the post of Lecturer, Assistant Lecturer in Economics.

Applicants should have suitable qualifications, including research and teaching experience in economics. Knowledge of East Asia will be an advantage. The successful candidate will be required to take up duties in September, 1965.

Annual salary (superannuable) is:
Lecturer:
£1,750 x £75 — £2,825 (man) or
£1,600 x £60 — £2,140 (woman).
Assistant Lecturer:
£1,000 x £50 — £1,300 (man) or
£1,420 x £40 — £1,580 (woman)

The equivalent of income tax in the Colony is comparatively low.

Tourist air passages for first class sea passages of equivalent cost are provided for expatriate staff on first appointment and leave. Accommodation at reasonable rental is provided for appointees domiciled abroad.

Further particulars and information as to the method of application may be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Hong Kong and London, on *April 2, 1965.*

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for Lectureships or Assistant Lectureships in Economics for appointment in October, 1965. Candidates should state their special fields of interest. The salary scale for Lecturers is £1,400 x £85 — £2,165; thereafter, subject to review, x £85 — £2,505 a year, plus £60 a year London Allowance; and for Assistant Lecturers £1,050 x £75 — £1,275 a year, plus £60 a year London Allowance, with superannuation benefits in both cases. In assessing the starting salary, consideration will be given to age and experience.

Applications, with the names of three referees, should be received not later than April 12, 1965, by the Secretary of the Economics Department, London School of Economics and Political Science, Houghton Street, London, W.C.2, from whom application forms and further particulars may be obtained.

UNIVERSITY OF BIRMINGHAM

FACULTY OF COMMERCE AND SOCIAL SCIENCE

DEPARTMENT OF SOCIOLOGY

LECTURESHIP IN SOCIAL RESEARCH METHODS

Applications are invited for a post of Lecturer in Social Research Methods in the Department of Sociology. Candidates should be familiar with relevant statistical techniques, including survey design, but a wide interest, and preferably some experience, in social research methodology is the main requirement. The Lecturer will be expected to assist in the activities of the West Midland Social and Political Research Unit.

Salary scales are: Assistant Lecturer, £1,050 x £75 to £1,275; Lecturer, £1,400 x £85 to £2,105, x £85 to £2,505.

Applications (three copies), with the names of three referees, should be sent by March 15th to the Assistant Registrar (Commerce and Social Science), The University of Birmingham, Birmingham 15, from whom further particulars may be obtained.

UNIVERSITY OF NEWCASTLE UPON TYNE

DEPARTMENT OF SOCIAL STUDIES

Applications are invited for the following additional appointments which have been newly established from August 1, 1965:

(i) Chair of Social Studies;
(ii) Lectureship in Social Psychology;
(iii) Research Assistant for the study of family and neighbourhood problems connected with urban renewal.

Salary in accordance with the appropriate scale (Professor, £3,400 x £125 — £4,025 per annum; Lecturer, £1,400 x £85 — £2,165 (Bar) x £85 — £2,505 per annum; Research Assistant, £1,050 x £75 — £1,275 per annum) with membership of F.S.S.U. Candidates will be expected to take up duty on August 1, 1965, or such later date as may be mutually agreed.

Further particulars of the posts may be obtained from the undersigned, with whom applications, giving the names of three persons to whom reference may be made, should be lodged as follows:

(a) for the Chair: 15 copies by March 29, 1965;

(b) for the Lectureship and Research Assistantship: three copies by April 20, 1965.

P. M. Bettinson,
Registrar,
University of Newcastle upon Tyne,
6 Kendrington Terrace,
Newcastle upon Tyne 2.

THE LEYLAND MOTOR CORPORATION LIMITED

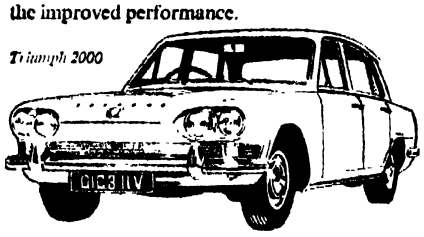
Excellent performance in Home and Export Fields

Leyland's best-selling Atlantean double decker

"The new financial year has started well. Both at home and overseas we are faced with substantial order books. I must, however, emphasise that with a Group of our magnitude, we are to a large extent dependent upon the state of the world economy as a whole. Both at home and overseas general economic and political conditions affect us, but there is still great scope for a Group such as ours"—said Sir William Black (Chairman) in his statement submitted to Shareholders at the 46th Annual General Meeting held on February 23rd.

Accounts

The Group profit for 1964 was £7.5 millions higher than the previous year and reflected the high level of activity achieved by members of the Group both at home and overseas, which contributed to the improved performance.



Triumph 2000

The Group net turnover at £202 millions was the highest ever achieved, being a 17½% improvement on the previous year. Of this Home sales were £100 millions, Overseas sales were £102 millions, of which £66 millions were direct Exports from the U.K., the balance being sales by our Overseas Subsidiaries.

The Year in Retrospect

In the Heavy Commercial Vehicle field, the improvement in trading conditions continued. Leyland, A.E.C., Albion and Scammell all were working at high pressure.

Special Products Division We have again maintained our sales of power units, transmissions and ancillary equipment, and this side of our business continues to expand both in the home and export markets.

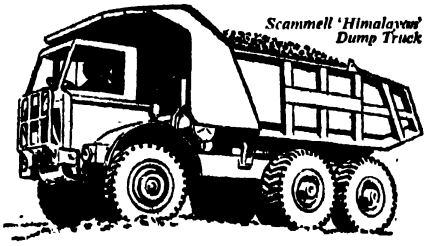
Foundry Group Demands on our Foundry Group (both from our own Companies and others) have been heavy throughout the year.

Standard-Triumph International Sales demand for Triumph cars continued throughout the year, and the total number of vehicles delivered, i.e., cars and light commercial vehicles, produced a record turnover for the Company.

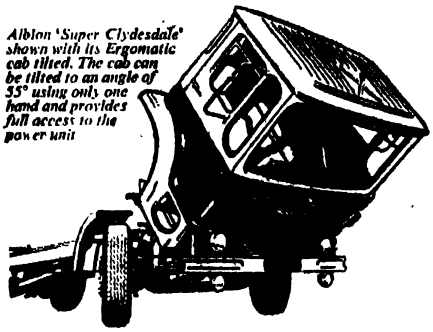
Overseas Developments overseas have more than kept pace in general with the position at home.

We will, of course, strive to improve our already excellent export performance, not only because it is in the national interest, but because it is good business.

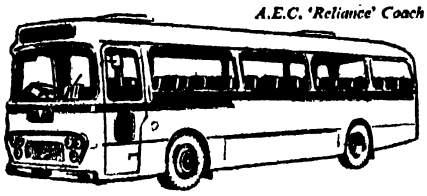
We have every reason to be satisfied with the results of the year's working and these results could not have been achieved without the loyalty and hard work of our Executive Staff and Workers at all levels, both at home and overseas. The same spirit of co-operation can keep our Group in the leading position it at present holds throughout the world.



Scammell 'Himalayan' Dump Truck



Albion 'Super Clydesdale' shown with its Ergomatic cab tilted. The cab can be tilted to an angle of 55° using only one hand and provides full access to the power unit



A.E.C. 'Reliance' Coach

SALIENT FEATURES	1964	1963
Turnover (excluding Sales within the Group) ...	£202,000,000	£172,000,000
Profit before Taxation	£17,830,000	£10,325,000
Profit after Taxation and Minority Interests	£9,769,000	£5,821,000
* Dividend on Ordinary Stock Units (Gross)	11%	9%
Retained Profit for the Year	£6,450,000	£3,066,000

* 1963 *as adjusted by Scrip issue in* 1964

THE LEYLAND MOTOR CORPORATION LIMITED
incorporating
LEYLAND MOTORS LTD
STANDARD-TRIUMPH INTERNATIONAL LTD
A.E.C. LIMITED
ALBION MOTORS LTD
SCAMMELL LORRIES LTD
WEST YORKSHIRE FOUNDRIES LTD
and over 50 subsidiary and associated companies allied to vehicle production throughout the world

ANGLO AUTO
Finance Company Limited

The following salient points were made by Mr. Julian S. Hodge, F.A.C.C.A. (the chairman) in his Statement submitted to Shareholders at the Annual General Meeting held on February 22 in Cardiff.

- 1964 has been a very important year in the development of your Group, for the Pre-Tax Profits passed the £1,000,000 barrier for the first time (£1,254,000 compared with £804,000 in 1963). The Directors recommend a Final Dividend of 17½% less tax, making 35% less tax, for the year.
- It is gratifying to report that good progress has been made by additional branches established during the Financial Year just ended. There has been a considerable increase in turnover in the Group's original Branches, and in total we now operate 35. It is planned to open a further three Branches during 1965.
- Notwithstanding the clouds of uncertainty that overshadow the economy at the present time, I believe that 1965 will prove to be yet another good year for your Company.
- I feel that Hire Purchase is still very much a growth-industry, of which, I am pleased to say, your Company is a fast-growing member.

8½%

DEPOSIT ACCOUNTS

Interest can be paid without deduction of Income Tax
Minimum initial deposit £50
Withdrawal notice 12 months
Up to £100 withdrawable on demand

ANGLO AUTO FINANCE CO. LTD
Deposit Department, 7/8 Windsor Place, Cardiff
MEMBER OF THE HODGE GROUP

HENLYS LIMITED

ANOTHER RECORD YEAR

The thirty-sixth Annual General Meeting of Henlys Limited was held on February 18th in London, Mr H. G. Henly (the chairman) presiding.

The following are extracts from the Directors' Report:

The Accounts for the year ended August 31, 1964, show a higher profit than in any previous year.

The buoyant market for New Cars, to which reference was made in our previous report, continued throughout the year, and margins on Used Cars were maintained. With the Group achieving a record turnover, there has been a marked increase in the Trading Profit.

The Net Trading Profit of the Group amounted to £1,689,272, an increase of £197,340. Your Directors recommend a Final Dividend on the Ordinary Shares of 17½ per cent, making a total of 25 per cent for the year. While this is the same rate as for the previous year, the dividend is payable on an enlarged capital.

Addressing the Meeting, the Chairman said:

Last year at this time I stated that the profits at that time were one third up on the corresponding trading for the previous year. Unfortunately, practically all our Manufacturers had a series of unofficial strikes, and it is due to this reason, and this reason alone, that we did not maintain those figures and indeed increase them.

Now, today our profits still show an increase of 12 per cent, and whether we shall be able to maintain or increase this ratio is not for me to predict. We have not yet felt the repercussions of Resale Price Maintenance, neither do we know how the new Hire Purchase laws are going to affect our industry, but I can assure you, that our order books are very full. All the cars for which we are Distributors and Agents are selling well, but I cannot ignore the fact that the political situation is not as stable as I would like to see it. But in spite of this last remark, I can only tell you that at this moment—and this is all I can tell you—there is no need for despondency. My usual cautionary remark is "What the future holds I cannot foretell."

The report was adopted.

National Provincial Bank Limited

ESTABLISHED 1833

Statement of Liabilities and Assets December 31st, 1964

LIABILITIES

Capital paid up	£38,712,933
Share Premium Account	10,594,226
Reserve Fund	21,966,270
Current, Deposit and other Accounts	1,055,216,423
Liabilities for Acceptances, Endorsements, Engagements, etc.	68,869,943
	£1,194,559,815

ASSETS

Coin, Bank Notes and Balances with the Bank of England	£89,490,754
Balances with, and Cheques in course of collection on, other Banks in the United Kingdom and Ireland, and Cheques, Drafts, etc., in transit	84,199,994
Money at call and short notice	76,162,721
Bills Discounted and Re-financeable Credits	176,726,357
Investments	151,085,617
Advances to Customers and other Accounts	500,167,389
Investments in Subsidiary Companies	28,672,087
Trade Investments	4,806,124
Bank Premises	15,168,849
Liabilities of Customers for Acceptances, Endorsements, Engagements, etc.	68,869,943
	£1,194,559,815

HEAD OFFICE:

15 Bishopsgate, London, E.C.2

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail, UK £6 ; overseas £6 10s.

By air see below

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. Airmail is invariably more expensive but usually quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended.

	Airmail	Air Freight
Australia	£13 10s.	—
Canada :—		
Quebec & Ontario Provinces	£12 10s. or Can. $38	£9 15s. or Can. $30
Other Provinces	£12 10s. or Can. $38	£10 10s. or Can. $31·80
Ceylon	£12 10s	£10 0s.
China	£13 10s.	—
East Africa	£12 10s.	£10 0s.
Egypt	£11 0s.	—
Europe	£10 0s.	—
Ghana	£12 10s.	£9 10s.
Gibraltar, Malta	£7 5s.	—
Hongkong	—	£12 10s.
India	£12 10s.	£10 0s.
Indonesia	£12 10s.	—
Iran and Iraq	£11 0s.	£9 10s.

	Airmail	Air Freight
Israel	£11 0s.	£9 10s.
Japan	£13 10s.	—
Jordan	£11 0s.	—
Lebanon	£11 0s.	£9 0s.
Malaya	£12 10s.	—
New Zealand	£13 10s.	—
Nigeria	£12 10s.	£9 10s.
Pakistan	£12 10s.	—
Philippines	£13 10s.	—
Rhodesia	£12 10s.	—
South Africa	£12 10s.	£10 0s
South and Central America	£12 10s.	—
Sudan	£11 0s.	£9 10s.
USA	£12 10s. or $35	£10 10s. or $29·50
West Indies	£12 10s	—

THE ROYAL BANK OF SCOTLAND

ST. ANDREW SQUARE, EDINBURGH
and over 250 Branches in Scotland and London

ASSOCIATE BANKS
WILLIAMS DEACON'S BANK LIMITED
with over 250 Offices in England and Wales

GLYN, MILLS & CO.
with 4 Offices in London

THE THREE BANKS GROUP

Consolidated Statement of Accounts as at 31st December 1964 shows:—

Total Assets	£453,064,150
Current, Deposit and other Accounts	£381,393,958
Capital and Published Reserves	£24,004,493

Each of The Three Banks has its own long tradition of personal service to the public and still preserves its separate entity. Within the Group their resources and experience merge to give strength and to provide the many services required from a modern banking institution.

United States Representative Office 63 Wall Street, New York, 10005

BARROW HEPBURN & GALE

AN EVENTFUL AND PROGRESSIVE YEAR

The forty-fourth Annual General Meeting of Barrow Hepburn & Gale Limited will be held on March 18th in London.

The following is an extract from the statement by the Chairman, **Mr George W. Odey, CBE:—**

It gives me very great pleasure to be able to report the further improvement in our results which I forecast in my last year's Statement.

We have almost completed the establishment of our new Upper Leather Department at Richard Hodgson & Sons Limited, Beverley. We are also expanding our finishing capacity at the Upper Leather Tannery in Hull. With these expansions we shall be in a position to produce some 15 per cent of the domestic full chrome side leather production of the country, while at the same time substantially increasing our share of the suede leather market.

As far as Sole Leather is concerned, while the percentage of sole leather used in the shoe trade has not improved as we anticipated, we have nevertheless maintained our position.

Our American Companies have again had a year of outstanding progress. Sales increased by 15 per cent over 1963, with a more than commensurate increase in profits. Sales of our Bevaloid products manufactured in this country increased by 34 per cent, largely due to a substantial increase in our export trade.

As shareholders will be aware, we have substantial interests in South Africa, mainly connected with the production of wattle bark and wattle extract. Wattle Extract is the most important vegetable tanning material, which we use in our own tanneries. Our percentage of the South African wattle extract industry is 11.5 per cent and there is a considerable appreciation in the value of our South African investment.

Accounts: The position shows a considerable improvement. After allowing for the Ordinary Dividend of 25 per cent and the Preference Dividend with the participating rights, we have been able to transfer approximately £100,000 to the Capital Reserve and at the same time increase our Profits Carry Forward by just under £30,000.

The position at our Mitcham Factory has greatly improved during the year, but competition in the conveyor belting industry continued to be severe. We have orders in hand which will maintain production for some months ahead.

Referring to current prospects, Mr Odey said: Granted the restoration of confidence in our currency and indeed in our whole economy, I regard the future prospects of your Company as assured.

BORAX (HOLDINGS) LIMITED

LORD CLITHEROE'S REVIEW

The following are extracts from the review of the year to September 30, 1964, by the Chairman, **The Rt Hon Lord Clitheroe, PC,** to be presented at the Annual General Meeting on Wednesday, March 24, 1965:

GENERAL REVIEW

The high level of industrial demand for boron products evident throughout the world during the second half of last year has continued, and I am pleased to report record sales for the year under review. Potash sales by our American operating company, United States Borax & Chemical Corporation, were also the highest in the Company's history.

During the year we have brought into operation the bulk storage facilities of our Rotterdam subsidiary, Borax N.V. Regular despatches in bulk are now being made to Rotterdam from our plant at Boron, California, through our specially constructed storage and loading facilities at the port of Los Angeles; from Rotterdam materials are being distributed to points all over Continental Europe and the United Kingdom. The improvement in service and delivery is already noticeable and, I believe, much appreciated by our customers.

Trading surplus (before depreciation) and other income totalled £8,594,000 compared with £6,945,000 in the previous year, while the charge for depreciation, depletion and amortisation was £3,011,000 against £2,541,000 in 1963. Group profits, before tax, amounted to £5,307,000 against £4,168,000 in 1963. After providing for tax and after deducting minority interests in subsidiaries, the net profit was £2,176,000 compared with £1,756,000 in 1963. An interim dividend of 5 per cent on the deferred ordinary stock was paid last September. It is now proposed that a final dividend of 11 per cent be paid in March, making a total of 16 per cent compared with 15 per cent last year.

CANADIAN POTASH

Last year I referred to the possibility of our undertaking a Canadian Potash venture, jointly with other interested parties. Construction started in June on the property controlled jointly by U.S. Borax and the Homestake Mining Company; the site is near Saskatoon, Saskatchewan, in Canada. Swift & Co. of Chicago will join the venture as part owner. U.S. Borax will own 40 per cent. of the mine and plant and will market 80 per cent of the output on behalf of a U.S. Borax-Homestake partnership.

An annual capacity of 1,500,000 tons is planned with two mine-shafts being constructed simultaneously, providing for safe and efficient mining and giving a basis for increasing the initial output by one-third or more at low capital cost if desired. The project involves a total investment of about $66,000,000, towards which U.S. Borax will contribute 40 per cent. Construction of the mine and refinery is likely to take four to five years. This investment will be of great importance to your company. Current world demand for potash is approaching twenty million tons a year and is increasing annually.

EXPORTS AND OVERSEAS EARNINGS

In view of the vital importance to our country of export trade, I would like to comment upon the position of our own company and its contribution to exports and the earning of foreign exchange.

Your company has a very considerable stake in the borax and potash industries through its overseas subsidiaries. Income received from overseas investments provides one of this country's most important invisible exports and overseas investments form a valuable part of our foreign exchange reserves.

Additionally, we earn foreign exchange through services supplied to the overseas subsidiaries of the Group; for instance, Borax Consolidated Limited conducts research services on behalf of our overseas companies, and also acts as agent of U.S. Borax, selling their boron products to practically every country of the free world outside the North American continent.

In this country we are mainly indirect contributors to the flow of exports, since so many industries use our products in their manufactured goods. We supply chemicals as raw materials to a wide range of industries, many of which are themselves exporters; for example, the glass and enamel-ware industries.

Exports generally are unlikely to achieve any substantial increase from some of the expedients of which one hears talk. More constructive would be an end to the constantly increasing costs of fuel, transport and the like and an improvement in the performance of the various ports in this country through which our goods move too slowly.

We aim through technical efficiency to combat rising costs and to hold prices firm with the object of promoting the wider use of boron chemicals, thereby assisting the industries that use them. With few exceptions the basic prices for boron products in the United Kingdom are lower now than they were in 1959.

OUTLOOK FOR THE FUTURE

During the early months of the current financial year sales have exceeded those of the same period a year ago, and profits show some improvement. A strong demand remains in evidence in all the principal markets of the world served by the Group. The shortage of anhydrous boron products continues, but this should be alleviated when the additional plant capacity for these products comes into use at Boron, California, in the second half of the current financial year.

THE NEW ZEALAND AND RIVER PLATE LAND MORTGAGE COMPANY LIMITED

SIR DENYS LOWSON ON THE SITUATION IN ARGENTINA

Sir Denys Lowson, Bt., the Chairman, presided at the eighty-first Annual General Meeting of The New Zealand and River Plate Land Mortgage Company Limited which was held in London on February 22nd. In the course of his remarks he said:

The gross income for the year amounted to £61,395, as compared with £57,432 for the previous year. There had been a sharp rise in the charge for United Kingdom taxation, consequent upon the exhaustion during the year of the income tax losses which the Company had been carrying forward for a number of years past as an offset against current profits. Substantial losses are still being carried forward for profits tax purposes; but naturally these are now subject to the uncertainties of the budget.

The dividend had been increased by 1 per cent to 5 per cent; and there was a credit balance of £4,393 to carry forward against a debit balance of £55,331 brought in. This had been made possible by revaluing some of the Company's investments and carrying £100,000 to Capital Reserve, of which £50,000 had been applied to help in extinguishing the debit balance.

The market value of the United Kingdom investments was £1,267,835; this showed an appreciation of £471,733, or more than 59 per cent over the figure of £796,102 at which they appear in the accounts, and gave the £1 Ordinary Stock Units a break-up value of approximately 35s. This valuation was some £200,000 more than in the previous year, and must in the circumstances be considered very satisfactory. The geographical distribution of the investments at the date of the accounts, based on their valuation was: Great Britain, 67.84 per cent; Commonwealth, 12.91 per cent; North America 17.88 per cent: elsewhere, 1.37 per cent; while by categories 93.80 per cent were in equities and 6.20 per cent in debentures and fixed interest securities.

As regards the situation in Argentina, there had been some indications of a measure of economic recovery during 1964; the gross national product being estimated by the Minister of Economy to have been 8.2 per cent above that of the preceding year. Steel production exceeded one million tons for the first time. The wheat harvest was again excellent, and the country continued to experience a favourable balance of trade; in part no doubt due to import restrictions. As compared with 1963, the production of motor vehicles increased by 55 per cent, the output of coal, gas and electricity rose substantially, railway traffic increased and unemployment declined. In considering these comparisons, however, it must be borne in mind that 1963 had been a year of severe recession.

On the less favourable side of the Argentine economic picture, inflation had continued unabated. In spite of an attempt to fix the prices of a number of goods, the cost of living in Buenos Aires increased during 1964 by 18.1 per cent according to the official index; while another well-known, though unofficial, index assessed the increase at 28.6 per cent. In these circumstances it was perhaps not surprising that labour discontent manifested itself in frequent strikes and repeated demands for higher pay. The high cost of social welfare, which now amounted to more than one quarter of wages and salaries, was a further source of discontent. In the exchange market, despite the imposition of a lengthening list of controls and restrictions, the value of the peso had again declined since the close of this Company's financial year; the rate now standing at approximately 420 pesos to the £. Even so, there was considerable agitation for a further devaluation, especially on the part of grain exporters. In the so-called "parallel" or unofficial market, the exchange rate was now more than 600 pesos to the £.

There is a widespread belief that the objects of the new 5 year National Plan is incapable of achievement in the present economic climate of Argentina. This envisages an increase in the gross domestic product at an annual rate of 5.7 per cent; and refers to the need for increasing the output of agriculture and stock raising, still the source of 95 per cent of all exports. On the part of management, already suffering from the disincentive of high taxation, there is a lack of confidence, an anxiety as to the future and a suspicion that only the more favourable aspects of the economy are being made public. It is pointed out that heavy foreign obligations are due for repayment this year, and although the Minister has stated that these can be refinanced at any time if necessary, it is not clear whether, or how, the Government intends to do so. If this is not done, a severe burden will be placed on the balance of payments. In any case, it is felt that an increase in the internal supply of goods and services commensurate with the present rate of monetary expansion is impracticable; and that there is little real prospect of a substantial reduction in the present Budget deficit as forecast for the third year of the Development Plan.

If the Plan is to be even partially successful, there must be a much greater effort and more work on the part of all sectors of the community and less reliance on foreign assistance. There must be an end to the uncontrolled issue of bank notes to cover the deficits of State enterprises, and to the folly of retiring fit persons on pension at the age of 55 or even as early as 50. There must also be a reduction in the overgrown bureaucracy which at present imposes a heavy burden on the country; and the practice on the railways and as well as in most other public bodies of employing two and even three people to do work which could be done by one person.

The solution to Argentina's problems rests in her own hands. The potential is undoubtedly there; it needs only to be exploited and developed.

We have now made good in this Company the severe losses imposed by the disastrous fall in the Argentine exchange. Before the War in 1939 the official rate was 11.45 pesos to the £ sterling with a free market rate of about 17 pesos to the £. This compares with a rate of about 39 pesos to the £ when I first became a Director in 1951, and remittances which were received that year in respect of 1948 profits at the official rate of 19.36 pesos to the £. Today's present official rate is 420 pesos to the £.

However, today we have the advantage in this Company that nearly all our assets are in sterling, so that we can look forward to the future with confidence; subject only to what future taxation in this country will have in store for us. We have prepared a revenue forecast which shows that under normal circumstances our revenue should be well maintained during the current year.

The resolutions were passed unanimously, and the proceedings terminated with a warm vote of thanks to the Chairman, Sir Denys Lowson, the Directors and staff in London and Buenos Aires.

GOVERNMENTS STOCK AND OTHER SECURITIES INVESTMENT COMPANY

HIGHER REVENUE AND DIVIDEND

MR H. C. DRAYTON ON GOVERNMENT SPENDING AND TAXATION

The ninety-third annual general meeting of Governments Stock and Other Securities Investment Company Limited was held on February 23rd in London.

Mr H. C. Drayton (the Chairman, who presided, said:

Gross revenue for the year amounted to £675,000, or an increase over the previous year of £63,000. After deducting therefrom our expenses, Debenture Interest, Income Tax and Profits Tax, we are left with a net amount available of £357,000, or an increase of £37,000 over last year, or 11.5 per cent.

Your Directors are recommending a dividend of 16 per cent for the year. This is paid on the capital as increased last year by a one-in-ten bonus, which was taken from revenue reserves and capitalised, a free bonus, and also a one-in-ten issue at par. So that your 16 per cent dividend compares with last year as equal to 17.6 per cent. In other words, you have a 10 per cent increase in your dividend without putting up any more money.

If you turn to the valuation you will see that our investments are worth £11,226,000, which is practically the same as last year but, on the other hand, our Sundry Debtors and Cash show an increase of £121,000 over last year. To make these figures intelligible to shareholders perhaps it would be better to say that the break-up value of our shares this year is 18s. 9d. a share and of course you will recollect that you have had a one-in-ten free issue and there is also the one-in-ten issue at par. In the light of the circumstances now prevailing I do not think that is a bad effort.

NEW TAXATION FOR COMPANIES

We are facing a new form of taxation for companies and your Directors have had to give considerable thought to that new taxation. They have tried hard to find out what it means to us. We have had the written reply by the Chancellor of the Exchequer; we have heard what the Chancellor of the Exchequer and the First Secretary of the Treasury have had to say on the matter. We have also had reported to us the results of certain deputations to the Chancellor. I cannot do better than say to you that we know no more now than we did when it was first announced.

One must not criticise Mr Callaghan too much and say he has not been useful, because to me personally he has been extremely useful. He has illuminated a text in Omar Khayyam which I did not quite understand, but now I do perfectly. It goes as follows:

Myself when young did eagerly frequent
Doctor and Saint, and heard great argument
About it and about, but evermore
Came out by the same door as in I went.

Now that is the position today, gentlemen. I know no more, and I do not believe anybody else does, than when we first started.

There is one other thing I would like to say. You have all seen in the newspapers this morning the very large increase in the Supplementary Estimates which I think from memory, reading it quickly, was 8.9 per cent in our Government spending. That is a very big figure. We are spending too much and it is not of great assistance when a politician gets up and draws a red herring across the facts of life by saying that spending money on schools or spending money on flats are both inflationary. That is probably true, but what is also true is that Government spending on Current Account is inflationary and the Government, if we are to recover, have got to learn the lesson that everyone else learns that economy is the first step in efficiency, and that applies to governments as well as to businesses. We have got to face the fact that overseas our currency is not trusted and it will not be trusted until the Government not only put a brake on spending but put that brake on in such a way that it helps the economy of the country.

I have always had the theory that the man who earns the money can look after the spending of that money and spend it more wisely than government officials can who take it from him by taxation. If it is the right policy for the Government to pursue, to stop the spending power of the public by taxation, there is one way that that can be of great use internally and externally and that is if those moneys taken by taxation are used to reduce the country's debt, i.e., the buying of our debt and the cancellation of it. Any other method gets us nowhere.

THE CURRENT YEAR

Turning to the current year, as you will have gathered we cannot tell you very much. If this was a normal year, I could say that we are going to have increased revenue. In fact, I believe and think we are going to have increased revenue. The indications that we have had since the start of our year, January 1st, point that way. But how we are going to be affected by this new tax, we do not know. In our case, we do not know whether it is going to affect us in our year ending 1965 or whether it is going to affect us in our year ending 1966, or indeed whether it is going to affect us.

And at that, gentlemen, I must leave it. I do not believe we shall pay less but farther than that I cannot go today, as I am not in a position, any more than you are, to say how it will affect us.

The report and accounts were adopted.

J. SAMUEL WHITE AND COMPANY

(Shipbuilders and Engineers)

The sixty-seventh Ordinary General Meeting of J. Samuel White and Company Limited was held on February 24th in London, **Sir James A. Milne, CBE** (the chairman), presiding. The following is an extract from his address:

The year has not been a very happy one financially. Losses have occurred on the Motor Coasters and the United Arab Republic Contract, the combined effect of which more than absorbed the profits of the Parent Company on other work and there was a net loss of £109,754. Our subsidiary, J. Samuel White & Company (Scotland) Limited also incurred a loss, but our other subsidiaries, Henry Bannister & Company, Limited and The Island Transport Company, Limited made profits comparible with their turnover. J. Arthur Dixon, Limited made a net profit of £105,780, the overall result being a Group loss of £7,980.

When H.M.S. Arethusa (due for delivery in the latter part of the year) is completed there will be no more work in hand in the Shipyard. This is due to our policy of not taking any further contracts which would not at least cover building costs.

Referring to the efforts which were being made to develop the Company's engineering activities, he said: Changing the character of our engineering business is a not unformidable task and to earn profits comparable with those of recent years will take time.

The report was adopted and a total dividend of 15 per cent (same) approved.

ALENCO LIMITED

(MEMBER OF THE CHARTERHOUSE GROUP)

(To 30th September)	1964	1963
Group sales	£6,924,000	£5,682,000
Profit before tax	£1,212,000	£831,000
Ordinary dividends (net)	£243,000 (22½%)	£180,000 (16⅔%)
Times covered	2·3	2·1

The annual general meeting of Alenco Limited was held on 24th February in Maidenhead, Mr. J. Symes, the Chairman, presiding. The following is an extract from his circulated review:

I am happy to report a very successful year in which all the operating subsidiaries have individually increased turnover and profit. There is every indication from the present trend of orders that the current year will show a further increase in our business and we look forward with confidence to the results of this year's trading.

HARGRAVE ROAD, MAIDENHEAD, BERKS.

FALCON MINES LIMITED

The fifty-fifth Annual General Meeting of Falcon Mines, Limited will be held on March 18th in Bulawayo, Rhodesia.

The following is an extract from the Statement of the Chairman, Mr F. L. Wigley, circulated with the Report and Accounts for the year ended September 30, 1964:

The year's operations have been characterised by steady progress in all spheres and the continuance of encouraging results from development.

The tonnage milled at 269,800 tons was almost the same as for the previous year. Gold recovery increased by 0.30 dwts. per ton, working costs rose by 2s. 11d. per ton and the working profit at the Mine was £347,851 compared with £334,606 for 1963.

The profits of the Company became taxable for the first time since the Dalny Mine was acquired and an amount of £35,234 has been provided in this respect. The Net Profit for the year, after taxation, was £293,273 as compared with last year's profit of £315,005 when no tax was payable. After providing for Dividends (37½ per cent) which absorbed £187,235, there remained a balance unappropriated of £161,353, compared with £81,711 brought forward from 1963.

The marked progress achieved in recent years has served to place the Company in a strong financial position. Sufficient funds have been available from profits to meet substantial expenditure on fixed assets and there has been a steady increase in dividend distributions from 20 per cent in 1961 to 37½ per cent in 1964.

The total development footage accomplished at 18,040 feet was 1,084 feet more than that of the previous year. Payable footage increased from 5,765 feet (67 per cent) to 7,510 feet (68 per cent) and the average value was 13.49 dwts. over 47 inches compared with 9.25 dwts. over 43 inches for 1963.

The ore reserve at September 30, 1964, was estimated at 833,300 tons valued at 7.27 dwts. over a width of 84 inches. Compared with the previous year, the tonnage rose by 12,900 tons, the value by 0.45 dwts. and the width by 2 inches.

Regarding general policy, the process of achieving the required balance between the tonnage calls from all sections of the Mine has been slower than hoped for but since the year-end progress has been more rapid. In accordance with estimated potentials, development at Dalny has been curtailed whilst the rate at Arlandzer has been increased. In addition, it has been decided to provide a new main shaft at Arlandzer to facilitate the exploitation of the greater prospective tonnage indicated by the development results. This shaft, to be known as the E.4 vertical shaft, will be sunk to a depth of 1,100 feet from surface and it is hoped to accomplish 750 feet of sinking during the current year. An amount of £43,000 has been included in the 1965 capital expenditure budget for this purpose. Full-scale sinking will commence by mid year after the installation of the collar and erection of the permanent headgear, now in progress, have been completed.

THE ATLAS STONE COMPANY

The thirty-fourth Annual General Meeting of The Atlas Stone Company Limited was held on February 18th in London, Mr Bernard Davis (Chairman and Managing Director) presiding. The following is an extract from his circulated statement:

The Trading Profit for the year amounted to £385,746 which compares with £329,219 for the previous year. Your Directors recommend a Dividend on the Ordinary Shares of 24 per cent less tax. These results have been achieved purely from within our own organisation and without recourse to the acquisition of other businesses or diversification.

It will be seen from the Balance Sheet that there is a general improvement in your Company's finances, the demand for our products has further improved and turnover, which is solely derived from the manufacture and sale of Building and Highway Materials, once again shows an encouraging increase. There has been no slowing down in the expansion that has already been evident for some years and every endeavour is being made to maintain this progress. Every opportunity is being taken to minimise the effect of increases in costs by the introduction of new and improved manufacturing techniques providing increased efficiency.

Our forward plans remain bold and imaginative, without being in any sense imprudent or hazardous and consist chiefly of expanding and increasing the manufacture and sale of existing products, at the same time losing no opportunity for seeking out and developing new products allied to the Industries in which we are actively engaged. The report was adopted.

APPOINTMENTS (continued) for further announcements see pages 937, 944, 945, and 946

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Applications are invited for appointment to a Lectureship or Assistant Lectureship in History from October 1, 1965. The main duty of the successful candidate will be to teach mediaeval English history to students reading for the B.A. (Honours) degree in History. The salary scale for Lecturers is £1,400 x £85 — £2,165, thereafter subject to review x £85 — £2,505 a year, plus £60 a year London Allowance, and for Assistant Lecturers £1,050 x £75 — £1,275 a year plus £60 a year London Allowance; with superannuation benefits in both cases. In assessing the starting salary, consideration will be given to age and experience.

Applications with the names of three referees should be received not later than March 16, 1965, by the Assistant Secretary, London School of Economics and Political Science Houghton Street, London, W.C.2 from whom application forms and further particulars may be obtained.

AUSTRALIAN NATIONAL UNIVERSITY

CHAIR OF POLITICAL SCIENCE

Applications are invited for appointment to a second Chair in the Department of Political Science in the School of General Studies of the University. It is hoped that the professor can take up duty early in 1966.

Applicants should have a broad command of the discipline. A particular interest and competence on the side of political theory would be especially helpful at this stage of the department's development.

The Department of Political Science offers courses in Political Science, Public Administration and International Relations towards bachelors' and masters' degrees and its members supervise research degree theses.

The salary for a professor in the School of General Studies is $A5,200 per annum.

Further information and forms which should accompany an application may be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on April 26, 1965.

SOUTH OF SCOTLAND ELECTRICITY BOARD

Applications are invited for a superannuable position as SENIOR ASSISTANT ENGINEER (RESEARCH AND STATISTICS) in the Planning and Economics Section of the Chief Commercial Officer's Department at Board Head Office.

The person appointed to this vacancy will be the deputy leader of a team which is being formed to undertake statistical, market and load and cost research. He will also be engaged on load estimation, weather correction of consumption and demand data, and mathematical and analytical studies. The post will also offer some opportunities for the study of tariff policy formulation.

Applicants should preferably have an honours degree in statistics, mathematics, economics and/or engineering, or be a corporate member of the Institution of Electrical Engineers with some knowledge of statistics or economics. Experience in the Electricity Supply Industry will be an advantage.

Salary commencing at £2,060 and rising to £2,640 per annum.

Applications quoting reference C 3/65, should be submitted on the standard form to the Chief Personnel Officer, South of Scotland Electricity Board, Cathcart House, Inverlair Avenue, Glasgow, S.4, not later than March 12, 1965.

THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH

The Institute has vacancies, one in April and one in September, 1965, for senior economists experienced in applied research, to lead projects concerned with the growth prospects of the British Economy. Appointments will be made in the Senior Research Officer grade (£2,300 x £100 to £3,200 with London allowance of £80 and F.S.S.U. provision) and for an initial period of between two and five years. Applications and inquiries to the Executive Secretary, N.I.E.S.R., 2 Dean Trench Street, Smith Square, London, S.W.1.

UNIVERSITY OF CAMBRIDGE

DEPARTMENT OF APPLIED ECONOMICS

Applications are invited for appointments from October 1, 1965, which it is hoped to make in both senior and other research grades. The appointments call for knowledge and ability in one or more of the following fields: applied statistics, econometric theory, sociological research, economic analysis, industrial and labour relations, international trade and investment. Applicants should normally have at least a good second-class honours degree. The generous stipends of posts in the grades concerned range from £1,000 to £2,505 a year. A limited contribution may be made towards removal and travelling expenses.

Applications, giving personal details, academic qualifications, experience and research interests, together with the names of two referees, should reach the Secretary, Department of Applied Economics, Sidgwick Avenue, Cambridge, by March 31, 1965.

UNIVERSITIES OF NEWCASTLE UPON TYNE AND DURHAM

Applications are invited from men and women graduates, with experience in one or more of the fields in which Arts graduates are commonly employed, for the post of Assistant Appointments Officer, tenable in Durham. The vacancy, to be filled on or after August 1, 1965 will be for two years in the first instance and arises through the secondment of a member of staff to a post overseas. The candidate appointed would naturally be considered for an established post in the event of one being created as a result of the growth of the two Universities. A considerable programme of expansion of student numbers is in hand in both Durham and Newcastle.

The post would be suitable either for a candidate wishing to make a career in appointments work or for someone wishing to broaden his experience by a period of secondment. Applications from candidates offering a range of experience including teaching or information work would be welcome, though this should not in any way deter others. Starting salary would be at an appropriate point on the Lecturers' scale £1,400-£2,505 according to age, qualifications and experience. Membership of F.S.S.U. required.

Further particulars may be obtained from the Registrar, The University, Newcastle upon Tyne 2, with whom applications (three copies), together with the names and addresses of three persons to whom reference may be made, should be lodged not later than March 27, 1965.

UNIVERSITY OF YORK

GRADUATE SCHOOL IN ECONOMICS AND ECONOMIC HISTORY

There are 20 students enrolled for graduate work in Economics and Economic History this session, and it is the University's policy to extend graduate facilities in line with its expansion plans.

Applications are now invited from those wishing to take graduate courses leading to the degree of B.Phil. (minimum one year full-time study), M.Phil. (minimum two years full-time study), and D.Phil. (minimum three years full-time study). Preference will be given to those who wish to specialise in the major research fields of staff members of the Department of Economics and of the Institute of Social and Economic Research, i.e. Public Finance, Economic Development, International Economics, and Economic History.

A limited number of graduate studentships and junior research fellowships may be offered to successful candidates.

Four copies of applications, naming three referees, should be sent by March 19th to the Registrar, University of York, Heslington, York, from whom further particulars may be obtained.

UNIVERSITY OF HONG KONG

READERSHIP IN THE STATISTICS UNIT

Applications are invited for a Readership in the Statistics Unit. An applicant may be offered a Senior Lectureship if his qualifications and experience are considered to be more appropriate for appointment at such a level. The Reader (or Senior Lecturer) appointed will be in charge of the Statistics Unit.

The annual salary scale (superannuable) is:
Reader: £4,300 fixed (man) or £2,475 fixed (woman).

The equivalent of income tax in the Colony is comparatively low. Salary is at present under review.

Tourist air passages (or first class sea passages of equivalent cost) are provided for expatriate staff on first appointment and leaves. Accommodation at reasonable rental is provided for appointees domiciled abroad.

Further particulars and information as to the method of application may be obtained from the Association of Commonwealth Universities (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Hong Kong and London, on April 30, 1965.

ECONOMIST OR STATISTICIAN

The Statistics Department of the Cotton Board has a vacancy for a young man, preferably not over 30 years of age, with a good degree in economics and or statistics.

The work, which provides excellent experience, includes economic intelligence and research on a wide variety of matters concerning the textile industry and involves contact with top management in the industry.

The starting salary will be commensurate with age, qualifications and experience.

Applications, giving full details, should be addressed to the Director of Statistics, The Cotton Board, 3 Alberton Street, Manchester, 3.

For further announcements see pages 937, 943 and 946

DEPUTY EDITOR

required by leading international economic and financial journal. Applicants for this important post should have a good degree in economics, and at least five years' experience in current economic affairs preferably with proven writing ability. The appointment is a full-time one but to the energetic, offers good opportunities for the development of other activities.

We are prepared to pay the kind of salary that would be expected by someone possessing the high degree of practical knowledge, initiative and sense of responsibility the post demands. There is a contributory pension scheme.

Please send full details of qualifications and experience, age and availability in strictest confidence, to Box 3901, c/o The Economist, 25 St. James's Street, S.W.1.

UNIVERSITY OF READING

DEPARTMENT OF AGRICULTURAL ECONOMICS

Applications are invited for a post of ASSISTANT RESEARCH ECONOMIST; the person appointed should take up duties on October 1, 1965.

Further particulars may be obtained from the Registrar (Room 22, O.R.B.), The University, Reading, by whom applications should be received not later than March 27, 1965.

YOUNG ECONOMIC STATISTICIAN, graduate or equivalent qualification, is required to join a research team which is being set up as part of a new company to undertake sales and distribution for a wide range of publications.

The person appointed must be able to take charge of a defined research project and make coherent non-technical reports to management. Some acquaintance with use of a computer is desirable but not essential.

The appointment offers excellent prospects in a new company in a field where there is rapid growth in the applications of research. The initial salary will depend on age, qualifications and experience.

Applications, stating age, qualifications and experience, to

K. L. Cohen, Esq.
Tothill Press Ltd.
33 Tothill Street
London, S.W.1.

UNIVERSITY OF SOUTHAMPTON

Applications are invited for Research Assistantships in the DEPARTMENT OF ECONOMICS. It is anticipated that the persons appointed will, in the course of their work, proceed to a higher degree in Economics. Salary according to experience within the range of £650-£800. Further information regarding these posts can be obtained from the Deputy Secretary, University of Southampton, to whom applications should be sent before March 13, 1965.

BANK OFFICERS

GET OUT OF THE RUT!

Career appointments overseas are available to bankers of 20 to 35 years of age. Applicants up to age 25 should be single men and have completed at least Part I of the Institute of Bankers' Examination. Marriage is not a bar to older men, but they should have completed (or be in process of completing) Part 2 of the Institute Examination. These are career appointments with excellent prospects. The younger age group commences service in West Africa with emoluments normally in the region of £1,300 p.a. Salaries of older men are higher and will be considered at interview.

- ★ Free furnished quarters overseas.
- ★ First-class non-contributory Pension Scheme and retirement at age 55.
- ★ Eighteen-month tours with 108 days' leave between each tour. £100 kit allowance on appointment. Free medical attention overseas (though our health record is excellent). Free travel.

Interviews arranged in London.

Write, giving full particulars, to: The Secretary,

BANK OF WEST AFRICA LIMITED,
37 Gracechurch Street, London, E.C.3

LIVERPOOL EDUCATION COMMITTEE
COLLEGE OF TECHNOLOGY

BYROM STREET, LIVERPOOL, 3
Principal: S. A. J. Parsons, B.Sc. (Econ.), M.I.Mech.E., M.I.Prod.E., M.B.I.M.

DEPARTMENT OF INDUSTRIAL ADMINISTRATION AND LIBERAL STUDIES.

Applications are invited from well qualified candidates for the post of:

LECTURER IN MANAGEMENT ACCOUNTANCY (POST REF. 3485)

to commence duties September 1, 1965.

Applicants should possess a University degree or equivalent professional qualification. A candidate is sought with an interest in the application of financial data to the planning and control of firms. He must be able to explain accounting data to practising managers and show how it can be of use to them. Industrial experience is essential, and teaching experience is desirable.

The person appointed will be expected to teach costing and other accountancy matters to students whose primary field of study will be of University standard in engineering, physics, chemistry or pharmacy. There will be also practising managers attending the college for short courses.

SALARY: £1,670 to £1,995 per annum.

Further details and forms of application (returnable to the Principal by March 15, 1965) can be obtained from the Director of Education, 14 Sir Thomas Street, Liverpool 1, on receipt of an addressed foolscap envelope. Please quote post reference number.

THOMAS AIKER,
Town Clerk.

Esso REQUIRE ECONOMISTS

We wish to recruit economists who are seeking to make their career in a progressive Company. Initially they will be based at the **Esso Refinery, Fawley, Southampton.**

The work will be concerned with the preparation and economic analysis of operating and investment plans. Advance computing techniques are used in this work.

We require men with the ability and potential to progress to management positions. Future opportunities lie primarily in our London Offices but openings also exist at Fawley for men suited to Technical or Plant Management. Our policy is to develop careers as the needs of individuals and our organisation dictate and to fill senior posts by internal promotion.

Assistance with removal expenses and unfurnished accommodation may be available to married men.

The refinery borders the New Forest and full recreational and social facilities are available locally.

Applications are invited from Honours Graduates in Economics preferably under 30 years of age. Additional qualifications or experience in economics, statistics, operational research or chemical engineering would be an advantage.

Please write for application form to:

Mr. R. D. Crabtree,
Employee Relations Department,
Esso Refinery,
Fawley,
SOUTHAMPTON.

FISONS

OR COMPUTER APPLICATIONS O&M

In Fisons Limited a central service unit, based at Felixstowe, combines the techniques of operational research, computer applications and organisation and methods.

O.R. We want a man with at least 2-3 years' experience, preferably with a large industrial organisation. He is likely to have an Honours degree in Mathematics, Statistics or one of the Physical Sciences and, ideally, would have had some formal training in O.R. The appointment would suit someone now earning between £1,500 and £1,700 p.a.
(Ref. A.12.)

O.&M. There is a vacancy for a man with formal training in O.&M. who has had at least 2 years' relevant experience. He must be capable of handling a variety of projects with the minimum of supervision. A knowledge of data processing and computers would be an asset. The vacancy would suit someone now earning between £1,250 and £1,500 p.a.
(Ref. B.12.)

We would also like to hear from others who do not have the above qualifications or experience, but who are interested in other appointments that are likely to occur in this expanding unit.

Applications, giving details of education, experience and present salary and quoting appropriate references, should be sent to:

The Manager,
Central Personnel Department,
Fisons Limited,
Felixstowe,
Suffolk.

DIPLOMATIC SERVICE

Grades 5 and 7

About 15 vacancies exist for honours graduates and others who are suitably qualified. Selection will be by tests and interviews in June and July.

Candidates should possess a competent knowledge of at least one foreign language of value to the Diplomatic Service, and it will be an advantage to have

(a) a knowledge of a Middle Eastern, African, Oriental, or Slavonic language;
or (b) experience of Africa or South East Asia;
or (c) a knowledge of economic, commercial, or financial matters;
or (d) a scientific education or background;
or (e) experience of journalism or public relations;
or (f) post-graduate academic experience, especially of some aspect of foreign or public affairs.

The age limits are at least 27 and under 35 on August 1, 1965 (under 45 for candidates with regular service in H.M. Forces, Overseas Civil Service or Sudan Service).

The salary scales are £1,770-£2,167 for Grade 7, and £2,259-£3,087 for Grade 5. Additional allowances during service overseas.

For further particulars and an application form write to the Civil Service Commission, 23 Savile Row, London, W.1, quoting 292/65. Completed application forms should be returned by April 30, 1965.

UNIVERSITY OF BIRMINGHAM

FACULTY OF COMMERCE AND SOCIAL SCIENCE

DEPARTMENT OF ECONOMETRICS AND SOCIAL STATISTICS

Applications are invited for the post of Lecturer or Assistant Lecturer in Statistics in the above Department

Salary: Assistant Lecturer, £1,050 x £75 to £1,275, Lecturer, £1,400 x £85 to £2,165, x £85 to £2,505 with F.S.S.U. membership.

Three copies of applications, together with the names of two referees, should be sent by March 19th to the Assistant Registrar, Faculty of Commerce and Social Science, University of Birmingham, Birmingham 15, from whom further particulars may be obtained

UNIVERSITY OF BIRMINGHAM

FACULTY OF COMMERCE AND SOCIAL SCIENCE

DEPARTMENT OF ECONOMICS

Applications are invited for the post of Lecturer or Assistant Lecturer in Economics with special reference to the theory of the firm and Management Economics.

Salary: Assistant Lecturer £1,050 x £75 to £1,275, Lecturer £1,400 x £85 to £2,165, x £85 to £2,505 with F.S.S.U. membership

Three copies of applications, together with the names of two referees, should be sent by March 19th to the Assistant Registrar, Faculty of Commerce and Social Science, The University of Birmingham, Birmingham 15, from whom further particulars may be obtained

THOMAS DE LA RUE INTERNATIONAL LIMITED

a member of The De La Rue Group,
requires an

ECONOMIST

for its newly formed Commercial Development Department. The Company has world wide interests in the fields of security printing, minting and security transport, and has a number of subsidiary and associate companies in the British Isles and overseas.

The Economist will be responsible to the Commercial Development Manager and work in a department covering the following ranges of international activity:

(1) Analysis of existing products and services in order to recommend to operating units better methods of market penetration.
(2) Market surveys and feasibility studies of additional goods and services that should logically be integrated with present operations.
(3) Market and commercial appreciations of new products and ideas currently in the research pipeline.
(4) Business forecasting on a comparison basis with operational managers' estimates.

We are looking for a graduate with about two years' experience in marketing research, industrial marketing or selling, accountancy or financial analysis, but are willing to consider applications from others, if they possess the required personal qualifications. These are a high degree of analytical intelligence and imagination of a business type, combined with an enthusiasm for the more mundane business of fact-finding and report writing.

The successful candidate will probably be aged 25-28 and already earning £1,000-£1,250 per annum.

Candidates for this vacancy should apply in writing, giving details of education, qualifications, experience, present salary and age, to:

Chief Personnel Officer,
THOMAS DE LA RUE INTERNATIONAL LTD.,
110, Bunhill Row,
London, E.C.1.

ROYAL STATISTICAL SOCIETY

The Society has established a Working Party on Statistical Aspects of University Selection and related topics. Applications are invited from persons with statistical, sociological or educational experience for the post of SENIOR RESEARCH OFFICER to work on a study of the factors influencing demand for different kinds of higher education. The research is financed by a grant from the Department of Education and Science. The person appointed will work under the direction of a senior university teacher who is a member of the Working Party. Possible locations for the research include Cambridge, Leeds, London and Oxford.

The work will involve carrying through a large-scale survey and so will entail some travelling. The appointment will, in the first place, be made for a two-year period. The salary will be in the range £2,000-£2,900 subject to qualifications and experience, with F.S.S.U.

Applications should be sent, with names of two referees, to the Secretary, The Royal Statistical Society, 21 Bentinck Street, London, W.1

LECTURERS IN ECONOMICS

at the City of London College, Moorgate, London, E.C.2

Applications are invited for posts involving teaching and research in Theoretical and Applied Economics, Banking and Financial Economics, Economics with a statistical approach and Economics with a mathematical approach

Appointments to commence in September, 1965. Salaries according to qualifications and experience in accordance with prescribed scales for teachers in Further Education (under review), at present

Senior Lecturer:
Between £1,940 and £2,175

Lecturer:
Between £1,715 and £1,955

Assistant Lecturer:
Between £975 and £1,820

Details and application forms (returnable by March 23rd) from the Secretary (E).

UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN POLITICAL ECONOMY

Applications are invited for an Assistantship in Political Economy. Salary scale: £1,050-£1,275 per annum. Initial salary according to experience and qualifications. F.S.S.U.

Applications (three copies) should be lodged, not later than March 26, 1965, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of the University Court.

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

DEPARTMENT OF AGRICULTURE AND FISHERIES FOR SCOTLAND

(a) AGRICULTURAL ECONOMIST
(b) ASSISTANT AGRICULTURAL ECONOMIST

PENSIONABLE posts (three in London and one in Edinburgh) for men or women aged at least 26 for (a) and at least 20 and normally under 26 for (b) but candidates aged 26-28 considered for (a) or (b) according to qualifications and experience.

DUTIES: include investigating changes in financial conditions of agriculture and factors affecting agricultural output, analysing data from farm accounts, and preparing material for farm and horticultural management advisory work.

QUALIFICATIONS: degree, normally with 1st or 2nd class honours, in economics, agriculture, horticulture, or closely related subject, or comparable relevant qualification; also for (a) at least three years' appropriate post graduate experience. Knowledge of statistical methods an advantage. Final year students may apply for (b).

SALARY (Inner London): (a) £1,770-£2,167 (b) £965-£1,606. Starting salary may be above minimum in either grade. Promotion prospects

WRITE (preferably by postcard) to Civil Service Commission, Savile Row, London, W.1, for application form quoting 6100/65. Closing date March 22, 1965.
(18)

IRON AND STEEL BOARD

Economic Statisticians

Employment is offered on econometric work in a junior and a middle-grade post. For the former, applications will be considered from students completing courses this year, post-graduate work being an advantage but not essential; requirements will be

(a) first-class or good second-class degree in mathematics, with an interest in applications to economics and statistical inference, or
(b) first-class or good second-class degree in economics, with mathematical qualifications to at least G.C.E. "A" level and an interest in developing them.

Applicants for the middle-grade post should have a good academic background and knowledge of research methods, combined with experience in critical analysis of official economic statistics and in supervision.

The duties are to assist in economic analysis, planning and forecasting in association with other official bodies and with universities. Present work touches both the inter-relation of national income and expenditure accounts with inter-industry flows, and the analysis of consumer demand and industrial investment requirements. Staff are expected to undertake both routine responsibilities and individual research projects. Computer time is available.

Salary will depend on age and experience. The Board has a contributory superannuation scheme.

All applications will be treated in confidence. Write, giving full particulars of age, qualifications and experience and present salary, to

Establishment Officer,
Iron and Steel Board,
Norfolk House,
St. James's Square, S.W.1.

SITUATION WANTED

CAMBRIDGE GRADUATE, 26, upper second in economics, recently returned from research job in Australia, seeks opening into industrial financial management. An initially low salary is acceptable if training in accounting is given and prospects are very good.—Write Box 1902.

NOTICE

NORANDA MINES LIMITED

DIVIDEND NOTICE

NOTICE is hereby given that a quarterly dividend of forty cents (40c) per share, Canadian funds, has been declared by the Directors of Noranda Mines Limited, payable March 15, 1965, to shareholders of record February 23, 1965.

By Order of the Board.

C. H. WINDELER,
Secretary

Toronto, Ontario
February 16, 1965.

BUSINESS AND PERSONAL

LAND VALUES

HOW do land values vary in our big urban areas?

WHY have they been increasing in recent years?

WHAT answers have been offered to the land values problem?

HOW do they differ from one another?

WHAT are their strengths and weaknesses?

Answers to these and other related questions will be offered at a Colloquium on Land Values to be held in London under the auspices of the Acton Society Trust on March 13 and 14. If you would like to attend please send your name and address to Miss Patricia Thomas, Acton Society Trust, 18 Victoria Park Square, London E.2. The attendance fee is £5, which includes the cost of coffee, lunch and tea on both days. Cheques should be made payable to the Acton Society Trust.

ANNUAL REGISTER; Economist, Vols. 122-145; Times Official Index; Nature; Brit. Nat. Bibliography; Times Lit. Suppl.; B.M. Subject Index; Horizon; Illustrated London News (after 1900); Ref. Cat. Current Lit.; Royal Society Phil. Trans. and Proc.; Jnl. Roy. Statistical Soc.; Dublin Review; Cat. London Lib.; Quarterly Review; Book Prices Current; Monthly Review; Westminster Review; 19th Century Review; Critical Quarterly; Tatler; Sketch; Physical Soc. Prices; also foreign scientific periodicals, wanted by H. Porder, 529b Finchley Road, London, N.W.3. HAM. 9878.

TOP PEOPLE'S secretaries are well placed generally by STELLA FISHER BUREAU in the Strand.

For further announcements see pages 937, 943, 944 and 945

SPANISH, DUTCH, Italian, French and German pocket books—Penguins too! Lists free.—Hachette's Bookshop, 4 Regent Place, W.1 (adjoins 130 Regent Street)

EDUCATION AND COURSES

SECRETARIAL Training for Women especially university graduates and older students: 6-month and intensive 14-week courses.—Write Principal, Davies's, 158 Holland Park Avenue W.11. PARK 4654

LIVERPOOL EDUCATION COMMITTEE

COLLEGE OF TECHNOLOGY

BYROM STREET, LIVERPOOL 3

Principal: S. A. J. Parsons, B.Sc.(Econ.), M.I.Mech.E., M.I.Prod.E., M.B.I.M.

DEPARTMENT OF INDUSTRIAL ADMINISTRATION AND LIBERAL STUDIES

Applications are invited from well qualified candidates for the following post, to commence duties September 1, 1965.

SENIOR LECTURER IN QUANTITATIVE METHODS (POST F 338)

A candidate is sought with an interest in a scientific and quantitative approach to the problems of management and an ability to make complex decision making techniques intelligible to the average manager. The applicant should have an interest in the application of mathematical and statistical methods in business, some knowledge of computers would also be desirable. An applicant with industrial experience would be given preference and some teaching experience would be an advantage.

SALARY: £1,895 to £2,115 per annum.

Further particulars and forms of application (returnable to the Principal by March 19, 1965) can be obtained from the Director of Education, Education Offices, 14 Sir Thomas Street, Liverpool 1, on receipt of an addressed foolscap envelope. (Please quote Post Reference Number.)

THOMAS ALKER,
Town Clerk.

TUITION AT HOME

Wolsey Hall (est. 1894) provides unequalled courses for G.C.E. (all examining Boards) and for London University External B.Sc.(Econ.), B.A., B.D., B.Sc., LL.B. Degrees, also Diplomas and Certificates. 1,934 Wolsey Hall students passed B.Sc.(Econ.) since 1950. Tuition also for Law, Banking, Secretarial and other Professional Examinations, etc. Moderate fees, instalments if desired. Prospectus from I. W. Shaw Fletcher, C.B.E., LL.B., Principal, Dept. P.37, Wolsey Hall, Oxford.

WOLSEY HALL OXFORD

ENGLISH AS A FOREIGN LANGUAGE

The next teachers' training course (evenings) at DAVIES'S School of English will run from March 15th to May 31st. Special section on use of mechanical aids can be taken separately. Particulars from Davies's, 54 Hyde Park Gate, S.W.7. (KNI. 6833.)

UNIVERSITY OF LEICESTER

DEPARTMENT OF ECONOMICS

ADVANCED COURSES

As from October, 1965, the Department will offer one-year advanced courses leading to the degree of M.A. in:

(1) ECONOMIC DEVELOPMENT
(2) ECONOMICS OF PUBLIC POLICY

Further particulars and application forms may be obtained from the Registrar.

UNIVERSITY OF LONDON: A course of two lectures entitled "Problems of the South African Economy" will be delivered by Professor D. Hobart Houghton (Rhodes University) at 5 p.m. on March 4th and 11th at the London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2.
ADMISSION FREE, WITHOUT TICKET.
JAMES HENDERSON,
Academic Registrar

UNIVERSITY OF LONDON: A lecture entitled "Dynamic Programming and the Theory of the Firm" will be delivered by Professor J. Johnston (Manchester) at 5 p.m. on March 9th at the London School of Economics and Political Science, Houghton Street, Aldwych, W.C.2.
ADMISSION FREE, WITHOUT TICKET.
JAMES HENDERSON,
Academic Registrar.

Home Study Courses
B.Sc.(ECON.) LL.B.

and other external degrees of the University of London. Also Accountancy, Secretaryship, Law, Costing, Banking, Insurance, Marketing, G.C.E., and many (non-exam.) courses in business subjects including the new Stockbrokers and Stockjobbers Course.

Write today for details or advice, stating subject in which interested, to

METROPOLITAN COLLEGE

(Dept. G9/2), St. Albans,
or call at 40 Queen Victoria Street, London, E.C.4. City 6874 (Founded 1910)

THE POLYTECHNIC

309 REGENT STREET, LONDON, W.1

DEPARTMENT OF MANAGEMENT STUDIES

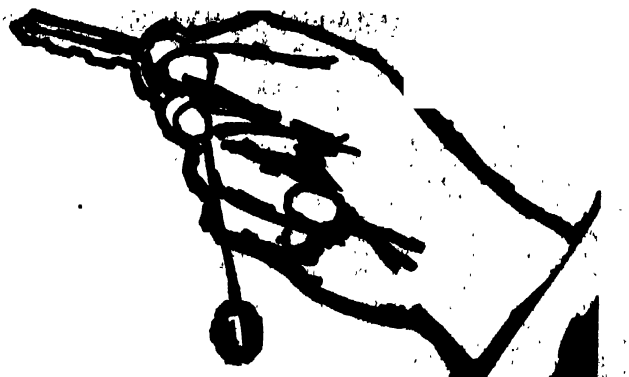
ONE DAY COURSE ON APRIL 8th

Profit Planning for Decision Making and Control in the Smaller Firm. Intended for senior executives and managers. FEE 10 gns.

ONE WEEK COURSE IN CAPEX
(Cost and Profit Evaluation Techniques)
MARCH 8th-12th

Intended for managers responsible for authorising capital expenditure. FEE 25 gns.

Further details from:
The Registrar,
Department of Management Studies,
Ebley Court, 20-22 Great Titchfield Street, London, W.1.

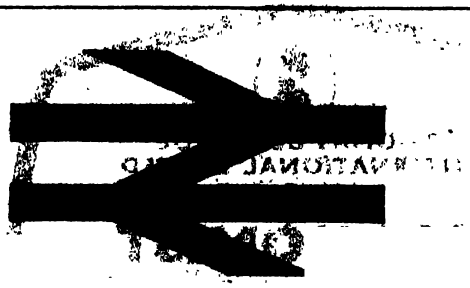


WE HOLD THE KEY TO BETTER BANKING

Our experience is your biggest banking asset. Let us use it to your advantage.

THE DAI-ICHI BANK, LTD.

Head Office: Tokyo, Japan New York Agency: New York
Overseas Representative Offices: Chicago, London

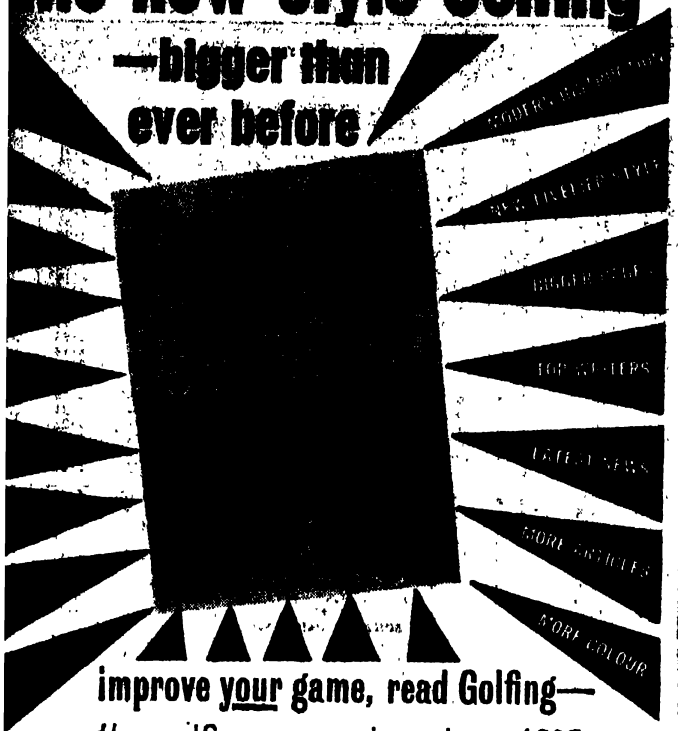


The development of the major railway trunk routes

Copies of this report can be obtained from British Railways Board, 222 Marylebone Road, London, N.W.1.
Price 15/- by personal application, or 15/6 by post.

British Rail

The new style Golfing
—bigger than ever before



improve your game, read Golfing—

the golfing magazine since 1895

GET A COPY TODAY !! only 3/-

from your local newsagent or direct from Golfing, Caterham, Surrey.

sugar soybeans

Outlook

Are you prepared for the unexpected changes in sugar and cocoa prices? We have successfully anticipated the major movements in basic commodities. These records have been referred to as outstanding.

You can obtain from us personal, confidential, scientific price forecasts for such major commodities as sugar, cocoa, coffee, animal by-products, hides, paper, metals and some others. You can also obtain forecasts for the United States and foreign economies. For over thirty years corporate and financial executives have made profitable application of these carefully researched reports to evaluate trends and make plans.

Inquiries welcomed. Correspond in any language.

Currently serving a number of the world's largest corporations.

31st YEAR — ECONOMIC CONSULTANTS — WORLD-WIDE SERVICE

INDUSTRIAL COMMODITY CORP.

122 East 42nd Street — New York, N. Y. 10017

Cable Address: ECONOGRAM — Code: ACME

cocoa coffee

type EXPORT

on your letterheading and send it to

J. PEERS & ASSOCIATES LTD.

133-135 OXFORD STREET, LONDON, W.1.

for a copy of an interesting brochure on International Sales Schemes.

Specially drawn for the RNLI by Eric Fraser FSIA

FULL SPEED AHEAD

In spirit, you can partner the coxswain as he steers his boat on her errand of mercy. Your donations are in the true tradition of the life-boat service and its sole support.

Donations and legacies to:
ROYAL NATIONAL LIFE-BOAT INSTITUTION
42 GROSVENOR GARDENS · LONDON · S.W.1.
Treasurer: The Duke of Northumberland, K.G. *Secretary: Stirling Whorlow, Esq.*

RNLI

STOCK PRICES AND YIELDS

LONDON STOCK EXCHANGE INDICES

THE ECONOMIST-EXTEL INDICATOR (1953 = 100)				FINANCIAL TIMES (1935 = 100)		F.T.-ACTUARIES INDICES (April 10, 1962 = 100)			Bargains Marked
1965	Noon	Close	Yield %	Ord. Index	Yield %	500 Shares	Yield %	2½% Consols Yield	
Feb. 17	402·2	403·5	5·07	352·4	5·30	110·90	5·11	6·32	12,230
,, 18	403·9	405·1	5·06	353·1	5·32	111·39	5·13	6·30	11,857
,, 19	405·2	404·7	5·07	352·5	5·33	111·32	5·14	6·30	13,084
,, 22	400·1	397·5	5·17	345·3	5·44	109·52	5·23	6·30	15,977
,, 23	394·2	391·9	5·25	340·4	5·51	108·26	5·29	6·30	14,262
,, 24	391·8	391·2	5·26	339·9	5·52	107·80	5·31	6·28	12,161
High, 431·5 (October 1, 1964) Low, 371·6 (December 18, 1964)				High, 377·8 (Oct. 1, 1964) Low, 322·6 (Feb. 3, 1964)		High, 118·77 (August 13, 1964) Low, 103·24 (December 18, 1964)			

Prices, 1964/65 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS		Price, Feb. 17, 1965	Price, Feb. 24, 1965	Net Red. Yield, Feb. 24, 1965§ £ s. d.	Gross Red. Yield, Feb. 24, 1965 £ s. d.
98 11/16	97 3/16	Savings Bonds 3%	1955–65	98 3/16	98 9/32	5 9 7	6 16 7
93 9/16	90 13/16	Savings Bonds 2½%	1964–67	91 5/8	91 25/32	5 7 2	6 12 4
92¼	88	Funding 3%	1966–68	89 3/32	89 3/16	5 4 5	6 11 6
94¾	88 7/16	Conversion 3½%	1969	89 7/16	89 7/16	5 0 0	6 10 9
98½	94 1/8	Victory 4%	1920–76	94 1/8*	94 5/16*	3 9 3	5 3 2‡
89 9/16	83 9/16	Funding 3%	1960–70	83 5/8*	83 13/16*	5 2 10	6 10 2
95¼	90	Funding 4%	1960–90	91	91½	3 9 8	5 6 1
81 11/16	73¼	Savings Bonds 3%	1965–75	73½	73⅞	5 0 2	6 9 10
79 13/16	72¼	Treasury 3½%	1977–80	72⅝	72¾	4 11 10	6 7 9
96¼	88⅝	Funding 5½%	1978–80	88⅞	89⅛	4 2 1	6 9 10
78 15/16	71	Treasury 3½%	1979–81	71⅛	71½	4 12 0	6 7 8
98 15/16	90 3/16	Funding 5½%	1982–84	90⅜	90¾	3 19 2	6 8 2
97 3/16	92 7/16	Funding 5¾%	1987–91	92½	92 11/16	3 18 0	6 9 11
63⅝	56¾	Redemption 3%	1986–96	57⅝	56⅞*	4 4 11	6 1 3
67⅛	60¼	Funding 3½%	1999–2004	61	61 3/16	4 1 0	6 3 3
95⅝	85 7/16	Treasury 5½%	2008–12	85½*	85 15/16*	3 17 6	6 8 9
67	61¼	Consols 4%	after Feb. 1957	61⅞	62 1/16	3 15 11	6 9 6
60	54 9/16	War Loan 3½%	after 1952	54¾	54 15/16	3 15 6	6 9 5
59¾	54 1/16	Conv. 3½%	after Apr. 1961	55¼	54 1/16*	3 15 10	6 8 8
51⅜	46⅛	Treasury 3%	after Apr. 1966	47	47½	3 15 4	6 9 7
43⅝	39⅝	Consols 2½%		39¾	39 15/16	3 13 11	6 6 4
43½	38⅞	Treasury 2½%	after Apr. 1975	39¾	38 15/16	3 15 2	6 7 8
85 3/16	78	British Electric 3%	1968–73	79	78⅛*	5 1 4	6 9 5
80⅝	73	British Electric 3½%	1976–79	73⅛	73 11/16	4 11 9	6 7 9
64⅛	57½	British Gas 3%	1990–95	58⅜	58 9/16	4 4 11	6 1 9
67	60¼	British Transport 3%	1978–88	60¾	60 15/16	4 10 1	6 4 9

Prices, 1964/65 High	Low	DOMINION AND CORPORATION STOCKS		Price, Feb. 17, 1965	Price, Feb. 24, 1965	Red. Yield, Feb. 24, 1965 £ s. d.
90¼	85⅞	Australia 3¼%	1965–69	86⅞	86⅞	6 12 6
103	97¼	Australia 6%	1974–76	98	98	6 9 0
70	65¼	Ceylon 4%	1973–75	65½*	66½*	9 0 6
102¾	95	New Zealand 6%	1976–80	95¾*	95¼	6 9 0
85	69	Northern Rhodesia 6%	1978–81	81½	81½	8 2 0p
95¼	92½	South Africa 3½%	1965–67	93⅞	94	6 19 0
66	53½	Southern Rhodesia 4½%	1987–92	54¼	54½	8 19 6
89	79¼	Agricultural Mortgage 5%	1959–89	80⅛	80⅛	6 12 6
94¾	88¼	Birmingham 4¼%	1967–70	89¼	89½	6 13 0
97	89	Bristol 5%	1971–73	90	90	6 12 6
98¼	87½	Corporation of London 5¼%	1976–79	88½	88¼	6 12 0
49¼	41⅞	LCC 3%	after 1920	44¾*	44¾	6 12 6
94	84	LCC 5%	1980–83	85¼	85¼	6 11 0
98⅜	86½	Middlesex 5½%	1980	86½	86¾*	6 11 6

Prices, 1964/65 High	Low	ORDINARY STOCKS		Last Yr's Dividends (a) (b) (c) %	%	Price, Feb. 17, 1965	Price, Feb. 24, 1965	Yield, Feb. 24, 1965 %
		BANKS, DISCOUNT & HP						
59/–	45/–	Barclays	£1	5 a	6½ b	56/9	56/3	4·08
45/6	37/7½	Lloyds	£1	3 9a	5½ b	40/9	40/3	4·67
19/9	16/7½	Martins	5/–	7 a	8 b	17/1½	16/7½	4·51
59/–	44/6	Midland	£1	6 a	6 b	52/6	52/3	4·59
72/7½	59/6	Nat. Provincial	£1	7½ a	8½ b	64/9	63/9	5·02
57/8	42/6	Westminster 'B'	£1	5⅜ a	7½ b	57/6	56/6	4·62
54/6	44/7½	Australia & N. Z.	£1	4 a	8 b	47/6	47/6	5·05
39/9	34/–	BOLSA	£1	3½ a	6 b	35/9	34/3*	5·55
£25 11/16	£22 3/16	Bank of Montreal	$10	$2·15c	$2·20c	£24⅜*	£24½	2·98
58/9	49/3	Bank of New S. Wales	£1	5‡‡a	5‡‡b	50/–	50/–	3·20
39/9	32/7½	Barclays DCO	£1	5 a	6 b	38/9	38/9	5·89
54/99¼	47/–	Chartered	£1	7½ b	7½ a	49/9	48/6	6·19
£24¼	£19¾	Hongk'g. & Shang.	$25	11/–b	5/–a	£20⅞*	19¾	4·08
35/4½	27/3	Nat. Com. Bk. Scot.	10/–	5 a	7 b	28/3	27/3	4·40
£30 13/16	£26 1/16	Royal Bk. Canada	$10	$2·55c	$2·60c	£28⅞	19 1/16	2·95
60/–	43/9	Standard Bank	£1	17½ c	7½ a	59/–	58/6	5·98
36/–	24/9	Hambros	5/–	16½ b	7½ a	28/–	27/–	4·44
34/–	28/9	Montagu Trust	5/–	13 e	21 c	29/9	29/3	3·99
68/6	53/–	S. Samuel	£1	5½ b	4 a	57/6	58/–	3·20
71/–	50/–	Schroders	£1	3½ a	6 b	58/–	54/6*	3·49
54/9	45/–	Union Discount	£1	6¼ a	6¼ b	48/6	48/–	5·21
15/4½	10/3	Bowmaker	5/–	4 a	11 b	10/6	10/4½	7·23
19/3	12/10½	Lombard Banking	5/–	12½ b	5 a	16/9	17/3	5·07
17/3	12/–	Mercantile Credit	5/–	5 a	12½ b	14/–	14/–	6·25
24/–	14/6	United Domins. Tst.	5/–	9 a	17/4½	17/3	17/3	5·80
		BREWERIES, Etc.						
16/3	13/–	Allied Breweries	5/–	9½ b	9½ b	13/9	12/10½	5·63
18/4½	15/6	Bass, Mitchells & B.	5/–	4 a	12 b	17/6	16/3	4·92
16/3	13/6	Charrington United	5/–	13½ c	5 a	14/9	14/1½	4·96
29/11½	22/4½	Distillers	10/–	5 a	6½ b	24/–	22/6	5·11
24/3	18/9	Guinness	5/–	8 a	13 b	21/6	20/6	5·12
20/9	15/7½	Harveys	5/–	11½ b	11½ b	16/7½	15/7½	5·28
69/–	59/6	Scottish & Newc. Brew.	£1	5 a	8 b	64/6	62/6	4·16
19/2¼	15/6	Watney Mann	5/–	4⅜ a	11½ b	16/7½	15/6	5·16
19/–	15/–	Whitbread 'A'	5/–	11 b	5 a	16/–	15/1½	5·29
		BUILDING, PAINT, Etc.						
62/3¾	52/9	Associated Portland	£1	8·6c	3½ a	59/–	56/6	3·06
28/4½	22/7½	British Plaster Bd.	10/–	10½ c	4½ a	27/–	27/4½	3·84
38/–	23/–	Richard Costain	5/–	18 c	8 a	25/6	24/9	4·04**
13/6	9/–	Crittall Mfg.	5/–	3½ a	8½ b	10/6	10/4½	5·78
17/3	13/–	International Paints	4/–	24 c	8 a	14/6	14/1½	6·80
25/6	20/6	London Brick	5/–	5 a	15 b	24/11½*	23/9	4·21
28/6	23/3	Rugby Portland	5/–	12½ c	5 a	27/3	26/3	2·38
25/–	17/1½	Wall Paper	5/–	7½ a	12½ b	24/3	24/3	4·12
		CHEMICAL						
24/6	17/10½	Albright & Wilson	5/–	4·8 a	16 b	23/7½	23/7½	3·34
22/6¾	17/–	Borax Defd.	5/–	5 a	11 b	19/1½	18/10½	4·24
53/6¾	39/6	Fisons	£1	4½ a	7½ b	52/9*	51/–	4·71
49/6	41/3	I C I	£1	5 a	7½ b	47/–	45/1½*	5·54
19/7½	14/–	Monsanto	5/–	3¾ a	10 b	14/10½	14/–*	4·91
		DRAPERY & STORES						
18/–	14/2¼	Boots Pure Drug	5/–	10 c	4 a	16/3½	15/6	3·23
34/6	21/–	Montague Burton	10/–	2 a	6 b	25/–	23/9	3·37
46/4½	35/–	Debenhams	10/–	15 9/12b	8 b	37/9	36/6	5·94
48/9	34/6	Grattan Warehouses	5/–	11¼ a	10 a	38/3	37/–	4·05**
47/11¼	39/9	GUS 'A'	5/–	31·8c	10 a	45/3	43/–	3·70
33/9¾	23/10½	House of Fraser	5/–	18 1/3 b	14 1/6 a	25/–	24/3	6·70
15/10½	12/5¼	Lewis's Invest. Tst.	4/–	5 a	10 b	13/3	12/5¼	4·82
48/1½	32/9	Marks & Spencer 'A'	5/–	25⅝ c	8¾ a	34/9	33/4½	4·31**
36/9	27/6	United Drapery	5/–	24 c	8 a	30/4½	29/3	4·10
33/–	20/–	Woolworth	5/–	5 a	14½ b	21/6	20/3	4·94
		OIL						
64/4½	46/8¼	British Petroleum	£1	†8⅓ b	†3½ a	54/6	54/–	6·72
61/10½	48/9	Burmah Oil	£1	†11⅓ c	†4 7/12a	49/9	49/3	7·51**
£19	£16 5/16	Royal Dutch	20 fl.	29·1c	13 a	£17 1/16	£17½	3·31
42/1½	32/9	Shell Transport	5/–	†18⅓ b	†11⅔ a	35/3	35/–	7·00
31/–	23/9	Ultramar	10/–	...	...	28/3	29/3	...

NEW YORK PRICES AND INDICES

	Feb. 17 $	Feb. 24 $		Feb. 17 $	Feb. 24 $		Feb. 17 $	Feb. 24 $
Atch. Topeka	33½	33⅜	Chrysler	53½	53¼	Inter. Paper	31⅝	32⅞
Can. Pacific	62⅞	62¾	Col. Palmolive	40⅞	42⅝	Kennecott	101¼	104¼
Pennsylvania	40¾	45	Crown Zeller	54	58	Litton Inds.	85	88
Union Pacific	40¾	41½	Distillers Seag.	32⅛	34⅝	Monsanto	85¾	87¼
Amer. Electric	45¾	45⅛	Douglas	36¾	37⅞	Nat. Distillers	28⅝	28¾
Am. Tel. & Tel.	66⅝	68⅞	Dow Chemical	81⅝	83¼	Pan-American	31¾	32¼
Cons. Edison	95	94¼	Du Pont	248¼*	248⅛	Procter Gamble	75¼	75⅝
Int. Tel. & Tel.	59½	61⅛	Eastn. Kodak	150¼	152½	Radio Corpn.	31	31⅞
Western Union	36	36¾	Ford Motor	53⅛	54½	Sears Roebuck	127	131⅞
Alcoa	64¾	69	Gen. Electric	96¼	97⅞	Shell Oil	59½	61
Aluminium	29⅛	29½	General Foods	83⅝	82	Socony-Mobil	83⅞	84⅞
Amer. Can	42⅝	43¼	General Motors	97¼	97	Stand. Oil Ind.	42½	41⅞
Am. Smelting	53½	54⅝	Goodyear	48⅝	50	Stand. Oil N.J.	80⅞	81¾
Am. Viscose	92⅛	91	Gulf Oil	55⅝	56¼	Union Carbide	131¼	131¾
Anaconda	59⅛	61⅝	Heinz	46	44⅝	U.S. Steel	51⅛	53⅝
Beth. Steel	35⅝	37½	Int. Bus. Mach.	432½	449½	West. Electric	46⅝	47⅝
Boeing	69¾	68¾	Int. Harvester	78⅞	84½	Woolworth	26½	26⅞
Celanese	79¼	83¾	Inter. Nickel	79⅞	80¾	Xerox	119¼	127⅞

Standard and Poor's Indices (1941–43 = 10)

1965	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Jan. 27	92·21	2·90	47·30	4·24	76·88	3·12	87·36	4·14
Feb. 3	92·64	2·90	47·16	4·26	77·33	3·11	87·16	4·16
,, 10	91·32	2·96	46·33	4·33	77·14	3·12	87·16	4·16
,, 17	90·53	2·99	46·20	4·24	76·73	3·13	87·16	4·16
,, 24	92·11	2·92	47·07	4·27	77·06	3·13	87·16	4·16

425 Industrials :—High, 92·64 (Feb. 3, 1965). Low, 79·74 (Jan. 2, 1964).

FOREIGN AND OVERSEAS STOCKS

	Feb. 17 Frcs.	Feb. 24 Frcs.		Feb. 17 %	Feb. 24 %		Feb. 17 %	Feb. 24 %
FRANCE			**GERMANY**			**HOLLAND**		
Air Liquide	635	650	A.E.G.	478	472	A.K.U.	52½	52¾
Banque de Paris	312	317	Bad'che. Anilin.	582	579	Amster. Rot. Bk.	Fl. 71	Fl. 70
Citroen	135	135	Bayer	592	590	Bijenkorf	789	799
C. F. Petrole	177	179	Commerzbank	467	460	Heinekens	480	490
Cie. G. d'Elect.	469	473	Deutsche Bank	510	514	Interunie (Fl.50)	Fl.211	Fl.212
Machines Bull	101	103	Hoechst Farb.	526	522½	K. N. Hoogoven	55½	55¼
Pechiney	189	190	Kundenkredit	391	392	Kon. Zout-Ket.	971	994
Printemps	220	223	Loewenbrau	1,110	1,110	Philips (Fl.25)	Fl.154	Fl.156
Rhone-Poulenc	306	307·5	Mannesmann	212½	212½	Robeco (Fl.50)	Fl.234	Fl.235
S.I.M.	314	312	Siemens	572	569	Thomassen & D.	657	663
Saint-Gobain	241	246	Thyssen-Huette	191	193½	Valeurop	Fl. 67	Fl. 67
Usinor	119·5	111	Volkswagen	528	530	Zwanenberg	1,094	1,123
Index	91·7	92·6	*Herstatt Index*	100·51	100·45	*Index*	364·9	367·5
High	99·8	(4.1.65)	*High*	111·46	(6.4.64)	*High*	368·3	(23.2.65)
Low	91·3	(18.2.65)	*Low*	97·99	(22.2.65)	*Low*	326·5	(23.7.64)
Dec.	Dec. 31, 1964 = 100.		Dec. 31, 1959 = 100.				1953 = 100.	
ITALY	Lire	Lire	**BELGIUM**	Frcs.	Frcs.	**SWEDEN**	Kr.	Kr.
Ass. Generali	83,680	83,000	Arbed	5,000	5,080	Alfa Laval B.	337	332
Breda	3,800	3,830	Bque. Nat. de Bel.	12,100	12,050	Asea	435	441
Edison	2,211	2,222	Bque. Soc. Gen.	4,050	4,085	Elektrolux	224	210
Fiat	1,840	1,874	Cockerill-Ougr.	1,910	1,984	Ericsson B. Kr.50	212	205
Finsider	835	867	Esperance Long	3,250	3,380	Skand. Banken	180	186
La Centrale	9,570*	10,000	Hoboken	5,320	5,330	Sv. Cellulosa	272	262*
Montecatini	1,636	1,620	Innovation	4,205	4,155	Sv. Handelsbank	207	207
Motta	12,975	13,455	Phoco Gevaert	3,090	3,165	Tandsick B Kr.50	172	167
Olivetti	1,910	2,000	Sidro	1,090	1,062	*Index*	251·78	247·3
Pirelli S.p A.	3,270	3,290	Soc. Generale	15,450	15,450	*High*	260·72	(1.2.6
Rinascente	475	484	Sofina	9,670	9,690	*Low*	204·30	(2.1.
Snia Viscosa	4,230	4,235	Un. Miniere	1,10	880		Dec. 29, 1956 = 100.	
Index	56·07	57·21	*Index*	132·48	133·03	**NORWAY**	%	%
High	57·21	(24.2.65)	*High*	139·40	(6.1.65)	Bergens Priv'bk.	18½	18
Low	49·53	(14.1.65)	*Low*	125·02	(24.6.64)	Borregaard	19½	19
	Jan. 2, 1962 = 100.		Dec. 31, 1953 = 100.			Norsk Hydro	251½	25

* Ex dividend. † Tax free. ‡ Assumed average life, 7 years. § The net redemption yields allow for tax at 7s. 9d. in £. ‖ Nationalisation. ‡‡ Ex rights. ‡‡ Equivalent to 0·0 sterling.
(a) Interim dividend. (b) Final dividend. (c) Year's dividend. (e) To earliest date. (f) Flat yield. (g) Ex all. (h) After Rhodesian tax. (j) To latest date. (n) Interim since reduced or passed.
(p) Resulting from split of Federation of Rhodesia & Nyasaland Stock. Japanese prices supplied by Daiwa Securities, Tokyo. Canadian 65 Stock Industrial Index supplied by the Montreal Stock Exchange.

1964/65 Low	Last Two Dividends (a) %	(b) (c) %	ORDINARY STOCKS	Price, Feb. 17, 1965	Price, Feb. 24, 1965	Yield, Feb. 24, 1965 %	Cover
			ELECTRICAL & RADIO				
36/-	6¼ b	3¾ a	AEI £1	45/9	44/6	5·4[illegible]	[illegible]
65/3¾	12½ c	6 a	BICC £1	75/9	73/-	4·1[illegible]**	2
13/-	5 b	6 b	Crompton Parkinson ..5/-	13/5¼	13/8¼	4·08	2¼
90/6	7½ a	20 b	Decca 10/-	97/-	91/[illegible]	3·87	1¾
19/7½	12½ c	5 a	EMI 10/-	27/9	26/9	4·47	2¼
16/6¾	9½ c	4 a	Elliott-Automation ...5/-	17/3¾	16/10½	3·81	1¾
40/3	3 a	9 b	English Electric £1	49/-	47/[illegible]	5·03	2¼
28/6	5·91 c	3 a	General Electric......£1	43/9	42/9	3·51**	2¼
43/9	8⅓ b	4⅓ a	C. A. Parsons £1	52/3	52/6	4·76	1
122/6	10 b	6 a	Philips Lamp Works . 10 fl.	134/6	136/3	2·35	2
80/-	5½ a	6½ b	Plessey 10/-	84/3	82/7½	3·68	2½
15/7½	11·46	20 c	Pye (Cambridge) ...5/-	18/-	16/9	5·97	2
36/1½	15 b	25 b	Radio Rentals 5/-	41/6	40/4½	4·95	2
41/3	4⅔ b	2 7/16 a	A. Reyrolle £1	45/4½	46/6	5·61**	2½
58/-	22½ c	15 a	Thorn Electrical 5/-	71/6	69/-	1·63	4½
			ENGINEERING				
30/3	4½ b	4½ a	Babcock & Wilcox....£1	32/3	32/3	5·58	1
32/-	7 b	4 a	John Brown £1	36/3	36/-	6·11	1⅛
7/-	8 b	4 a	Cammell Laird 5/-	7/9¾	7/9¾	7·68	2
22/3	10 a	20 b	Internat. Combust....5/-	27/7½	28/9	5·83	1⅛
49/3	7½ b	2½ a	Swan Hunter £1	55/-	54/6	8·16	¾
7/-	3⅓ b	3 a	John Thompson 5/-	8/0¾	7/11¼	5·51**	1¾
27/7½	13⅓ a	16¼ b	Coventry Gauge....10/-	35/6	35/6	4·60	2
40/-	4⅔ b	12 a	Alfred Herbert......£1	47/3	46/6	4·68	1⅛
21/6	12½ a	11¾ b	Acrow (Eng.) 'A'....5/-	26/6	25/9	4·40**	1½
22/9	7½ b	7½ a	Allied Ironfounders..5/-	25/-	24/4½	5·13	2
19/1½	15 b	5 a	Averys 5/-	20/9¾	19/11¼	5·02	1¾
14/1½	4 a	6 b	BSA 10/-	19/9¾	19/6¾	5·11	1¼
7/8¼	9·3 c	4 d	George Cohen......5/-	10/2¼‖	9/10½	5·40**	1¾
10/1½	6 b	5 a	Davy-Ashmore 5/-	13/4½*	12/10½	4·27	...
44/10½	11⅓ c	5 a	Guest, Keen £1	48/6	47/-	4·82	2
14/3	12 b	4 a	Head Wrightson.....5/-	16/6	15/11¼	5·02	2
52/7½	13⅓ c	5 a	Metal Box £1	57/6	57/1½	3·92	1½
15/9	4 a	13 b	Ransome & Marles...5/-	16/1½	16/6¾	5·13	2
33/1½	8¼ c	4½ a	Renold Chains £1	40/4½	39/10½	4·51**	1¾
58/-	7 b	8 b	Tube Investments.....£1	63/-	61/9	4·86	2
21/4½	7½ a	2⅓ a	Vickers £1	24/4½	23/7½	8·47	1
40/8¼	2½ c	9⅙ b	Ward (Thos. W.) £1	46/3	46/6	7·53	2
10/4½	17½ b	7 a	Wellman Smith Owen 5/-	11/6¾*	12/3	6·12**	1
12/6	16 b	5 a	Woodall-Duckham...5/-	14/9	14/6	7·24	1½
			FOOD & TOBACCO				
26/10½	12½ c	14 c	Allied Suppliers 10/-	31/0¾	31/6	4·44	2¼
6/4½	28½ c	16 a	Assoc. British Foods..5/-	7/6*	7/1½	4·00	2
35/-	8 b	4 a	Bovril......£1	37/3	37/3	6·44	2
10/4½	†2½ a	†5 b	Brooke Bond 'B' 5/-	12/1½	11/9	5·21	2¾
7/-	13¾ c	7 a	Fitch Lovell 2/6	8/4*	7/7½	4·59**	2½
8/8¼	6⅓ b	1⅔ a	International Stores..5/-	10/4½	10/1½	4·94	2
72/6	12½ b	5 a	J. Lyons 'A' £1	87/-	84/6	4·14	2
30/6	5½ a	10½ b	Ranks Hovis 10/-	31/9¾	30/9	5·20	2
30/-	14 c	7 a	Reckitt & Colman ..10/-	31/-	30/6	4·59	2
12/10½	11½ c	3½ a	Spillers......5/-	15/6	15/3	4·10**	2¼
30/6	8 a	2 b	Tate & Lyle......£1	32/9¾*	31/-	6·45	2
8/1½	25 c	12 a	Tesco Stores 1/-	9/6	9/-	2·78	2¼
10/10½	13⅙ c	5 a	Unigate 5/-	13/9	13/8¼	4·97	1⅛
47/-	†9⅔ a	†10⅚ b	Brit. Amer. Tobac. .10/-	50/-	47/9	7·41	2½
20/5¼	11·4 b	5 a	Gallaher 10/-	23/-	22/3	7·64**	2¼
39/-	6 a	14 b	Imperial Tobacco.....£1	53/9	49/-*	8·16	2
			INSURANCE				
5⅛	43⅓ a	65 b	Britannic 5/-	6⅛	5¾*	4·71	...
36/3	25 b	20 a	Commercial Union ..5/-	37/9	36/3	6·21	...
4⅝	†26⅔ c	†26⅔ c	Equity & Law Life ...5/-	4¾	4¾	2·29	...
42/3	25 b	12½ a	General Accident....5/-	46/3	42/9	4·39	...
27/3	15 b	11⅔ a	Guardian......5/-	32/3	30/3	4·41	...
8⅝	50 b	50 a	Legal & General.....5/-	9	8⅝	[illegible]	...
105/-	13 b	11 a	Northern & Empl.....£1	116/3	112/6	4·27	...
9 3/16	†95 b	†20 a	Pearl 5/-	9½	9¼	5·08	...
21	†291⅔ c	†125 a	Prudential 'A'......4/-	24⅜	24	3·97	...
33/6	16⅔ b	15 a	Royal 5/-	36/-	34/6	4·59	...
67/3	11¼ b	7½ a	Royal Exchange £1	71/3	67/3	5·58	...
			MOTORS & AIRCRAFT				
14/9	5 a	5 b	Birfield 5/-	14/3	14/1½	3·54	3½
13/8¼	20 c	20 c	British Motor 5/-	15/1½	14/9¾	6·75	1¾
26/9	12½ c	15 c	Jaguar Cars 'A'......5/-	31/10½	28/1½	2·67	6¾
6/1½	4 c	4 c	Rootes Motors 'A'....4/-	7/1½	7/3¾	2·19	3
37/2¼	2½ a	8½ b	Leyland Motors £1	53/6	51/3	4·29	1¾
14/3	8½ b	5 a	Bristol Aeroplane...10/-	16/7½	17/-	7·94	2
27/4½	7 b	5 a	Hawker Siddeley £1	28/7½	28/10½	8·31	1¾
23/8¼	7½ b	2½ a	Rolls-Royce......£1	39/0¾	37/9¾	5·29	2
16/4½	†4·8 c	†1·85 a	Dowty Group......10/-	18/11¼‖	17/5¼‖	4·49	2
25/7½	13·8 c	5 a	Dunlop Rubber 10/-	30/6	30/-	4·60	1½
32/6	2½ a	5⅚ b	Joseph Lucas £1	33/9	33/3	5·01	2½
13/3	9 a	26 b	Pressed Steel......5/-	24/6	23/3	7·53	⅞
26/1½	8½ b	4 a	Triplex Holdings... 10/-	30/-	26/11½*	4·78	2½
			PAPER & NEWSPAPERS				
38/-	20 b	5 b	Financial News......5/-	45/6	46/-	2·72	2¾
56/-	30 b	7½ a	Financial Times......5/-	65/6	66/6	2·82	2½
15/-	14 b	6 a	Internat. Publishing ..5/-	17/1½	16/5¼	6·08	1½
26/-	16 b	14 a	News of the World ..5/-	30/9	30/-	5·00	2
49/-	11 c	4 a	W. H. Smith & Son 'A' £1	54/6	53/6	4·11	2
16/-	14 b	10 a	Thomson Org'n. 5/-	19/9	18/6	6·49	1½
40/-	6¼ b	5 a	Bowater Paper......£1	44/-	42/4½	5·31	1½
19/6	22½ c	10 a	British Printing......5/-	20/7½	20/3	5·56	1¾
27/6	10 c	13⅓ c	Bunzl Pulp 5/-	28/9	28/3	2·65**	4¼
52/3	11 b	5 a	Reed Paper......£1	56/-	55/3	5·79	1½
43/-	10 b	4 a	Wiggins Teape £1	49/-	48/9	5·74	2
			STEEL				
26/-	6 a	10 b	Colvilles £1	30/3	29/6	10·85	1½
21/3	4 a	10 b	Dorman Long......£1	26/6	25/7½	10·93	1½
19/3	3½ a	6½ b	Lancashire Steel......£1	20/-	20/-	10·00	1
14/4½	4 a	8 b	South Durham......£1	18/0¾	17/9	13·52	1¼
17/9	3¾ a	6¼ b	Steel Co. of Wales....£1	19/3	19/-	10·53	1
24/9	6 a	12½ b	Stewarts & Lloyds.....£1	33/6	32/9	10·69	1⅛
27/6	6 a	10 b	John Summers......£1	30/6	30/3	10·[illegible]	1¾
23/9	6 a	9 b	United Steel......£1	30/6	30/-	10·00	1

MONEY AND EXCHANGES

Prices, 1964/65 High	Low	Last Two Dividends (a) %	(b) (c) %	ORDINARY STOCKS	Price, Feb. 17, 1965	Price, Feb. 24, 1965	Yield, Feb. 24, 1965 %	Cover
				MISCELLANEOUS				
26/6	18/9	20 b	10 [illegible]	Assoc. British Pictures 5/-	24/7½	24/4½	6·13	3
14/11¼	9/7¼	10 c	12½ [illegible]	Assoc. Television 'A' 5/-	14/2¼	13/9¾	[illegible]	[illegible]
28/-	25/11½	[illegible]	[illegible]	[illegible] Baird £1	28/-	28/-	6·7[illegible]	[illegible]
23/4½	19/3	[illegible]	[illegible]	[illegible] Group 5/-	19/9	19/7½	[illegible]	[illegible]
28/[illegible]	17/[illegible]	[illegible]	[illegible]	[illegible] 10/-	19/-	18/9	[illegible]	2½
48/10½	38/6	7½ a	[illegible]	[illegible] Match £1	42/4½	41/7½	[illegible]	[illegible]
13/-	8/6	[illegible]	[illegible]	[illegible] Oxygen......5/-	9/9¾	9/7½	[illegible]	1½
12/-	9/1½	[illegible]	[illegible]	[illegible] Ropes 5/-	10/6¾	10/6	[illegible]	[illegible]
16/1½	9/10½	65 [illegible]	[illegible]	[illegible] 1/-	10/3	10/-	[illegible]	1
30/10½	27/9	10 b	[illegible]	De La Rue......10/-	29/-	27/9	[illegible]	1½
28/-	15/3	8 c	12 [illegible]	[illegible] 5/-	18/6	17/3	[illegible]	[illegible]
24/10½	20/-	13½ c	6 [illegible]	[illegible] 'A' 5/-	23/3	22/6	[illegible]	[illegible]
34/6	27/9	[illegible]	8 b	Glaxo......10/-	31/9	31/3	4·35	2¾
57/-	43/4½	2·14 a	12 b	Harrisons & Cr. Defd..£1	44/9	43/9	[illegible]	2
51/3	43/3	15 a	[illegible] b	Hoover 'A' 5/-	47/7½	46/1½*	[illegible]	[illegible]
116/-	94/3	12·04 b	7·04 a	Hudson's Bay £1	95/6	95/6	4·00	2¼
88/9	39/3	[illegible]	7½ b	ICT......£1	[illegible]	44/3	5·0[illegible]	2
33/3	17/3	18 b	11 a	Mecca 'A' 5/-	17/9	17/1½	6·72	1
38/9	31/6	11·4 c	12½ c	National Canning......£1	[illegible]	[illegible]	[illegible]	[illegible]
24/9	19/10½	7 b	3 a	Powell Duffryn......10/-	20/3	19/7½	[illegible]	2
45/9	26/9	7½ a	11¼	Rank Organisation...5/-	29/3	29/-	3·23	3½
16/7½	11/7½	12½ c	4 a	Schweppes 5/-	13/6	12/7½	4·95	1½
29/9¾	17/2¼	25 c	25 c	Sears 'A' 5/-	19/9¾	19/6	6·41	1⅛
23/9	19/-	5 a	14 b	Steetley 5/-	23/-	22/-*	4·32	2⅛
25/-	21/-	24 c	10 a	Thomas Tilling 4/-	23/1½	21/10½	5·03**	1½
47/-	37/6	3¾ a	7 b	Turner & Newall......£1	42/3	41/9	5·15	1¾
36/9	32/1½	9⅙ a	15⅚ b	Unilever 5/-	[illegible]/4½	[illegible]/10½	3·80	3
10 3/32	8 11/16	7·65 a	13·25 b	Unilever NV ......12 fl.	[illegible]	[illegible]	2·77	3
15/-	10/9	10 b	5 a	United Glass......5/-	11/-	11/1½	6·74	1¼
42/6	23/3	†4⅙ a	†10⅚ b	United Molasses......10/-	26/3	26/-	9·42	1¼
				MINES				
276/3	196/3	60 b	40 a	Anglo-American....10/-	257/6	275/-	3·64	1¼
100/3	79/-	10 a	20 b	Consolid. Gold Fields. £1	97/-	97/6	6·15	2¼
146/3	118/1½	20 b	15 a	General Mining £1	133/9	138/9	5·05	2
112/9	71/6	136 c	40 a	Union Corporation ..2/6	107/-	112/9	3·02	3¾
136/3	98/1½	70 a	120 b	Free State Geduld ...5/-	131/3	132/9	7·10	1¼
109/4½	83/9	33 a	33 b	W. Driefontein......10/-	107/6	108/1½	6·10	2
68/1½	41/3	6¼ a	8¾ b	Western Deep 'A'....£1	65/7½	68/1½	4·40	6¾
213/9	152/6	115 a	160 b	Western Holdings ...5/-	206/3	213/9	6·43	1¼
66/-	46/3	36⅔ b	13⅓ a	Chartered......15/-	[illegible]	[illegible]	6·58**	...
72/6	55/7½	30 a	60 b	Rhod. Anglo-Amer..10/-	62/6	60/9	14·81h	1¼
51/7½	38/9	7½ a	14 7/10 b	Roan Selection Tst.....£1	41/6	41/3	10·44h	2
15/4½	10/3	7½ c	7½ c	Tanganyika Cons....10/-	12/6	11/10½*	6·22	1¼
156/3	111/3	150 c	60 a	De Beers Defd. Reg...5/-	150/-	155/-	4·84	2
$178	$136	$2·25 c	$2·75 c	Internat. Nickel...n.p.v.	$155	$157½	3·12	...
24/1½	16/1½	7½ a	32½ b	London Tin......4/-	17/7½	16/4½*	9·77	1½
35/6	27/4½	17½ c	5⅚ a	RTZ......10/-	32/-	35/-	5·00	1¾
26/6	18/-	80 c	32½ a	Tronoh 5/-	19/3	19/-	13·16	1
				SHIPPING				
50/9	40/3	2 a	5½ b	Anglo Norness......£1	43/3	40/3	5·73	4
21/9	17/-	10·7 c	4 a	Brit. & Com'wealth.10/-	18/4½	17/3	6·20	1⅛
17/10½	13/9¾	4 c	5 c	Cunard £1	16/3¼	15/3¾	6·53	...
37/-	28/-	8 c	10 c	Furness Withy £1	33/9	32/4½	6·18	...
33/6	22/10½	3 a	7 b	P & O Defd......£1	32/6	27/6*	7·27	...
17/-	10/3	3 c	3 c	Royal Mail......£1	13/8¼	12/5¼	4·82	...
				TEXTILES				
11/11¼	7/10½	10⅛ c	6 a	English Sewing Cotton 5/-	10/2¼	11/9	6·38**	1¾
23/4½	16/11¼	20 c	8⅓ a	Courtaulds 5/-	21/-	20/6	4·88	1¾
72/9	57/6	6 a	12 b	West Riding Worsted.£1	58/-	57/6	6·26	1¾
29/-	19/4½	7⅔ b	2½ a	Woolcombers......£1	20/10½	20/4½	9·82	1
11/8¼	7/9¾	4 a	10 b	Calico Printers 5/-	10/11¼	10/9¾	6·47	2½
50/7½	37/9	12½ c	4¾ b	Coats, Patons & B.....£1	44/-	44/3	6·10**	1½
23/-	10/11¼	5 c	15 c	Viyella Int......5/-	22/3	21/4½	4·09**	1¾
				TRUSTS & PROPERTY				
24/3	21/-	15 c	7	Alliance Trust......5/-	23/3	22/6	3·33	1¼
59/9	47/10½	37½ b	25 c	BET 'A' Defd......5/-	54/10½	50/7½	4·17	1½
20/4½	15/4½	8½ a	7¼ b	Cable & Wireless....5/-	17/-*	16/4½	4·12	1¼
23/-	15/6	9½ b	5½ a	Philip Hill 5/-	18/-	17/9	4·23	1½
33/3	25/9	23 c	11½ a	Industrial & General .5/-	29/3	28/9	4·00	1¼
44/-	23/-	17½ b	12½ a	City Centre Props. ..5/-	24/10½	24/4½	6·15	1
70/-	59/-	16 c	6 a	City Lond. Real Prop..£1	60/6	59/6	5·38	1
21/8¼	15/-	5¼ b	2 a	Land Securities......10/-	17/4½	16/-	4·53	
33/-	23/6	16⅔ c	4⅙ a	Lond. Cnty. Freehld...10/-	27/4½	26/3	6·35	1
				TEA & RUBBER				
53/6	43/-	†17½ b	†2½ a	Cons. Tea & Lands ...£1	48/-	48/-	13·61	1½
28/9	21/6	15 b	13 a	Jokai (Assam) £1	23/-	21/6	12·15	...
3/10½	3/-	20·8 c	8⅓ a	Highlands & Lowlands 2/-	3/2¼	3/2¼	13·05	1½
4/3¾	3/2¼	23⅔ b	5 a	London Asiatic......2/-	3/6	3/6	16·19	1½
60/7½	45/9	24 b	8 a	United Sua Betong ...£1	48/6	47/6	13·47	1½

FOREIGN AND OVERSEAS UNIT TRUSTS

	February 24		Yield
Brown, Shipley:			
EURIT.........	£13/[illegible]	£13/11/[illegible]	2·[illegible]
ESPAC	£10/[illegible]	£10/17/0	2·30
FRANCIT.........	£9/[illegible]/3	£9/12/[illegible]	1·70
GERMAC.........	£9/[illegible]	£9/18/9	1·[illegible]
ITAC.........	£15/3/0	£15/13/6	2·40
DENAC	£7/13/9	£8/1/0	1·49
Calvin Bullock:			
Bullock Fund...	118/3	120/10½*	2·30
Canadian Inv....	[illegible]/9	31/9	2·92
Canadian Fund ..	156/3	160/3*	1·91
Dividend Shares.	29/[illegible]	30/4½	2·29
Charterhouse Japhet:			
Adiropa	101/3	105/11	4·93
Fondak	[illegible]	78/-	5·31
Nurik	£9/[illegible]/10	£9/16/[illegible]	[illegible]
Interfor.........	£7/15/2	£8/1/[illegible]	2·31
Romit	£9/17/0	£10/4/10	3·85
Dawnay, Eleanor:			
Delfin Australian	3/3¾	3/7¼	3·09

	February 24		Yield
Dillon Walker:			
C.I.G.F.	79/7	84/5	...
Kleinwort, Benson:			
Intermarket (R.)......	78/3	79/1½	1·98
Intermac (Intl.)......	90/9	95/4½	1·71
Signet (Bermuda)......	90/7	92/10	0·94
Unifonds (Ger.)......	58/6	61/9	6·68
Kleinwort, Benson/Hambros Bank:			
Eurinvest (EEC) ..	143/6	153/7½	2·37
Pan-Australian Unit Trusts:			
Pan-Aus.	9/4½	9/10½*	4·35
St. Michael's Securities:			
Israel Unit.........	16/10½	17/8	3·41
Rothschild & Philip Hill:			
Eurunion (Lux.Fr.)	1,728	1,790	2·79
Finance Union (Lux. Fr.)	526	547	2·86

** Based on assumed dividends—Acrow (Eng.) 'A', 23·1%. BICC, 18%. Bunzl Pulp, 15%. Burmah Oil, 11½%, tax free. Buslin's, 55%. Chartered, 26⅔%. Coats, Patons & B., 13½%. George Cohen, 10⅔%. Richard Costain, 30%. English Sewing Cotton, 15%. Fitch Lovell, 14%. Gallaher, 17%. General Electric, 7½%. Grattan Warehouses, 30%, after scrip issue. Marks & Spencer 'A', 28⅓%. Renold Chains, 9%. A. Reyrolle, 8·4%. Spillers, 12½%. John Thompson, excludes special bonus, 4%. Thomas Tilling, 27½%. Viyella Int., 17½%. Wellman, Smith Owen, 15%.

MONEY PRICES AND EXCHANGES

KEY MONEY AND EXCHANGE INDICES

February

London

	%		%
Bank rate (from 5%, 23 11 64)	7	Market discount rate (3 months'):	
Deposit rates		Treasury bills	[illegible]
7 days' notice	[illegible]	Bank bills	[illegible]
Clearing banks	[illegible]	Fine trade bills	[illegible]
Discount houses	5	Euro-dollar deposits:	
Local authorities	7⅝	7 days' notice	[illegible]
3 months' fixed:		3 months'	[illegible]
Local authorities	7½–7⅝	Euro-sterling deposits (in Paris):	
Finance houses	7⅜–7¼	2 days' notice	7⅜–8
Call money:		3 months'	7⅜–7¾
Clearing banks' minimum	5½		
Day-to-day spread	5–6½		

FT-ACTUARIES INDICES (April 10, 1962 = 100)

	Gld	2½% Consols Yield
[illegible]	[illegible]	[illegible]

New York

	%		%
Treasury bills February 17	3·94	Market paper. Bank bills	4 13
24	3 98	Certs of deposit.	4 25
Forward cover (3 months') Annual interest cost, US dollars	2 16/32–2 9/16		

Covered Arbitrage Margins

	In favour of.	%
Treasury bills	New York	[illegible]
Prime bank bills	New York	¼
Euro-dollar/UK local authority loans	London	1/16
Euro-dollars/Euro-sterling	London	Neg

These covered arbitrage margins show the differentials in yield on the particular sterling and dollar assets, as adjusted for the cost of forward exchange cover, shown above

TREASURY BILL TENDERS

Date of Tender	Amount (£ million) Offered	Applied for	91-Day Average Rate of Allotment	Allotted at Max. Rate*	Tender Issue Outstanding
1964	91-Day		s d	%	
Feb 21	210 0	335·2	75 8 90	56	2,940·0
Nov 20	240 0	395 0	94 8 31	46	3,300·0
27	220·0	327·9	132 7·25	63	3,260·0
Dec 4	200 0	335·1	137 4·62	37	3,200·0
11	230 0	388·2	132 5·45	33	3,170·0
18	200·0	332·9	132 5·83	40	3,070·0
24	220·0	336·7*	132 6·52	52	3,070·0
1965					
Jan 1	190·0	336·7	132 5·39	28	3,000·0
8	180·0	310·5	132 5·81	31	2,930·0
15	170·0	321·2	132 5·68	20	2,850·0
22	160·0	306·0	131 10·84	57	2,750·0
29	160 0	324·7	130 10·29	41	2,660·0
Feb 5	160 0	327·2	129 5 59	34	2,570·0
12	170 0	330·1	129 9·47	15	2,500·0
19	180·0	369·7	130 1·23	31	2,440·0

* On February 19th tenders for 91-day bills at £98 7s. 6d. secured 31 per cent, higher tenders being allotted in full The offer for this week was for £180 million 91-day bills.

MONEY MARKET REPORT

THE Treasury bill rate rose at last week's tender by 3.76d. per cent to £6 10s. 1.23d. per cent, although the discount houses increased their joint bid 1d. to £98 7s. 6d. The recent frequent changes in the agreed bid has given the discount houses some room to manœuvre, and these tactics were rewarded with an allotment of 31 per cent against the previous week's meagre 15 per cent. With outside competitors generally submitting lower bids, the bill rate showed a slight rise, which meant that the discount houses' action did not bring the reaction of the Bank of England in previous weeks and there has been no borrowing at Bank rate. Total applications rose by £39.7 million against the rise in the amount on offer of £10 million. This week the amount on tender will again be £180 million, and maturities will be £200 million.

The discount houses were still generally short of bills and found difficulty in meeting the clearing banks' requirements, although conditions eased on Wednesday. Rates on seven day and three month money hardened by between ⅛ and ¼ per cent over the week.

In New York Treasury bill rate was raised at Monday's auction from 3.94 per cent to 3.98 per cent. The cost of forward cover edged up and the margin on swaps of Treasury bills widened further in favour of New York. The rate on three month Euro sterling deposits was unchanged, but the corresponding rate on Euro dollars rose by ⅛ per cent to leave London with little advantage on a covered Euro-dollar—Euro-sterling transaction.

Bank of England Returns

(£ million)	Feb 26, 1964	Feb. 17, 1965	Feb. 24, 1965
Discounts and advances	33·6	75·2	76 0
Notes in circulation	2,429 0	2,599·5	2,601·4

LONDON CLOSING EXCHANGE RA

Spot

	Effective Limits	February 17	February
US $	2·78–3·82+	2·79½–⅜	2·79 9/16–
Canadian $	...	3 00¼–43/16	3·01 [illegible]
French Fr.	13·622–14·027	13·68⅝–⅞	13·70–
Swiss Fr.	11·94–12·547⅞	12·10¼–½	12·11⅛
Belgian Fr.	138·06– 142·05	138·70– 75	138·72½–
Dutch Gld.	9·98¾–10·28½	10·04¼–½	10·05⅛
W. Ger. Dm.	11·037–11·365	11·11⅝–⅞	11·11½
Italian Lire	1725–1775	1,746½–47	1746¼–
Swedish Kr.	14·27¼–14·70	14·35¾–⅜	14·35
Danish Kr.	19·06½–19·62	19·32¾–33	19·32¼
Austrian Sch	72·25–73·345	72 23–26	72·19–

* Official limits.

Three Months Forward

United States $	2–17c pm	2 1/16–1 15/16c	
Canadian $	2 3/16–2 1/16c pm	2¼–2⅛c	
French Fr.	10–9½c pm	9⅞–9⅝c.	
Swiss Fr.	13¼–12¾c. pm	13¼–13c.	
Belgian Fr.	100–90c. pm	90–80c.	
Dutch Gld	7⅞–7⅝c pm	8⅜–8⅛c.	
W. German Dm	9⅜–9⅛pf. pm	8¾–8½pf.	
Italian Lire	10/9 lire pm	11½–10½ lir	

Gold Price at Fixing

$ per fine oz.	35 14–16	35·15–1

Investment Currencies

Investment $ (London):	% pm	9¼	10½
Security £ (New York):	% dis	0 1	0 1

BUDGET CASH FLOW
Exchequer Returns

£'000	Estimate 1964–65	April 1, 1963, to Feb 22, 1964	April 1, 1964, to Feb. 20, 1965	Week ended Feb. 22, 1964	W en F
Ord. Revenue					
Income Tax	3,043,000	2,236,719	2,429,267	95,809	10
Other Revenue	4,412,000	3,760,952	4,160,646	89,199	10
Total	7,455,000	5,997,671	6,589,913	185,008	21
Ord. Expend.					
Supply Services	6,549,000	5,136,629	5,543,692	121,080	13
Other	839,000	718,320	719,143	9,646	5
Total	7,388,000	5,854,949	6,262,835	130,726	19
"Above-line" Surplus or Deficit	68,722	327,078	54,282 Cr.	20 Cr.	2
"Below-line" Expenditure*	447,422	766,443	27,253	15	
Total Surplus or Deficit	304,700	439,365	81,535	34	

Non Market Borrowing

Net receipts from:				
National Develop. Bonds	—	142,296	—	2
Tax Reserve Certificates.	−52,685	−33,952	−12,859	−20
Savings Certificates	−19,100	−25,600	1,300	−
Defence Bonds	17,224	−63,196	569	−6
Premium Savings Bonds.	38,300	48,400	1,500	
Total	−16,261	67,948	−12,090	−8

* Net repayments to Civil Contingencies Fund £1 million 1964–65 compared with £2 million in 1963–64.

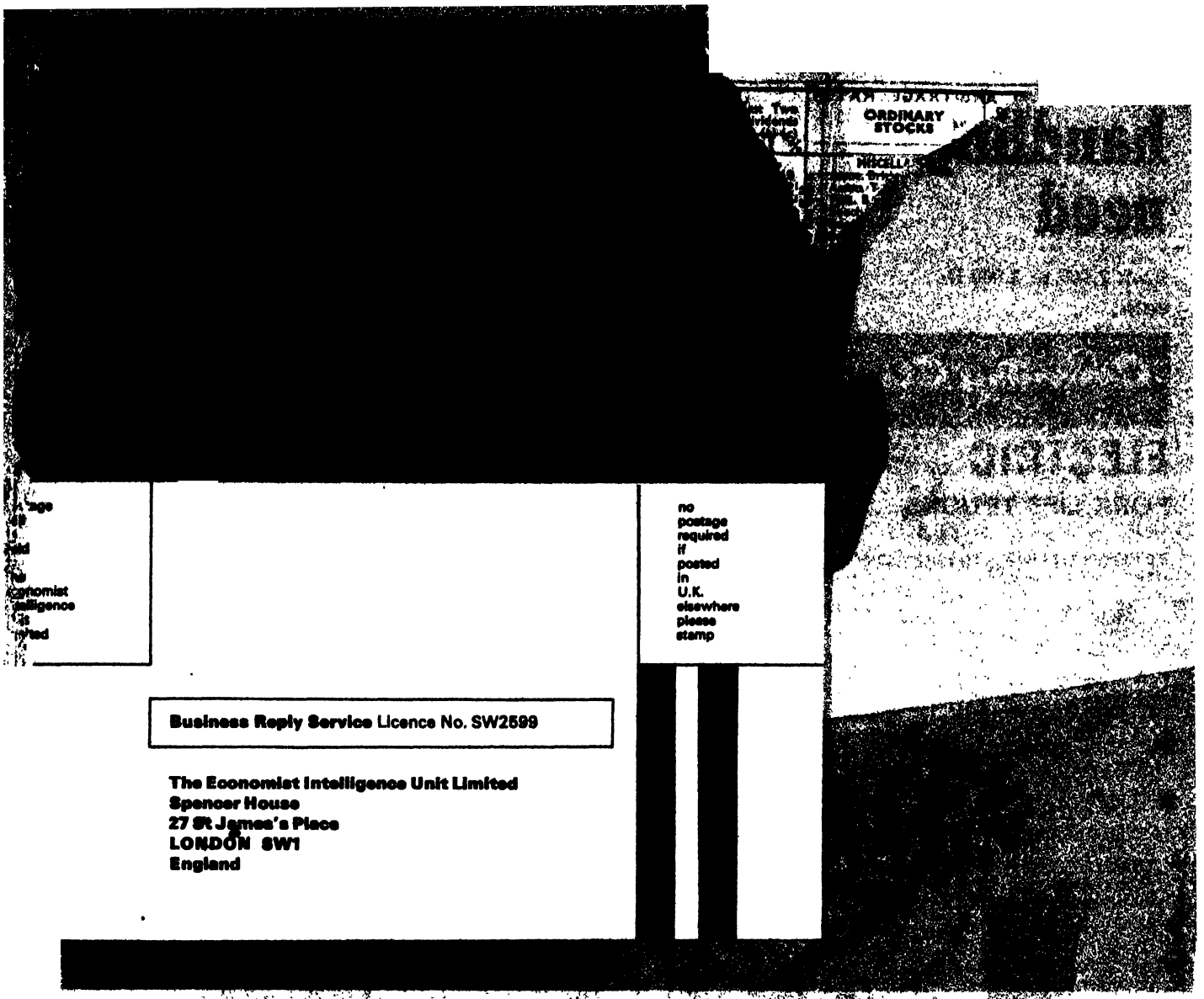
PRICES AND PAY

Prices of basic materials used in manufacturing industry fell a little further in January, largely reflecting a fall in the prices of non-ferrous metals. On the retail side, increases in the prices of furniture, beer and wine contributed to further inflation.

Wages rose quite markedly in January. In the engineering industry the first stage of the three-year agreement came into operation, setting up new minimum earnings levels. Farm workers, certain postal grades and workers employed in general printing and bookbinding were amongst others receiving increases.

	Month	Index: On original base		Index: 1958 = 100	Percentage change from: Previous month	Three months ago	Twelve months ago
Retail Prices			Jan. 16 1962 = 100				
All items	Jan.	109·5		118·6	+0 3	+1 5	+
Food	"	110·3	"	114·0	+0 4	+2·1	+
Drink and tobacco	"	110·1	"	112·8	+0·3	+1·9	+
Housing	"	116·1	"	124 1	+0·2	+0·3	+
Durable household goods	"	104·0	"	105·7	+1·0	+1·1	+
Clothing and footwear	"	106·0	"	109·7	+0·1	+0 5	+
Transport and vehicles	"	103 9	"	116·6	−0·2	+1·5	+
Wholesale Prices			1954 = 100				
Basic materials	Jan.	103 4		106·5	−0 6	−0·9	+
Fuel	"	100·8	"	109·1	+1·4	+2 0	+
Manufactured goods	"	127 1	"	114·4	+0·3	+1 1	+
Wage Rates			Jan. 31 1956 = 100				
All workers: weekly	Jan.	143·8		126·1	+0·6	+1·5	+
hourly	"	153·2		134·0	+0·7	+2 3	+
Hours: (manufacturing)			Jan. 31 1956 = 100				
Normal weekly	Jan.	93·7		93·9	−0·2	−1 2	−
Actual hours per head	Dec.	100·1	1962 = 100	97·7	−0·4	−0·5	−
Total operative hours	"	102 5	"	102·1	−0·4	−0 3	+

Registered as a Newspaper. Authorised as Second Class Mail, Post Office Dept., Ottawa. Printed in England by St. Clements Press Ltd., London, E.C.4. Published by The Economist Newspaper Ltd., at 25 St. James's Street, London, S.W.1. Telephone: Whitehall 5161. Postage on this issue: UK 4½d.; Overseas 8d.



What is Teijin?

Teijin, a pioneer of man-made fibre industry in Japan, is achieving its "lofty corporate goals by further diversification and expansion" into a chemical and petrochemical complex.

As a matter of fact, Teijin in less than a decade has already diversified into one of the world's major synthetic manufacturers, and shown a six-fold increase in sales during the past six years, by far the largest in its industry. Teijin's rapid growth is backed by four advanced research institutes which are constantly seeking new ideas, new processes, new know-how, etc. Significant contributors to the company now include the polyester fibre Tetoron, nylon, acetate, rayon and the entirely new polyvinyl chloride fibre, Teviron. Polycot, the most nearly cotton-like man-made fibre available, and Panlite, a polycarbonate plastic competitive with metals, glass Wood and leather, are two promising areas for Teijin.

TEIJIN

TEIJIN LIMITED

Osaka, Japan and Tokyo, Japan

Products: TEIJIN Tetoron (polyester fibre) /TEIJIN Nylon/TEIJIN Teviron (polyvinyl chloride fibre) /TEIJIN Acetate/TEIJIN Panlite (polycarbonate resin

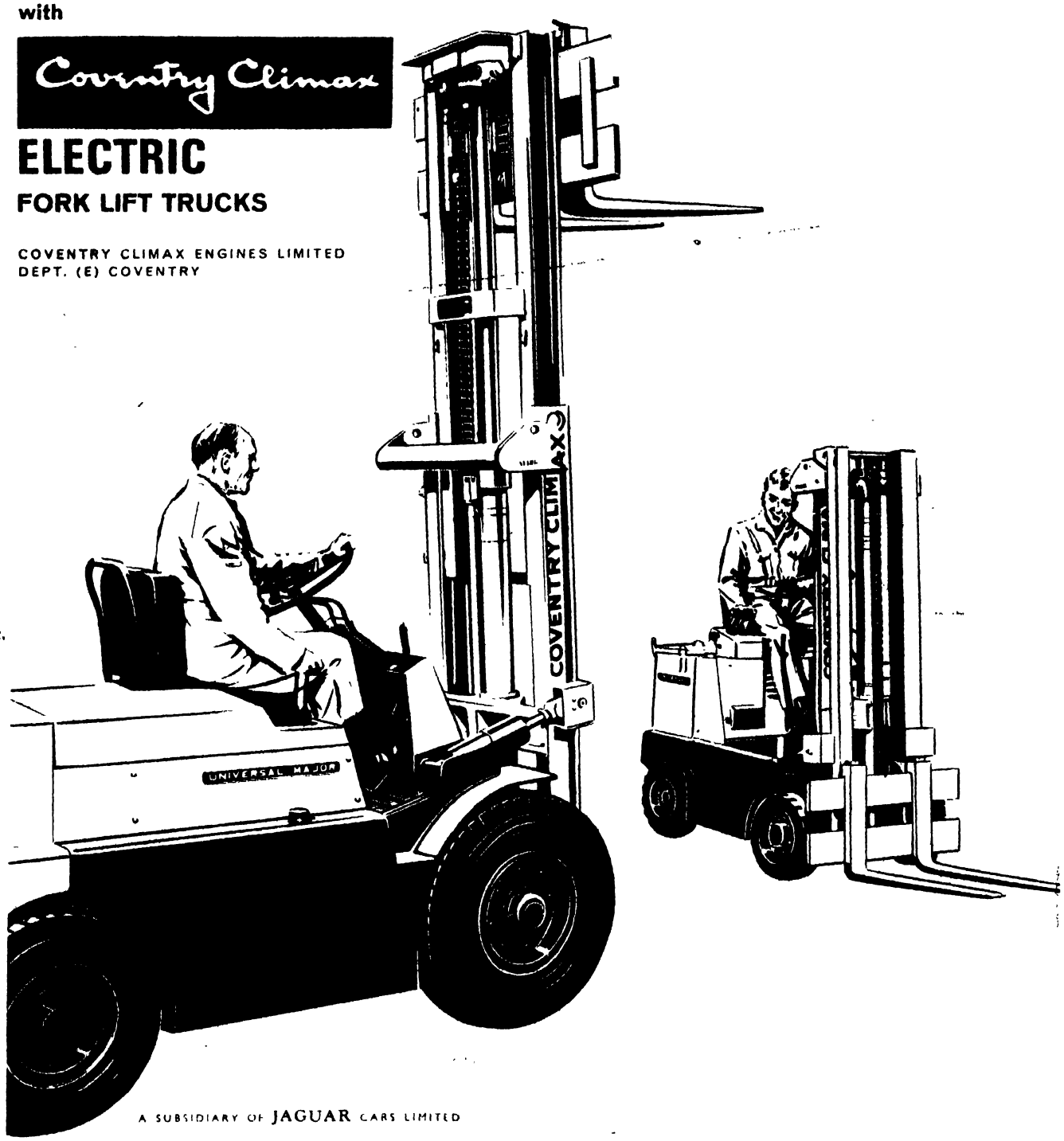
Cover every handling need

from 2,000 to 8,000 lb.
with

Coventry Climax

ELECTRIC
FORK LIFT TRUCKS

COVENTRY CLIMAX ENGINES LIMITED
DEPT. (E) COVENTRY



A SUBSIDIARY OF JAGUAR CARS LIMITED